CHAPTER-2

REVIEW OF LITERATURE

Human resource auditing crosses the boundaries between human resources management and auditing. An audit of human resource management performance is always future orientated. It helps in identifying areas for organizational improvement. This study focuses on the use of HR auditing to evaluate the contribution of human resource management activities of selected Private Sector Banks in India.

The word audit comes from the Latin, ‘audire’ (to listen). Auditing had existed for centuries and it could be traced to ancient Egypt, Babylon and Rome. The auditor’s role was to ‘listen’ to the records and the notion of an independent outsider ‘looking at’ is central to auditing (Burrowes and Persson, 2000). It is not the function of an auditor to take the role of management; the audit role is one of the examination and of critiquing management Systems and procedures (Clardy, 2004).

After the evaluation of human resource management activities the some issues were addressed i.e. whether an examination grounded in performance auditing could usefully evaluate the contribution of human resource management activities. There is a research gap surrounding the nexus between auditing and human resource management in relation to human resource auditing. This leads to confusion for human resource practitioners: in topic definition, in understanding the different types of audit, the professional practices of auditing by crossing discipline boundaries and mixing auditing methodology with the evaluation of human resource management. This study highlights an evaluation method that deserves further research attention.

Khan (2005), in his study suggested a similar approach that can be applied in the international arena. Dolenko (1990) outlined a methodology for applying auditing techniques in human resource management but advanced literature is disquieted by alternative an interpretation that defines the human resource auditing in different ways (Clardy 2004). Human resource auditing can be sited at within and between each of the fields of human resource management and auditing. This research has two parent disciplines: auditing and human resource management. Auditing is described as an investigative and information processing activity, which evolved in response to the need for independently verified stewardship reports (Parker, Ferris & Otley, 1989).
Human resource management emerged from traditional personnel management in the 1980s. Traditional personnel management was viewed as involving the performance of basic staffing functions, and it is often conducted without regard to other organizational activities and alignment with organizational objectives. Human resource management, as a profession reformed the extension of the traditional personnel role into a more effective organizational activity. Within the field of human resource management, a human resource audit is a method of evaluating or assessing activities. Human resource evaluation is not systemically identified in modern textbooks. However, evidence are available through the literature that grouping the human resource auditing with other human resource evaluation methods for the purposes of discussion and comparison (CCH, 2007).

An accepted definition of human resource auditing has proven to be elusive with many other writers those either not offering a definition or offering a definition without firmly grounding. A key construct emerging from the study is that human resource auditing involves the application of auditing theory and practice within the area of human resource management, with the activities to be audited that can be determined by the audit scope.

The purpose of developing an HR competency model for change management is to use it as a tool for: performing an HR Audit in order to assess performance gaps and increase the effectiveness of the HR change agents (Ulrich, 1997); predicting how a person will perform the job; and evaluating whether a person fits the job profile (Ulrich & Brock bank, 2005; Spencer & Spencer, 1993).

Milkovich and Boudreau (1990) urged the managers to change their attitude toward managing employees in industrial organizations. They emphasized that the organization of human resources should be managed with the same care and logic, as its financial and raw material resources. Studies suggested that HRM is to be regarded as a “soft” management function. Authors also examined the current theoretical and research developments related to HRM, the current state of human resource practices and provided techniques to develop decision-making skills by utilizing personal computers as tools human resource decision-making.

Srimannarayana, M. (2008), conducted a study which aimed at assessing the extent of human resources development (HRD) climate prevailing in Indian organisations. The information collected from 1905 employees working in 42 organisations covering manufacturing, service and IT sectors in India forms the basis for the study. It was found that the
HRD climate prevailing in the organisations in India was only moderate. In comparison, the HRD climate in manufacturing sector was better than in the service sector.

**Santosh K. Mohanty & K. M. Sahoo (2012)**, said that Human Resource Development (HRD) climate facilitates proper implementation of HRD systems in an organisation. The present study aimed at assessing the extent of HRD climate prevailing in IT industry in India. The information collected from 543 employees working in seventeen IT organisations forms the basis for this study. It is found that moderate HRD climate was prevailing in the IT the organisations. In comparison it is found that OCTAPAC Culture is more prevalent than the HRD mechanism and general HRD climate in the IT industry.

**Swati Kewlani (2013)**, conducted a study on “Human Resource Development Climate a Perceptual Study of Management Academicians” The study is aimed at assessing the extent of Developmental climate prevailing in academic institutions in central zone of India. Data was collected from the employees of selected management institutes using structural HRD climate questionnaire. The data was analyzed using statistical tools such as mean, standard deviation and Z-test. The results indicate that there is an average HRD climate accessible in the management institutions leaving plenty of scope for development and the perception of academicians regarding the HRD climate do not differs significantly on the basis of gender and qualification but it differs significantly on the basis of age.

**N. Ramanathan (2014)**, presented a research paper on “HRD Climate In Commercial Banks”. In his study, it is found that he business organizations are arrange great magnitude to human resource since human resources are the major source of spirited improvement and have the ability of convert all the other resources in to product/service. The efficient piece of this human resource depends on the kind of HRD climate that prevails in the organization, if it is good than the employee’s concert will be high but if it is average or poor then the performance will be low. The study of HRD climate is very vital for all the organization and the banking sector is not an exception. The researcher have also tried to find out the top level management support for the HRD climate in commercial banks on the basis of age, gender, designation, qualification. The researcher collected the data from the employees of commercial banks using structured HRD climate questionnaire. The data were analyzed using several statistical tools such as Percentage distribution, Chi-Square test, One-Way ANOVA.
As a need for modern and comprehensive measures is eminent, many researchers have suggested using the strategic performance measurement system to help organizations build capabilities to gain competitive advantage. While comparing the results of the existing studies conducted in India on the HRD climate, it is observed that the overall HRD climate in India has improved a lot. The study observed that there was a general indifference on the part of employees to their own development which could take place through making efforts to recognize their own strengths and weaknesses. Existing literature highlights the gaps which persuade that there is a need to make a fresh attempt to understand the opportunities and challenges. HR Audit in the Indian private sector banks has a number of improvements which can be incorporated on behalf of gaps in existing literature. Hence, the study made an attempt to analyse the impact of human resource audit on employee performance of selected private banks of India.

**Viswaeswara (1990)** in his study observed that management of Human resource with special and specific reference to its changing pattern in the Hindustan shipyard Limited, Vizag. It focused on the need for innovative and creative structure of the human resource management System keeping in view the long term strategies and objectives of the organization particularly the objectives of personnel division.

**Francis (1990)** explored the inter-district differences in investment, in the education and formation of human resources, with the help of human resources index, the level of human resource development in each district was examined.

**Sharma (1991)** studied HRD in the sports goods industry, which unorganized and skilled oriented small scale and cottage industry. This study examined the HRD practices and primary emphasis was on employment, training and evaluation of training programs as tools of HRD strategy,

Bose and Natarajan (1991), in their study of Colgate Palmolive highlights that HRD through training can build a firm foundation of mutual trust and interdependence which helps in a bringing change in organizational culture, conducive for better IR and increased productivity.

**Narayanamurthy (1992)** conducted a study on “Employee Welfare in the public sector-A case study of selected units in VSP examined the practices’ relating to the administration of employee welfare measures in select public sector”. The expenditure incurred by the selected organizations in the provision of employee welfare measures and the practices relating to the administration of such measures has also been examined.
Venkat Ratnam and Srivastava (1993) provided a comprehensive framework of the principles and concepts relating to personnel management with the emphasis on the Indian context. They made an attempt to interpret human resource management concepts with their emphasis on behavioral principles and Industrial relations their primary contribution lies in discussing the implications of personnel policies and future scenario of human resources.

Ravi (1993) in his study examined the various facets of human resource management in sugar industry under the public and cooperative sectors in Vizianagaram and Visakhapatnam districts in the state of Andhra Pradesh. Research reviewed the personnel policies and practices in two selected units. And the main emphasis was on HRM or personnel policies and practices such as recruitment, selection, training and development.

Rastogi (1994), in his article mentioned that the human resource management strategy has to be tailored to suit the business environment of the economy in the wider context of globalization for achieving optimum results in the conduct of industry both at the macro level and its micro setting.

Ammannaya (1995), in his study of Human Resource Management in Banking mentioned that banks should recognize their human resources management and found that they adopt a proactive human resources management system in the place of the existing reactive system.

Visweswara Rao (1995) surveyed 350 companies to study HRM issues and checked how people are managed in different organizations across the country. The survey concluded that the road to successful HRM is a long one and much of it remained unrevealed. A Survey on HRM in Indian industries,” had reviewed human resource development activities in different public sector banks in India. Study made an attempt to study the human resource development components in a public sector bank by analyzing the components of human resources development in public sector banks.

Rao (1995) observed that human resource in India is a crucial factor in globalization and Indian manpower will find its own level in terms of wages and job opportunities in international markets. While pointing out the setbacks researcher mentioned that the industry invests in research and development is poor and the human resource development institutions suffer from lack of adequate Finding. It suggested in his presentation that the Indian paper industry is at crossroads. The challenges before it are many options require a strong motivation to the paper
challenges, development of a competent, dynamic and able human resource for the paper industry.

**Venkataratnam (1996)**, in his study entitled “Future of Work : New Paradigms in Employee Relations” reviewed the shifting focus in the realm of work as India, transforms from a predominantly agricultural to industrial and post-industrial high-tech service society. This transition results in a shift from (a) land to money to information in wealth base, (b) muscle to machine tending skills to mind in the dominant use of human skills /energy and (c) direction and control to inducement to consensus and commitment in the principles and philosophy of managing people.

**Dwivedi (1996)**, in his article on human resource management right from its inception suggested that the corporate goal and business ought to be linked with the functional goal and strategy. All human resource managers must acquaint the employees from the shop floor to the top management with the essential data.

**Chaudari (1997)**, has traced different trends in human resource management in India and suggested that the corporate goal and business ought to be linked with the functional goal and strategy. All human resource managers must acquaint the employees from the shop floor to the top management with the essential data.

**Singh and Sinha (1998)** opined that the strategy to develop human resources in their study entitled “Human Resource Development in an Indian Cultural Perspective should be embedded in cultural characteristics. Human resources Development used to be an important instrument in Indian organizations. Today, it has become a critical factor to help organizations remain effective and enrich the employees’ quality of life.

**Kumar (1998)** said that Human Resource Management policies and practices in the sugar industry is a distinctive in the area of HRM. The study concluded that the sugar industry is rural biased, the training facilities available in the industry are not remarkable, the group incentive plans are absent, the promotion policy in the industry is vague.

**Rao (1999)** studied various organizations from public and private sectors, software and MNCs like Larsen and Toubro, TELCO, SAIL, Crompton GE, Coca Cola,. Pepsi Co., Hughes Software System, HLL, Modi Xerox, NIIT, HCL etc. and found that they owed their leadership position in their sectors to the detailed application of HRM doctrines.

**Thornhill et al. (2000)** found a potential role for HR-centered strategies to be used to
change or realign the culture of an organization. It reviewed and concludes that an organization can change its culture through its recruitment strategy of replacing managers with those from outside, restructuring the organization, downsizing the workforce, training programmes, new reward strategies and performance management to alter employee behaviours or reinforce emergent ones.

Jyothsna (2000) studied the issues relating to human resource planning, training and development, executive performance appraisal and employee participation schemes in steel industries in India.

Budhwar and Debrah (2000) emphasized on the factors influencing HRM policies and practices, and pointed out the significant correlation between a set of contingent variables (that is age, size, and ownership in a life-cycle stage, HRM strategies of an organization, type of industry, and union membership).

Mohanty (2001) conducted a study on the origin of human resource management and its relationship with personnel management and human resource development. In his study the data is collected by mailing questionnaire to human resource executives in different industries. The study revealed that human resource development is a part of human resource management aimed at developing the competencies of people and to bring out the behavioral change.

Mishra (2001), has focused on the new challenges, roles and competencies of human resource management. In his article he mentioned that in the future organizations’ role of human resource function will be that of a trend setter and should shape companies and workplaces according to the needs of people and companies.

Budhwar & Khatri (2001) discovered differences between British and Indian companies in the HR practices in the areas of recruitment, compensation, training, and communications. In order to control for possible confounds that may be caused by different manufacturing sectors or businesses with more than 200 employees were matched with their British and Indian counterparts in specific areas such as plastic, steel, textiles and pharmaceuticals. Distinctions were also made between blue and white collar employees.

Punia (2002) conducted a study on training needs identification in DCM textiles, Hissar (India) and conducted that through training is required for all categories of employees, yet the people need lesser training when compared with supervisors and executives. It also found that training is the more or less fashion to the senior level for it does not fulfill the actual needs.
Pattanayak (2002) viewed that Human Resource Information System (HRIS) is a systematic way of storing data and information for each individual employee to aid planning, decision making and submitting of returns and reports to the external agencies. Fletcher viewed performance management as the real concept of Human Resource Management which is associated with an approach to creating a shared vision of the purpose of aims of the organization, helping each employee understand and recognize their part in contributing to the team, and in doing so, manage and enhance the performance of both individuals and organization.

Apparao (2003) studied Human Resource Management Practices. In his thesis covered human resource planning, recruitment, selection, employee’s compensation system, human resource development, industrial relations and other aspects. He collected data from 450 respondents in Hindustan Shipyard Ltd through employee schedule. The outcome of the study revealed the functioning of the participative management schemes is not up to the mark and suggested to improve ‘participative management culture. Such an approach is believed to be conducive for promoting suitable organizational culture in the final analysis. Human resource management activities can be better organized and implemented if the top management attaches sufficient importance.

Srivastava (2004), in his study on the effect of welfare activities/facilities on job satisfaction and attitude of workers towards management amongst workers of private and public sectors highlighted the quality of labour welfare activities in a selected organization he made an attempt to measure the degree of job satisfaction of workers towards management in both the sectors.

Giri & Choudhury (2004), in their study entitled “Towards a Positive work Culture the Nalco Experience” has been made an attempt to analyze the nature of organizational climate and the type of work culture prevailing in the national Aluminum Company Limited (NALCO). The NALCO experience proves that the general notion about the public sector a unit in respect of work culture is to a large extent imaginary. The company, like most other public sector units, has been constantly striving for enhancing its competitiveness with focus on the core competencies of managing human resources (career advancement, performance management, reward management, employment relations, etc.), customer satisfaction and profit making. The organization has succeeded in its endeavors. The Findings of the study indicated that the
prevalence of positive work culture, which appeared to be largely dependent on the nature of organizational climate prevailing in the organization, is one of the most significant success ‘mantras’ of NALCO.

**Panda (2004)**, in her study entitled “Industrial Relations environment and Work Culture in Public and Private Sector Organizations: A Case Study” aims at examining the relationship between the industrial relations environment and work culture in a private and a public sector organization belonging to the same industry. An attempt has also been made to identify major industrial relations issues and organizational initiatives for improvement in the industrial relations environments.

**Beardwell et. al (2004)**, revealed that the more effective the better the HRM policy and quality of HRM considers selection, better rewards, planning and appraisal as leading to effectiveness of senior management could only be effective if there is strategic integration, functional flexibility, communication, adaptable organizational structure, and high commitment and capacity to manage innovation.

**Nagendra Rao (2005)**, studied on Human Resource Management Practices in the paper industry with special reference to East Godavari district; Andhra Pradesh in India. The Sample was collected from 260 respondents out of 2604. The study revealed some sort of discrepancy with regard to communicated tasks and duties with their designations as per the presentation in the organization chart. Due to forcible conditions in professionally managed, organizations, i.e., work adjustments in accordance with automation, technological appreciation and manpower downsizing strategy.

**Sharma & Ghosh (2006)**, in their study entitled “Perceptions of Organizational Climate and Job satisfaction in Nursing Staff Personnel, Influence of Personality and Self-Efficacy” with the purpose to see the influence of an individual’s personality traits and self-efficacy on perceptions of organizational climate and job satisfaction among hospital employees. Results indicated that there is a significant positive correlation between personality characteristics of individuals, organizational climate, and job satisfaction.

**Chanda (2006)** intended to take a closer look on the status of diversity management (DM) in human resources (HR) alienation and in its adaptation to the workplace. It found that there is a lack of awareness towards the DM approach and no HR forum identified DM as the important HR agenda and area of research in India. It is concluded that DM should be looked
historically and address systematically by innovative and creative HR practices at all levels of organization to build competitive advantage quality of life and many other benefits by valuating diversity in the Indian organizations.

_Ooi et al. (2007)_ identified that HRM is considered as one of the crucial subjects in the research area of management and business for the past few decades due to its impacts on both the individual and organizational performances as a whole. Today’s dynamic and competitive business environment has posed constant challenges to firms. For sustainable growth of manufacturing firms rely on the ability to master the knowledge content in production rather than a mere transformation of inputs into outputs through the use of standard equipment and techniques.

_Analoui (2007)_ revealed that the choice model is an integrated or holistic model for HRM. It found that drivers for formulating HRM policies and frameworks have three sources viz., the organizational, personal and external. The organizational source, includes mission statement and strategy, policies and procedures, management culture and task technology of organization. The personal source constitutes individual frames of reference, perception, awareness, and ideology. The external sources are environmental, hence socioeconomic, political, and cultural and include a wide range of stakeholders, associations, unions and other organizations. These sources constitute the input to HRM formulation leading to a process of formulation of HRM policies and frameworks at the senior or executive level. These policies are then transported to functional and line management level and are subject to direct and indirect influences during the implementation which end of an output level that affects the individual, organization and society. It affects them by bringing, improved performance and effectiveness and quality to work and life.

_Hashim et al.(2008),_ in their study “Relationships between organizational structure, human resource practices, and organizational culture” felt that after review of small business literates reveal that limited studies have been done on the relationships between organizational factors and innovation activity in small and medium size enterprise (SMEs), particularly in the Malaysian context. This study aims to address this issue by examining the relationships between organizational structure, human resource practices, organizational culture and innovation activity of 48 SMEs in the manufacturing sector. Findings from the study revealed the significant positive relationships between organizational structure, human resource practices, organizational culture and innovation activity of the 48 small and medium manufacturing firms.
Yue et al. (2008) examined SHRM (Strategic HRM) practices in China to assess the impact of these practices on firm performance and employee relations climate and found that SHRM practices have direct and positive effects on financial performance, operational performance, and the employee relations climate.

Laxman & Kumuda (2008) found that the majority of the IT companies sampled, institute such HRM practices that are complex in nature and a majority of the IT companies do follow such HRM practices which can be termed as adaptive in nature. They suggested that offering job plus education referral recruitment, online and open house tests (in case of recruitment & selection), flexible training choice, skills & project centric training (in case of training & development) and lastly, transparent appraisal Systems, above average salary, more non salary, benefits, Flexi timing and opportunity for growth are some of the selective practices which, if followed with rigor, would help managing enhance human resources of an IT company.

Joseph & Dai (2009), found that there is significant connections between HRM practices and firm performance; that the strategic alignment of HRM is also a driver for firm performance. Nafukho et al. (2010), discussed strategies that HRD and HRM personnel can use to minimize the unlawful termination of employees with disabilities and thereby preserve the diversity they bring to the workforce based on Findings from four investigations. They said that to manage disability as a diversity issue, every person in the workplace and the potential impact of disability on critical HRM and HRD practices related to job retention and termination.

Vanhala & Ahteela (2011), in their study found that employee trust in the whole organization is connected to perceptions of the fairness and functioning of HRM practices. Such practices can therefore be used in order to build the impersonal dimension of organizational trust.

Manoj (2011) observed the the role of the human resource manager is evolving with the change in competitive market environment and the realized that HRM must play a more strategic role in the success of an organization. IT organizations that do not put emphasis on attracting and retaining talents may face adverse consequences, as their competitors outplaying them in the strategic employment of their human resources. With the increase in competition, locally or globally, IT organizations must become more adaptable, resilient, agile, and customer focused to succeed. And within this change in the environment, the HR professional has to evolve to become a strategic partner, an employee sponsor or advocate, and a change mentor within the organization. In order to succeed, HR must be a business driven function with a thorough
understanding of the organization’s big picture and be able to influence key decisions and policies. In general, the focus of today’s HR manager is on strategic personnel retention and talent development. HR professionals will be coaches, counselors, mentors, and succession planners to help motivate organization’s members and their loyalty.

Lewis et al. (2012) investigated the effect of contractors' human resource (HR) practices on job satisfaction of their professional staff. The specific objectives are to: determine the effectiveness of contractors' HR practices; find out the level of job satisfaction that professional staffs who work for contractors have; and study the relationship between HR practices and job satisfaction. Results showed that contractors' professionals are significantly satisfied with many of their firms' HR practices. The study found that these professionals have significant job satisfaction in terms of career opportunities, the nature of their jobs and overall working environment. The results also show that many of the HR practices are significantly correlated with job satisfaction.

Satyanarayana (1985) found that the organizational structure is one of the important factors which influences the effectiveness of an organization, even though there are a number of other factors which influence the efficiency of an organization. The passenger road transport with its unique feature of geographically widespread operations, labour intensive and nature and the non-storability of the potential service require a distinct organizational pattern suited to its nature of activity.

Sudarsanam (1994) attempted to reflect on the imperatives of HRD from the point of view of the passenger road transport industry. Which is not only higher labor intensive, but has a preponderance of non-economic objectives he felt it can only be the Government, which could help the unorganized sector of the passenger road transport industry by providing educational facilities to upgrade human and technical skills at the induction level with nature future progress. In the organized sector, there has to be a three-pronged approach to tackle the motivational needs of the workers, supervisors and manager, not only through formal training but through a bias for better performance and higher productivity.

Gowda (1996), in this paper aimed to test the hypothesis that employees of SRTUs are not as inefficient as generally conceived by the general public commented that the poor performance of SRTUs cannot be attributed to the inefficiency of human resource alone.

Ghosh (1999) observed that the SRTUs are facing tremendous challenge from the private
bus operators. The government support to SRTUs is not forthcoming. Under these circumstances, SRTUs are required to frame strategies in order to survive and grow. And to make these strategies work ability, the workforce need to be geared up through proper human resource development strategies.

**Chakraborty (2012)**, “HR Management in Banks- Need for a new perspective” concluded that Human Resource Management is important for banks because banking is a service industry. Management of risks and Management of people is two key challenges facing banks. It focused more on the emerging needs of HRM in banking sector in today’s world.

**Zulfqar et al.(2011)**, in their research paper “Impact of human resource practices on employee perceived performance in banking sector of Pakistan” (2011) found that The HR practices and employee perceived performance have a positive and significant relationship and it is very crucial for banks to understand that their HR practices affect the performance of employees and in turn affect the overall performance of a bank be its private sector or public sector. Many researchers have recognized numerous HR organizing practices that significantly influence performance. Tessema & Soeters (2006) have conducted studies on eight HR practices including compensation, training and other aspects.

**Selvaraj (2009)** revealed that private banks are more successful vis-a-vis public sector banks in terms of implementing human resource management practices, customer focus, and top management commitment. Furthermore, public and private sector banks differ with respect to their compensation structures, working environments, technology, growth opportunities, and job security provided to the employees. Public sector banks structure compensation in such a way that there are lower pay differentials between the employees, long-term tenure is rewarded and there is a high base pay, whereas in the private sector banks, there are larger pay differentials, fewer rewards for tenure, and pay for performance (D’Souza, 2002).

In addition, the working environment in private sector banks has been found as growth driven, technologically advanced, and devoid of bureaucracy, where employees’ promotions are highly contingent on their performance and merit. However, private sector banks do not provide job security and would lay off their employees in cases of poor performance or adverse market conditions (Jha, Gupta & Yadav, 2008; Singh & Kohli, 2006; Thakur, 2007).

**Bajpai and Srivastava (2004)** studied the satisfaction levels of employees of two public sector and two private sector banks in India. The results indicated that layoff threats, quick
turnover, less welfare schemes, and less scope for vertical growth increased job dissatisfaction. In contrast, secure job environment, welfare policies, and job stability, increased degree of job satisfaction.

**Kumudha and Abraham (2008)** compared 100 managers from 13 public and private sector banks and found that the programs related to self-development, information about job openings, opportunities to learn new skills and retirement preparation programs greatly influence the feelings of career satisfaction.

Public and private sector banks also differ with respect to their background and work culture. It has been observed that the work culture of public sector banks was based on the concept of socioeconomic responsibility, in which profitability is secondary. On the other hand, private sector banks work towards profitability. Because these differences between the sectors hold an important factor in shaping the work culture of an organization, it needs to be explored how they would likely influenced by their HRM Practices. For the success and sustained growth of Indian banks, it is imperative to create a pool of committed employees by determining whether they are job satisfied. Their satisfaction would affect their performance and commitment, which would eventually influence the banks’ growth and profitability.

The study of human resource management practice has been an important and critical area in management and organizational performance from last several years especially in the banking industry. Influence of Human Resource Management practices on organizational performance has been an important area of research in past 25 years, indicating positive relationship between HR practices and organizational performance. Human resource management (HRM) practices are being increasingly treated as dependent rather than independent variables in the olden days, management gurus and researchers were involved in exploring how HRM practices affected employee performance, and overall bank performance.

An optimal level of development climate is essential for facilitating HRD activities in an organization (Rao & Abraham 1986). HRD climate is an integral part of organizational climate. HRD climate is the perceptions that the employees have about the policies, procedures, practices, and conditions which exist in the working environment. The climate in which the employees are working is, to some extent, affected by the HRD instruments. Since such a climate is created by HRD instruments, it is termed as "HRD" Climates. It may be emphasized here that the construct of HRD climate is not significantly different from the well-researched construct of organizational climate.
climate, except that HRD climate is more development-oriented. Broadly, the indicators of HRD climate are related to the perceptions about performance appraisals, promotions, rewards, training, top management support, etc. because the organizational performance depends not only on the appropriate choice and usage of HRD instruments but also on the conduciveness of the climate.

Rao (1986) emphasized on the significance of climate. He provided a broader perspective of HRD, proposing that HRD means building competencies, commitment, and culture. All three are needed to make an organization function well. The culture provides the sustaining force for organizations. The prevalent developmental climate within organizations differs (Srimannarayana, 2007). Even units within organizations may not have similar climate state (Venkateswaran, 1997). The current volatile nature of the business environment and the need for organizations to aid employees in reaching their full potentials enhance their adaptation, proaction, performance, creativity and innovation compel every organization to improve its developmental climate and make it highly congenial. It is only through a skilled and motivated human resource that organizations can expect to excel in this age of discontinuity, fierce competition, fast-paced technology, changing demographics and constantly changing customer expectations and demands. Creating and maintaining a supportive climate that inspires employees to unleash their potential, discover, develop and productively utilize skills, knowledge and abilities are indispensable.

Human resource management (HRM) has experienced a strong evolution. In order to provide useful information to managers, it is necessary to evaluate the results generated by the design and implementation of personnel policies. This is the goal of the HR audit that includes two different analyses and valuations: the HR policies and their level of Fit with the strategy of the firm, and the characteristics of human capital. Several criteria have been used to assess different HR policies. Nevertheless, the measurement of the value that human capital brings to the Firm is a very complex topic. Consequently, different models are being presented that aim to properly solve this challenge. This paper will analyze the HR function from two perspectives: the evaluation of the implemented policies and the quality of human capital in relation to real competencies, and the capability to learn and develop new skills.

Grossman (2000) proposed a three-pronged approach for the measurement of the HR function. First, according to this model, there should be efficiency measurements that help to
determine the way in which the resources are being used. Within this group are the measurements of turnover, quits, and discharges as a percentage of total employees, the average tenure of employees in various jobs, absenteeism, employee productivity, and intellectual capital. After calculating the measurements of efficiency, they must be compared to the results obtained in previous periods. Nevertheless, this is not sufficient, and it is critical to benchmark against others in the same industry or profession. When inefficiencies are revealed, careful analysis of the problem should follow before expenditures are slashed. These cover the efficiency side, but one must also look at the value-creation side. Thus, it is necessary to develop a new set of strategic measurements that connect directly with the mission and strategies of the company.

The creation and selection of these ratios are more difficult, given that they depend greatly on the specific company of which one is talking about. Fitzenz (1999) proposed a measurement that includes quality, efficiency, and service. He suggests using a ratio constructed around five factors that can be applied to anything that one chooses to measure. These five factors are cost, completion time, quantity, quality, and the human reaction. This System concludes with the calculation of the measurements of the HR activities, which try to demonstrate their financial viability. These measurements are based on the idea of the ROI ratio, which is calculated by dividing the monetary value of an HR program of its costs. For this, the cost of the program that is being measured must First be determined, and then it must be translated into monetary terms.

Nevado (1998) considered that the audit should also analyze if the personnel policies are in alignment with the general objectives and the global strategy of the company. It must also translate the HR strategy into plans and programs. Thus appears a new element of the audit of HR, the strategic audit. Dolan et al. (1999), define it as the evaluation of the adaptation of the HR policies and practices in their support of the company’s general strategy. The strategic audit of HR helps assure that the HR programs are aligned with the company’s long-term objectives. In this way, the HR function is becoming a source of competitive advantage and is ceasing to be considered as a specialized and unrelated function that incurs high costs to the company. When performing this evaluation, the auditor must identify the company’s global strategy before designing the HR policies that will contribute to its achievement. These policies are then compared to the HR practices that are currently being applied, which leads to the modification of some policies to better conform to the firm’s strategy.
The employee-client-benefit model that was developed and applied at Sears and other companies illustrates this complete alignment of the business and HR measures. This alignment approach presents greater challenges, since the impact of certain actions on the results is frequently not clear. Many HR professionals find it easier to look inside them to connect their results to organizational measures. Yet, with relatively little effort, HR leaders can identify the keys to their business and the actions to apply to the people related to them as well as their results. The main change involved for those responsible for HR is to leave behind their comfort zone and dedicate more time to finding ways of integrating HR into the business.

With this approach, the measurements applied must be useful in identifying if the HR activities are being developed adequately, if the correct results are being obtained, and if such actions add value to the business. As Welbourne and Andrews (1996) highlighted, the importance that management gives to its human capital is one of the most important factors that investors look for when assessing the attractiveness of a company. Recognizing the strategic importance of HR for any organization, the measurements of results can lead to measuring the impact on business through the extraordinary benefits generated as a result of a better trained and motivated work force.

Brown (2000) considered that the measurements used to evaluate the company personnel reject neither its value nor its performance. This is why he proposes an alternate procedure that consists of creating a human capital index based on four elements that must be carefully studied considering their relative importance to the company: the number of years in the business or field, the level in the company (by job grade or organizational chart level), the number and variety of positions or assignments held, and the performance rating, which is subjective. It is the result of an evaluation of an employee’s performance, which should include an evaluation by a superior and another of the objective aspects such as sales, benefits, or other factors. Through the use of this index, the value that each employee has for the company would be obtained over a total of 100 points. This index is easy to calculate and interpret, and it is fair since it is based on a larger number of objective factors. Yet, it is very simple and does not supply information about the knowledge, abilities, values, managing experience, or other factors of each employee. To overcome this inconvenience, Brown has created a second index that attempts to measure the employee’s level of experience and aptitudes.

Some companies, on the other hand, have developed and applied a balanced scorecard
approach to the HR function and treat it as a business unit in and of itself. HR leaders must use four different techniques to measure client attitudes, financial impacts, operative efficiency, and strategic capability.

In the last 25 years, large number of corporations have established Human Resources Development Departments, introduced new Systems of HRD, and made structural changes in terms of differentiating the HRD function and integrating it with HR function. A good number of CEOs saw a hope in HRD for most of their problems, issues and challenges. HR Systems are people intensive and require a lot of managerial time. There are examples of corporations where HRD has taken a driver’s seat and has given a lot of benefits. In today’s competitive world, “people” or employees can give a good degree of competitive advantage to the company. To get the best out of HR, there should be a good alignment of the function, its strategies, structure, Systems, and styles with the business and its goals (Financial or customer parameters). It should be aligned both with the short-term goals and long term strategies. If it is not aligned, HR could become a big liability to corporations. Besides this alignment, the skills and styles of HR staff, the line managers and the top management should Synergizes with the HR goals and strategies. HRD audit is an attempt to assess these alignments and ensure the same.

HRD audit starts with an understanding of the future business plans and corporate strategies. While HRD audit can be done even in organizations that lack well formulated future plans and strategies, it is most effective as a tool when the organization already has such long-term plans.

The preview of HRD is of top-level management. If there are long-term plan documents these are reviewed. The consultants finalize the subsequent audit strategies and methodology. The consultant's make an attempt to identify the nature of core competencies the organization needs to develop in order to achieve its long-term five to ten year plans. The consultants also attempt to identify the skills required to be developed by the company at various levels (example, workmen level, supervisors level, junior management level, middle management level, top management level, etc.) and with respect to various functions (finance, production, marketing, etc.). Listing all these core competencies and skills for the future is the starting point of HRD audit.

The HRD audit normally attempts to assess the existing skills and the competency gaps in order to achieve the long-term business goals and short term results of the company. The
competencies may deal with technical aspects, managerial aspects, and people related or concepts. They may cover knowledge base, attitudes, values and skills.

The current skill base of HRD staff in the company in relation to various roles and role requirements is assessed through an examination of the qualifications of HRD staff, job descriptions, training programs attended, etc. Besides this, through interviews an attempt is normally made to identify the skill gap in the organization. Training needs and performance appraisal forms provide further insights. Departmental heads and other employees provide insights into the competency and other skill requirements.

HRD sub-systems availability in today’s environment is to help the organization build itself for competency base for the present, immediate future as well as for long term goals in this regard the auditors attempt to identify various HRD sub-systems that are available to ensure the availability, utilization and development of skills and other competencies in the company.

The current levels of effectiveness of these systems in developing people and ensuring the human competencies are available in adequate levels in the company. While assessing the effectiveness of each system, the effectiveness of performance appraisal system is assessed by discussing with employees, individually and in-groups, about the efficacy of the System. The auditors look at the appraisal forms, look at the linkages between an appraisal and training, conduct questionnaire surveys to assess the extent to which coaching and other components of other appraisals are being utilized and also conduct workshops if necessary to assess the effectiveness of these Systems. Similarly, in relation to induction training, the consultants make it a point to meet those who have been through the induction training recently or those who are in the process of being inducted into the company and take their views to improve the induction training methodology etc.

An attempt was made by the auditors or consultants to examine whether the HRD structure at present can handle the pressing and future HRD needs of the company. This examination will assess the existing skill base of the HRD staff of the company, their professional preparation, their attitudes, their values, their developmental needs, the line managers’ perceptions regarding them, etc. In addition to examining the full time staff, the HRD structure is also assessed in terms of use of task forces and other mechanisms. An attempt was also made to examine the leadership styles, human relations’ skills, etc. of senior managers. The extents to which their styles facilitate the creation of a learning environment are examined.
The HRD audit also examines the linkages between HRD and other Systems like total quality management, personnel policies, strategic planning etc. Suggestions are made on the basis of evaluation on the above questions about the future HRD strategies required by the company, the structure the company needs to have for developing new competencies and the Systems that need to be strengthened, the styles and culture that has compatibility with HRD processes in the company particularly the styles of the top management, etc.

HRD audit always keeps the business goals always on focus. At the same time, it attempts to bring in professionalism in HRD. In keeping the business focus at the center, HRD audit attempts to evaluate HRD strategy, structure, System, staff, skills and styles and their appropriateness.

HRD Audit is not a problem solving exercise, sometimes it may not be able to provide any solutions to specific problems the organizations are facing - for example Industrial Relations problem, or discipline problem, poor performance problems etc. However, it may be able to throw insights into the sources for the problem. It will not give feedback about specific individuals. It will however give feedback about the HRD department, its structure, competency levels, leadership, processes, and influence of the HRD on the other Systems etc. HRD audit is against the HRD framework

Perhaps India is the first country to formally establish a totally dedicated HRD (Human Resources development) Department separated from the Personnel Department. This was designed in the year 1974 when the term HRD itself was not very popular in the USA. Two consultants from the Indian Institute of Management, Ahmadabad after reviewing the effectiveness of the performance appraisal System and training in Larsen & Toubro recommended an Integrated HR System to be established and the department dealing with development issues be separated out from the personnel department and be called the HRD department. Thus the first HRD department was established. The SBI and its Associates to start a series of new HRD departments followed it in the banking sector. In Pareek and Rao’s model of HRD department the objective of this department is to facilitate learning and change in the organizations. This department is supposed to have learnt specialists who facilitate change process. In their model, OD was conceived as one of the main tasks of the HRD department. Thus an attempt was made to institutionalize OD through HRD departments. As the departments picked up momentum a lot of OD work had begun to be done through the HRD departments.
Most change interventions have been and are being made by the HRD departments (as differentiated from the Personnel departments). The HRD Managers in India do undertake a number of interventions, which may be classified as OD interventions.

Training and development programs, helps remove performance deficiencies in employees. This is particularly true when 1) the deficiency is caused by a lack of ability rather than a lack of motivation to perform, 2) the individuals involved have the aptitude and motivation needed to learn how to do the job better, and 3) supervisors and peers are supportive of the desired behaviors.

There is a greater stability, flexibility and capacity for growth in an organization and training contributes to employee stability in at least two ways. Employees become efficient after undergoing training. Efficient employees contribute to the growth of the organization. Growth renders stability to the workforce. Further, trained employees tend to stay with the organization. They seldom leave the company. Training makes the employee versatile in operations. All-rounder can be transferred to any new jobs.

Flexibility is, therefore, ensured. Growth indicates prosperity, which is reflected in increased profits from year to year. Who else but well-trained employees can contribute to the prosperity of the enterprise? Accidents, scrap and damage to machinery and equipment can be avoided or minimized through training. Even dissatisfaction, complaints, absenteeism, and turnover can be reduced if employees are trained well.

Future needs of employees will be met through training and development programs. Organizations take fresh diploma holders or graduates as apprentices or management trainees. They are absorbed after course completion. Training serves as an effective source of recruitment. Training is an investment in human resources with a promise of better returns in future.

A company’s training and development pay dividends to the employees and the organization. Though no single training programme yields all the benefits discussed above, the organization, which devotes itself to training and development, enhances its human capabilities and strengthen its competitive edge. At the same time, the employees’ personal and career goals are furthered, generally adding to his or her abilities and value of the employer. Ultimately, the objectives of the human resource department are also furthered. It would be unreal to assume that everything is positive for organizations that invest in training programs for their employees. They can fall prey to other organizations that have no training policy and depend on poaching.
As a direct result of a no training policy the latter can offer attractive remuneration to poach staff resulting in inflationary staff costs.

In a survey “Look Who’s Training now (2000)” found that the main reasons for not training beyond induction were: lack of time; difficulty in providing cover for staff and staff not staying long enough to be trained" The importance of training to the has been highlighted by Peterson & Hicks (1996). According to Peterson & Hicks (1996) training is vital because of the unavoidable changes that occur in organizations. To achieve continuing progress successful organizations will reprogram themselves and retraining of their employees accordingly.

**Peterson & Hicks (1996)** also suggested that those organizations that are successful at present, but continue unchanged and become complacent will be in for a big shock. They argued that training is a continuous process and that people’s skills need to be continually updated to avoid becoming obsolete just like technologies which become outdated if development is not ongoing. To conclude, training can be a valuable tool for the organization and the manager, provided it is the right tool to solve the problem or address the identified issues. Right support must be provided by the management for the training to be effective.

Training is an integral part of any organization. Training is about knowing where you stand (no matter how good or bad the current situation looks) at present, and where you will be after some point of time. Training is about the acquisition of knowledge, skills, and abilities (KSA) through professional development.

The first phase of training needs evaluations or needs assessment and all trainings should only be conducted to meet specific identified training needs. There is a cost associated with the trainings. That makes needs assessments, critical to developing relevant and effective training programs. A training need exists when there is a gap between what is required of an employee to perform their work competently and what they actually know. There is no single method for identifying training need. There are a number of procedures in general use as well as Systems unique to organizations. Each method has its own advantages and disadvantages. The idea is to find out the best in every organization and take it forward to be more effective in training. The results of training needs analysis will highlight the subject matter needed to be covered during the training course. The knowledge and skills gained during the training will increase abilities and allow our employees to perform their jobs at an acceptable level. The needs assessment is quite simple and obvious. For example, when a new information system is introduced, it is
assumed that no one has the knowledge to operate it and the training need is noted. However, if the organization was switching Systems, the need may not be so obvious. By conducting training needs analysis, the group that needs to be trained as well as hone is targeted in on exactly what training is required.

To put a training program into effect, according to definite plan or procedure is called training implementation. Training implementation is the hardest part of the System because one wrong step can lead to the failure of the whole training program. Even the best training program will fail due to one wrong action.

Individuals respond in accordance with their perception and reactions to motivation. The individual may be driven by external factors such as direct leadership, coercion and threats, which may prove effective for one who is externally motivated. However, to an inner directed person, this same type of motivation may result in just the opposite reaction and thus, be counterproductive. Likewise, those who are inner directed and respond well to encouragement and higher levels of responsibility would blossom in the corporate environment of a sharing and caring nature. What serves to motivate one person is not necessarily the same thing that will also be able to assess individual learning needs, as well as the learning style of the trainee. No one theory will fit every training experience due to the complexity of human nature the content and the context of the tasks to be learned, and the environment within which training occurs and is to be applied. It is critical for the trainer to be aware of these theories and issues in order to make the most effective bridge between trainer and trainee. Learning in its most effective context may never be completely identified and isolated. We do know however that for effective learning to occur the fit between the learner, the content of the material to be acquired, the environment and the instructor or trainer must be as congruent as possible. Learning and motivation theories provide this guidance.

There are many approaches to categorize types of training and the focus here is on the types of training that are commonly used in present-day organizations. A skill is the learned capacity to carry out pre-determined results often with the minimum outlay of time, energy, or both. This type of training is most common in organizations. The process here is fairly simple. The need for training in basic skills (such as reading, writing, computing, speaking, listening, problem solving, managing oneself, knowing how to learn, working as part of a team, leading others) is identified through assessment. Specific training objectives are set and training content
is developed to meet those objectives. Several methods are available for imparting these basic skills in modern organizations.

Induction training is important as it enables a new recruit to become productive as quickly as possible. It can avoid costly mistakes by recruits not knowing the procedures or techniques of their new jobs. The length of induction training will vary from job to job and will depend on the complexity of the job, the size of the business and the level or position of the job within the business.

After orientation comes placement. Placement refers to the assignment of a new employee to his or her job. The job of HR is simple where the job is independent, but where the jobs are sequential or pooled, HR specialists use assessment classification model for placing newly hired employees. For example the job of placing a waiter to its position is quite simple as compared with that of the placing the employee at managerial level. The job of placing a waiter to its position is called an independent job, but the job of placing employee at managerial level can be considered as sequential or pooled job.

Most craft workers such as plumbers and carpenters are trained through formal apprenticeship programs. Apprentices are trainees who spend a prescribed amount of time working with an experienced guide, coach or trainer. Assistantships and internships are similar to apprenticeships because they also demand high levels of participation from the trainee. An internship is a kind of on-the-job training that usually combines job training with classroom instruction in trade schools, colleges or universities. Coaching, as explained above, is similar to apprenticeship because the coach attempts to provide a model for the trainee to copy. One important disadvantage of the apprenticeship methods is the uniform period of training offered to trainees. People have different abilities and learn at varied rates. Those who learn fast may quit the programme in frustration. Slow learners may need additional training time. It is also likely that in these days of rapid changes in technology, old skills may get outdated quickly. Trainees who spend years learning specific skills may find, upon completion of their programs, that the job skills they acquired are no longer appropriate.

Apprenticeship training programme tends towards more education than on-the –job training or vestibule schools, in that knowledge and skill in doing a craft or a series of related jobs are involved. The governments of various countries have passed laws and made it obligatory on the part of employer to provide apprenticeship training Apprentice training is one of the kinds
of training taking place in an organization. This actually is an on-the-job training. The apprentices get stipend during training period. Sometimes they are offered jobs after the completion of training. Most of the Hotels have internship trainees for 6 months duration. These trainees are final year student of hotel management institutes. The training provides hands on experience to the trainees and to hotelier’s seasonal supply of manpower requirements. Good hotels also pay some amount of stipend to internship trainees during this duration; in few cases they are also provided to food and accommodation from hotels.

On-the job training is an important way in which people acquire relevant knowledge and skills at work. Here it is important to make the distinction between training and learning – this is critical to the effective design and delivery of training in organizations. In relation to an Industry for the best part, staff work is carried out in direct contact with customers. "For this reason much of the training of new staff has to be performed "on the job" so that the experience of dealing with its customers can be obtained. On the job training therefore plays a vital part in the industries approach to training" (Boella, 1996) For Example Domino Pizza where approximately 85% of training is OJT delivered by store managers using standardized module developed by corporate training office. OJT is used extensively by Ramada Inn, which has developed an OJT training aid. This training aid helps trainees by making them aware of the training objectives the benefits to themselves and the benefits to the company and the customer in performing the task. It also provides trainee with the sequence of steps that should be followed to perform the task correctly as well as a list of tools, materials and equipment required to do the task. Finally the training aid provides an evaluation form for providing feedback to the trainee. (Examples adopted from Go et al. 1996) Used right OJT can form an important component in skills training as well as in orientation or induction training for new employees. In a recent survey Look Who’s Training Now (2000) stated that "The most common route at over one third of all training incidents was on the job training provided by an internal provider and leading to no qualification" Training is an instructor-led, content based intervention, leading to desired changes in behavior. Learning is a self-directed, work-based process, leading to increased adaptive potential of the learners. However, using the well-established term, on-the-job training (OJT) can be defined as an activity undertaken at the workplace which is designed to improve an individual’s skills or knowledge.

Under this method of training, the trainee is separated from the job situation and his
attention is focused upon learning the material related to his future job performance. Since the
trainee is not distracted by job requirements, he can focus his entire concentration on learning the
job rather than spending his time in performing it. There is an opportunity for freedom of
expression for the trainees.

Go et al. (1996) suggested that the distinguishing factor of In House Off the Job Training
from other types of off the job training is that: "In house off the job training is conducted away
from the physical location were the job is actually carried out but still on company premises"

Armstrong (1999) also believed that this type of training is the best way to acquire
advanced manual, office, customer service or selling skills and to learn about company
procedures and products. It also increases the trainee’s identification with the organization. The
availability of equipment and trained trainers helps in that the basic skills are acquired much
quicker and often more economically.

As with any System there are always going to be disadvantages which Armstrong (1999)
goes on to state. Trainees sometimes find it hard to transfer the skills and knowledge learned in
courses to the workplace. Additionally, managers and team leaders transferring from the training
situation to real life may find things more complex.

The problem here tends to be that their training deals with motivation and leadership
theories, which deal with the mind. This makes it much harder to get across, as the connection
between what people learn to say in the classroom may not always be apparent. This is why
“Strenuous efforts have to be made to ensure that learners perceive the reality of what they are
learning and are expected to develop and implement action plans for putting it into practice"

Go et al. (1996) suggested that training can either be tailored to organizations specific
needs. External training can also cover more technical or management topics which are
beneficial for the development of managers or team leaders, technical and social knowledge and
skills as suggested by Armstrong (1999).

Other forms of external training could be special courses & conferences run by other
organizations other than educational institutions. Another quite favorable approach used by
larger organizations, which Go et al. (1996) suggested, are work-based placements and projects
at different locations within the parent organization or other organizations. For those people who
have the opportunity to participate in external training courses it allows them to broaden their
horizons as they are exposed to peers from different organizations.
As with most forms of training the transfer of learning into practice is more difficult than the two previous types of training mentioned. Another major concern is that the effectiveness of external training will be determined by how quickly the knowledge and skills acquired are used; Armstrong (1999) states if not used immediately the learning acquired may evaporate quickly. Finally, due to the wide variety of courses available it may be hard for organizations to pick the most relevant to meet their objectives.

The methods are carefully chosen keeping in mind what has to be learned, i.e. attitude, skills and knowledge and learning styles of the participants. The evaluation process is really a measure of this effectiveness. Hamblin (1974) defined evaluating training as "Any attempt to obtain information (feedback) of the effects of a training programme and to assess the value of the training in the light of that information" Training evaluation is defined as a Systematic collection of descriptive and judgmental information necessary to make effective training decisions related to selection, adoption, value and modification various instructional activities.

For evaluation U dai Pareek (1997) proposed “trevacube” model that specifies three aspects for evaluation dimensions: (evaluation of contextual aspects inputs reactions and outputs), design (longitudinal, ex post facto, matched group, comparative surveys) and techniques (secondary source data, measurement with instruments, reaction or response instruments and observations). Virmani and Seth (1998) said that evaluation of training must be consistent with the purpose, objectives and goal of the training activity.

By evaluating the effectiveness of training Torrington & Hall (1998) and Go et al. (1996) both believed that it is one of the most unsatisfactory aspects of training, with many organizations believing that training ends once the delivery of the training program is complete.

Go et al. (1996) believed that evaluation is vital in determining how successful the training program has been and for the organization it is vital to be able to demonstrate value for money. The evaluation process is very straightforward when the output of training is clear as suggested by Torrington & Hall (1998). Armstrong (1999) stated by implementing an evaluation process the organization will have a degree of control and that it is therefore important that the entire training program. Complications arise when it comes to evaluating the success of a management-training programme of social skills and development where outputs are hard to measure. Torrington & Hall (1998) believed that while difficult, evaluation should still be carried out.
Evaluation of training costs compares the costs incurred in conducting an HRD programme to the benefits received by the organization, and can involve two categories of activities: cost benefit evaluations & cost effectiveness evaluation. Cost benefit analysis involves comparing the monetary costs of training to the benefits received in no monetary terms, like improvement in attitudes, safety & health. Cost effectiveness analysis focuses on the financial benefits accrued from training, such as increases in quality & profits, & reduction in waste & processing time.

Evaluation at this level measures how participants in a training program react to it. It attempts to answer questions regarding the participants' perceptions - Did they like it? Was the material relevant to their work? This type of evaluation is often called a “smile sheet.”

According to Kirkpatrick, every program should at least be evaluated at this level to provide for the improvement of a training program. In addition, the participants' reactions have important consequences for learning (level two). Although a positive reaction does not guarantee learning, a negative reaction almost certainly reduces its possibility. To assess the amount of learning that has occurred due to a training program, level two evaluations often use tests conducted before training (pretest) and after training.

Evaluating results is obviously easier when they can be quantified. However, it is not always easy to prove the contribution to improved results made by training as distinct from other factors and as Kirkpatrick says "Be satisfied with evidence, because proof is usually impossible to get" Effective way of evaluating the tangible returns of a Training program is through calculation of ROI (return on Investment). The monetary benefits of the program is compared with the cost of the program. The methods used to convert data should be reported. The ROI calculation for a training program is identical to the ROI ratio for any other business investment.

There are four parties involved in evaluating the result of any training: Trainer, Trainee, Training and Development department and Line Manager. The Trainee gives a feedback on whether the course has met personal expectations and met the learning objectives set at the beginning of the Programme. The Trainer’s concern is to confirm whether the training program has been effective or not. Training and Development Department or the HR Department analyzes whether the course has made the best use of the resources available. The Line manager checks whether the time that trainee has spent in attending training had shown some positive results like, improvement in his /her knowledge, skills or attitude. This explains the entire process of training
as practiced in most of the organizations across industry across globe.

Training must be based on the need of a particular department. It must be in accordance with the policy and aims of the department, which it serves, on the basis of job requirements and audit of personal needs compared with operational requirements will help to determine the specific training needs of individual employees. This evaluation should form a well-defined set of performance standards towards which each trainee should be directed. Every person should be adequately knowledgeable about the man and materials of the organization concerned. However, it must be directed to create right attitudes towards the policies of the management. In many training programs, the creation of the right attitudes is very essential for the development of people. An attempt should be made to determine whether the trainee has the required intelligence, maturity and motivation to successfully complete the training programme.

The training programme should be planned so that it is related to the trainee’s previous experience and background. This background should be used as foundation for new developments and new behavior. This is only possible when training is considered as a never-ending process, which never ceases in an organization. Training must arouse active interest and willingness to cooperate.

In order to satisfy the needs of social approval of the trainee, the management should give sufficient information about the reward whether monetary or non-monetary to the trainees. The trainees should be helped to see the need for training by making them aware of the personal benefits they can achieve through better performance. They should be helped to discover the rewards and satisfaction that might be available to them through changes in behavior. As the trainee acquires new knowledge and skills and applies them in job situation, he should be properly rewarded for efforts taken by him.

The favorable attitude of the top management to the routine process for growth of the managerial cadres' as well operative level of employees is of paramount importance for the success of a training programme. Attempt should be made to create organizational conditions that are conducive to a good learning environment. The need for the change should be clarified.

The various methods of training have their relative merits and demerits. It is difficult to claim that a particular method is the best method. According to suitability of the method and the trainees, the appropriate method for a specific training programme should be selected. If necessary, combination of training methods should be selected so that variety is permitted and as
many of the senses as possible are utilized.

The trainer should observe the responses of trainees as a result of his stimuli. Asking questions or allowing him to the job according to his direction can observe the responses of the trainee. It should be remembered that all the trainees do not exhibit their progress at the same level. It is because of individual differences, the foundation stone of industrial psychology. Hence, flexibility should be allowed in judging by the rate progress in the training programme.

The training programme is directed towards fulfillment of certain basic needs of individuals in organizations, so that they can turn out to be better suited for the discharge of their present or future responsibilities. So, the personal involvement or active participation or the trainee should be brought into the training programme. He should be provided with the opportunity to practice the newly learnt behavior norms. It is only possible when involvement, proper listening, participation and reinforcement of principles are given prime importance.

One of the most exciting things about training is the opportunity to contribute to the development of people and organization. But neither the organization not the trainer can focus only on what they want to do. As a key player within the human resource function, the trainer has a particular responsibility to ensure that training and development opportunities are designed and delivered in accordance with the prevailing legal requirements and good professional practice.

Creating and controlling a budget for training is a major administrative responsibility for the training manager. The budget covers all the phases of the training cycle. The actual budget the funds request granted in response to this request reflects the organization’s appetite for training, how much of its resources it is prepared to devote to training as the means for its people to learn what they need. It is thus crucially important that training management work hard and continuously to position training in the minds of its internal customers as support for learning not merely as the source of classroom programs; not just as the department where teaching is done, but as the management resource that helps employees learn what the organization needs them to learn and helps that learning occur faster, cheaper, easier and better.

When budget cutbacks occur, the received, cynical wisdom among trainers is that training money is the first thing to get cut. This is often true. It is also often only half the story. Cuts to the training budget are frequently followed by another phenomenon. Later on after the cutbacks are over if the organization needs people to learn something if there is clear need for training the
rupees for it will somehow be found. They may come from a manager’s discretionary fund, but the rupees will be found! The unmistakable lesson in this is that when learning is clearly seen to be needed, it will be funded. Needless to say the time for training management to argue that its function is to enable and maximize learning is not when budget cuts are announced. The point should be made constantly on a non-crisis basis, and above all should be backed up by a track record that makes the argument more strongly than any words can.

It has been said that a training professional must be both a priest and a prophet. The former would provide good counsel to the individual employee; the latter would be able to predict market, technological and organizational development. As a counselor and a business strategist, training professional works from inside the organization to ensure that the organization has a well-trained and motivated workforce. To do this it is important to have articulated a training philosophy and mission on which to build an operating structure for training organization.

A philosophy is a System of values. A mission is an activity that is to be carried out. A corporate philosophy for the training department originates at the executive level. Training departments are typically based on one or more of the following philosophies.

Armstrong (1999) observed that there are three broad approaches to training open to organizations. Some adopt a lassie-faire approach believing that employees will find out what to do for themselves or through others. Secondly other organizations may invest in training in good times, but in bad times training budgets will be the first to be cut. Thirdly organizations that adopt a positive training philosophy do so because they are convinced that they live in a world where competitive advantage is achieved by having higher quality people than the opposition. This goal cannot be achieved if managers do not invest in developing the skills and competencies of their employees. It is important for employees to also realize that organizations are showing an act of faith by creating opportunities for further education and enhancement of their skills.

These philosophies are ordered from the most concrete to the most abstract under the first philosophy to prepare employees to develop specific skills necessary to perform effectively in their current job assignment; training resources would be directed at operational training activities that impact worker behavior. Results would be measurable and would affect the organizations’ outcome and profits.

A training department takes on an informational and strategic role when its philosophy is
akin to numbers two and three above. To build skills and impart knowledge that will make employees more effective in a variety of possible job roles and to prepare employees to take on broader or more demanding job assignments in the future. Ideally training efforts within these roles are rewarding to both the organization and the employee. The most successful programs match what the organization needs with what employees want to learn.

An organization primarily espousing solely the fourth philosophy, to help employees recognize and realize their full potential as human being, would have a mission similar to the nation’s educational System. No training department should base itself on employee education to the exclusion of operational, informational, and strategic training. However strategic training programs have added value to employees as those skills contribute to personal mastery and are transferable to any number of different jobs.

A training department’s mission statement is a much more concrete version of its philosophy. The mission statement offers an explanation as to why a training department is organized in a certain way, what the staff does, and how services are delivered.

There is shift in world economy from manufacturing to service orientation (Howard, Fullerton1999). These jobs are characterized by an increase in the clients rather than interacting primarily with Co-workers and things (Klein & Hall 1988). This is also having implications for training. In service jobs, people to people interaction is critical and people need to be trained in those skills. We are all discovering that teaching interpersonal skills to create the same kinds of challenges as teaching employees how to work with products coming off the assembly line. This is especially the case, given the diversity of the workforce and the need for people to work with others who may come from backgrounds with different value Systems. Today training is used as a motivator and can be used as a means of countering labour turnover and attracting good job candidates as more and more young people are now asking whether organizations have a training policy in place.

Finally Boella (1996) believed that training is a tool management should use to increase employee efficiency. It also enables the underlying goals to be achieved by equipping its personnel with the "Competencies, knowledge, skills and attitudes necessary to achieve whatever realistic aspirations they have in their work by enabling them, through increased Efficiency and confidence to earn more and if desired

Training and development programme has enabled the employees to do their job more
efficiently and effectively. Training and development programme has helped an organization to prepare employees for a higher-level job, enable employee to use his skill, knowledge, ability to the fullest extent, to improve knowledge skill, efficiency of an employee and to obtain the maximum individual development, to prepare a worker to undertake different jobs if another person is absent, to secure the optimum contribution from the employee.

Induction training is treated as must and is crucial to make employees aware of an organization's culture, services, practices and customer interface. Once an employee joins the company, he has to undergo training, which includes position rotation. An organization consists of various departments. Under this System of training, employee has to acquire the general background and knowledge of the functioning of each department. This kind of training helps to introduce an employee to all departments and understand the role of each department.

It is very evident from the literature review that there are various factors which reveal the fact, as Recruitment, Trends, Partnership with Management, Trends, Increasing number of brands including international chains, Investments by foreign venture capitalist. However the gap in the literature reveals experimentation in the field of training and development in the industry. This is a growing phenomenon and there is no specific model being followed for training and development in an industry. Experiments in the field of training and development are made on an ad hoc basis. It is evident that manpower turnover is quite high that may also be the reason why consistent efforts are not available/ evident.

The review of literature on training and development reveals that the training and development activities must go through at least three stages of development:

- In-depth Induction training provided to new joiners. Induction seems to be the only process by which training is imparted systematically in most of the organizations.
- Technical and functional training are usually offered at the functional level to improve productivity as training is treated as the only method to increase productivity and efficiency. However, it is more on “on the job” basis and frequently it is related to the events and daily briefing.
- Training should be observed as integrated part of HR which begins from induction and ends with planning for retirement.
- Lack of information on any standard process on training activities. Such process and procedures specific to a particular size and type of industry is not yet available. Though
there is the possibility that in advance countries big organizations depending only on the revenue are making experiments in the area, but information on paper is not available for study and reference purpose. Thus, it is clear that in-depth study of training in an industry is required, considering the variety of sizes of units operate, some standardize process and procedure which could be utilized. This has thrown a challenge on researcher to know what has been done and what needs to be done.

Over the past years there have been a number of debates on the role of HRM in organizations. A human resources department, previously known as personnel or employee, department, was primarily an administrative and advocate reference. Today human resources influence a company's overall outcome and the investment in its program is justified according to the returns (Noe et al, 2008). Thus, many studies began to simultaneously look at human resources and other organizational issues. According to the pertinent literature, it is not clear how human resources affect organizational capabilities (Wright et al., 2001). One of the critical issues that require further research and investigation in our region is the effect of human resources policies on organizational performance.

Boselie et al. (2001) said that a great bulk of scientific research about the effect of HR came from the United States and to a lesser extent from the United Kingdom A number of HR policies that are particularly relevant to organizational performance (Lopez et al, 2005; Sun et al, 2007; Vlachos, 2008). Until now there are no common rules that define what the optimal human resources policies that affect organizational performance. Additionally, there is no compatibility among the reasons of failure of some policies (Lopez et al., 2005).

Sun et al. (2007) relied on the work of (Bamberger and Meshoulam, 2000) and discussed resource-based and control-based approaches in human resource policies. They say the resource-based approach measures the practices and taps on some issues such as the internal development of employees, like training. Also, it has been an instrument in developing the notion of human resource policies. The resource-based approach is difficult to imitate or substitute and it provides a sustainable competitive advantage (Barney, 1991). From the perspective of the resource based approach, investment in human resources has the potential to develop performance. A firm would be evaluated according to its superior set of resources that are dynamic and intangible, rather than according to its product market. The argument focused on the integration of human resources policies and practices (Perez and Faclon, 2002).
Ployhart et al. (2009) pointed out jobs at the organizational level lead to form human resources are represented by the unit aggregate of individual personality. The differences in personality predicted individual service performance and job satisfaction; however not all individual differences are beneficial. According to Ngo et al. (2008), human resource policies those meet the criteria are beneficial to the enhancement of organizational performance. In contrast, the control-based approach describes to what extent human resource policies relate to directing and monitoring employee performance (Sun et al, 2007). As Bamberger and Meshoulam (2000) suggested these two approaches are not adequate, and should thus be combined with other approaches.

According to Collins and Smith (2006), employees’ shared norms, values, and beliefs govern interactions and carry out the job. A firm’s social climate encourages the employees to focus on the larger community rather than their own interest. In this regard, cooperation and shared codes and language will facilitate human resources functions.

Takeuchi (2009) examined human resources policies by aligning them with business level strategy of organizational performance. He associated human resources policies with cost reduction strategy. Human resource policies refer to a set of internally consistent practices performed by firms to enhance knowledge, ability, and employees’ motivation to do their work in the best manner. As mentioned earlier, there are no best human resource policies that achieve the organization’s best interests. However, the literature points out that internal consistency is needed; Training for example, should be linked with compensation, performance appraisal and promotion in order to reduce turnover (Bowen and Ostroff 2004 as cited in Ngo et al., 2008). According to this, many researchers integrated a number of human resource policies such as (Boselie et al. 2001; Lopez et al. 2005; Collins and Smith, 2006; Katou and Budhwar, 2007; Vlachos, 2008). These studies measure many human resource policies and find positive relations with organizational performance.

Huisat (2005) measured the relation between human resources strategies (human resources planning, recruiting, selecting, performance appraisal and training) and organizational performance (market share, profitability, customer satisfaction, leadership support, gains and results). His results showed that there was a positive relation between human resources strategies and organizational performance in Jordanian newspaper institutions from both employees and managers’ point of view. The results also showed that the main reason behind implementing
human resources strategies is to gain market share and achieve profitability. This is nearly consistent with Fota’s (2008) study that found a positive relation between organizational strategy and human resources strategy on one side and organizational performance on the other.

Moreover, Shatat’s (2003) study measured the role of (selection, motivation, training, leadership and organizational culture) in achieving "creativity" in Qatari banks. The researcher also found a positive relation between human resources practice and creativity. She arranges them from high to low according to their effect on creativity as following: selection, training, organizational culture, motivation, and leadership. She also observed successful selection practices that played the most important role in achieving organizational objectives through choosing those who had the ability and the experience to perform the job well.

Obidat (2003) linked human resource functions (planning, staffing, development, performance appraisal, compensation and career planning) and organizational strategy as a whole in the Jordanian banks. The study found that there were few Jordanian banks that had the capability to establish a link between human resources functions and organizational strategy. Obidat also found that recruitment, selection, and performance appraisal were the most frequently implemented human resources functions in Jordanian banks followed by motivation, compensation, and career planning. In addition, most employees saw that organization culture was one of the most significant factors that impede employees' participation in decision making. Abu-Doleh, (2000) cited in Obidat (2003), showed similar results. He concluded that Jordanian financial industry performed partial and not completed human resources activity, but there were efforts to increase this activity.

Ismail's (2005) study on an Easyrian weaving and spinning company concluded that there was no equity in the selection and hiring policies, as well as hiring employees to work in a job that did not match their qualifications, in addition to poor motivation and performance appraisal policies.

Verweire and Berghe (2004) defined organizational performance as "The value that an organization creates using its productive assets in comparison with the value that the owners of these assets expect to obtain". However, it is difficult to measure organizational performance, especially because what is measured changes continually. As the literature has pointed out, there is no standard or common framework in organizational performance measurements. The context of performance measurements consists of:
- Organizational climate, which means the atmosphere in which the organization operates and affects its behavior. It can be expressed through such dimensions as (risk taking vs. risk averse, centralization vs. decentralization)
- Measurement expectations (a held belief about performance, usually non-written expectations)
- Measurements leadership, or the role, practice and responsibility in leading organizational measurements and how it views the opportunities and threats involved in performance measurements
- History of measurements, or the organizational experience in performance measurements creates current and future performance expectations
- Measurements communication, the degree of interaction, openness, honesty and sharing related information on performance measurements
- Measurements resources, or the supportive tools in the measurement process, they may include (training, software, facilities, and so on)
- Measurement constraints: they include all factors that impede the performance measurements (Spitzer, 2007).

Some writers as Fugate et al. (2010), discussed about what is called traditional logistics. They have defined it as "The efficiency and effectiveness in performing logistic activities" in addition; they separate logistics performance into hard measures such as return on investment, return on assets, and soft measures such as customer satisfaction and loyalty.

Shieh et al. (2009) discussed the work of Chien (2004) in the dimension of organizational performance that includes: Motivation in which managers have to use different types of motivation to maintain and keep different types of employees to achieve the organization’s objectives; Leadership, or the capability to influence other employees' to achieve objectives; and organization culture and environment that play a key role in success or failure of the organization that some kinds of cultures and environment.

The literature said that human resource environment can be more important in determining organizational performance in the service sector than in the manufacturing sector as there is a larger share of total production costs accounted for by employment and the much more
extensive direct interaction between employees and customers in services. Most prior research studied the impact of human resource policies on organizational performance conducted on manufacturing sector despite the fact that most of the employees today work in service sector industries characterized by Privacy. They tend to be produced and consumed simultaneously, and they tend to involve the Employee in their production and delivery. This makes human resources more important in the service sector than in the manufacturing sector (Hubbard, 2009). According to System approach in measuring organizational performance, every organization defines its unique System and measure different activities because their context and issues are different.

**Green et al. (2006)** said that researchers have found positive relations between human resource policies and firm performance in which human resource polices is usually operationalized and measured as the existence or the effectiveness of a variety of sets of HR practices that are assumed to be universally effective.

**Absar et al. (2010)** said that "Organizational performance is generally indicated by effectiveness (whether an organization can achieve its objectives), efficiency (whether an organization uses resources properly), satisfaction of employees and customers, innovation, quality of products or services, and ability to maintain a unique human pool".

In order to evaluate the effectiveness of human resource policies, researchers such as (Rogers and Wright, 1998; Becker and Huselid, 1998 cited in Vlachos, 2008) tied them to firm performance; however, as there is no agreement on the optimal human resource policies there is no agreement on the best performance measurement tools. Financial measures are designed to serve external users more than internal ones. As organizations perform in a high dynamic environment, the financial measurements become more obsolete in helping managers to make decisions and cause managerial misleading (Mohamed et al., 2009). It takes years to verify the effect of human resource policies on some performance measurements such as the effect of job security on return on assets. On the contrary, financial measurements are available and Easy to obtain specially from secondary sources (Vlachos, 2008).

As a result, the need for modern and comprehensive measures is eminent. From this
point, many researchers have suggested using the strategic performance measurement System to help organizations build capabilities to gain competitive advantage. Balance score cards (Kaplan and Norton, 1992 cited in Mohamed et al, 2009) and performance pyramid System (Lynch and Cross, 1991 cited in Mohamed et al, 2009) are examples of strategic performance measurement System that is used as diagnostic and interactive tool to increase organizational competitiveness and profitability by enhancing the organizational capabilities.

Gosselin’s (2005) studied that showed most of Canadian manufacturing firms used financial measurements. A study of the hotel industry in Cyprus showed the same results (Haktanir and Harris, 2005). Business literature says that efficiency and effectiveness, satisfaction, loyalty, turnover, employees and customer satisfaction and service quality are the most popular nonfinancial performance measurements (Boselie et al, 2001; Lopez et al, 2005; Collins and Smith, 2006; Katou and Budhwar, 2007; Sun et al, 2007; Vlachos, 2008; Takeuchi, 2009). Finally, as financial performance measures only one dimension, it is inadequate to clearly evaluate the organizational performance and thus must be supported by non-financial measures. This view was adopted by numerous researchers such as (Kaplan and Norton, 1996 cited in Mohamed et al, 2009).

**DISCUSSION**

Gaps in the existing studies who that there is a need to make a fresh attempt to understand the HR audit and its relationship with organizational performance in private sector banks. Number of improvements could be incorporated on account of gaps in the existing literature.

Over the several decades, banks have set themselves as a benchmark in terms of quality of service provided to customer and their employees. There has been an improvement in the numbers of benefits in terms of Human Resource Audit. Over the past few years, it has been observed that private sector banks HR policies have noticeably improved. Although it has increased but, there are large number of shifting/changes from one bank to another. Several challenges are faced by the Banks and to meet out the present challenges and to be ready for future threats of retention Private sector banks must be capable to deal with these challenges.