CHAPTER 1
INTRODUCTION

The present research study titled “Human Resource Development and Organizational Effectiveness: A Case Study of Hindustan Petroleum Corporation Limited (HPCL)-Visakh Refinery”, principally focuses on the current scenario of HRD Climate in terms of T.V. Rao’s OCTAPACE dimensions, the quality of existing general climate that is spanning not only from top management’s commitment in developing HRD climate within the organization but also in developing positive personnel policies and positive attitudes among employees within the organization, the HRD-mechanisms such as quality of training and developmental programs which will strengthen the capabilities, skills and knowledge levels of employees, performance management systems which motivates employees to reach the individual as well as organizational goals, potential appraisal for future organizational requirements, career planning and development, leadership transformation through setting or altering the mission of the organization from time to time, organizational change, problem solving approaches of the organization etc which are pivotal for survival, growth and development of any organization and for that matter HPCL too. Thus the study throws light on the overall impact of the above aspects on organizational effectiveness and then the concomitant organizational development as well.

The research study ultimately concludes with certain recommendations and measures that can be taken into consideration by the management of HPCL- Visakh Refinery, for developing and implementing certain strategies to strengthen the organizational effectiveness, so that a proactive and healthy working environment can be created which enhances the organizational development.

The study is organized into nine chapters such as Introduction, Methodology, HR Practices in HPCL, OCTAPACE Dimensions, General Climate, HRD-Mechanisms, Organizational Mission, Impact of HRD Climate on Organizational Effectiveness and Summary and Conclusions.
The “Introductory” chapter portrays, a rather panoramic overview of cascading the evolutionary trends of the whole realm of HRD, thus extensively traversing through the available literature on Human Resource Management, Human Resource Development, HRD-trends etc, the Theoretical Frameworks, overarching on the review of research works spanning from global to local, identifying existing gaps in research of chosen domain and concludes with a note of justification for the current research study.

The chapter on “Methodology” delves on the details of objectives of the research study, the research design adopted, choice of variable, the sample frame selected, the tools for data collection, the context they had been used, the method of analysis and interpretation, culminating with the significance, scope and limitations of the study.

The chapter on “HR Practices in HPCL” provides an overview of HR policies and practices in HPCL-Visak Refinery, a prominent segment of Indian Oil Industry, which is facing stiff competition in the wake of a globalized scenario and upcoming domestic siblings like Reliance Oil. This chapter paves way for understanding the overall HRD initiatives and efforts, in some detail, to comprehend the philosophy and policy of HR in HPCL-Visakha Refinery, which would be the fulcrum to assess the same against the research objectives set for the study.

The chapter on “OCTAPACE Dimensions” reveals the perceptions and insights of the various categories of employees in HPCL- Visak Refinery with regard to HRD Climate. These include Openness, Confrontation, Trust, Autonomy, Pro-activity, Authenticity, Collaboration and Experimentation. The chapter also provides certain measures to improve the HRD Climate in the organization.

The chapter on “General Climate” tries to give a picture about the commitment levels of top management and line managers to create a supportive environment by implementing positive HR policies in HPCL- Visak Refinery along with a diagnostic summary thereof and the measures meant for possible corrections and improvements.

The chapter on “HRD-Mechanisms” deals with the quality of training & development programmes, performance and potential appraisal systems that are followed
in HPCL, career planning and development, succession planning etc. The views of employees also have been included and analyzed and measures have been improvement of organizational effectiveness and thereby development have been incorporated in the study.

The chapter on “Organizational Mission” focuses on organization’s long term vision, strategic direction, goals which are of smart in nature, monitoring of progress of organization on continuous basis for the growth and development of organization along with measures for improvement.

The chapter on “Impact of HRD-Climate on Organizational Effectiveness” has taken into consideration of certain dimensions of organizational development aspects such as teamwork, superior-subordinate relationship, preparedness of organization for change and problem solving approach thus analyzing the impact of HRD climate on organizational Effectiveness and indicating the corollary measures for effective articulation and maturation of the organization.

The chapter on “Summary and Conclusions” provides a bird’s eye view of the phenomena under study with concluding remarks, wherein the researcher makes an effort to come out with suitable suggestions in more comprehensive and in an integrated manner with implications for Social work practice and further research, foraying into the creation of a healthy working environment with sustainable organizational effectiveness and development in HPCL-Visakh Refinery.

HRD A Theoretical Framework

1.1. Introduction:

The global economic scenario has been fast changing. Scientific and technological advancements have transformed our industrial enterprises. Sophisticated projects aimed at enriching economic welfare and the common man’s quality of life in the society have been on the increase. Communication facilities have narrowed the distance between nations and people. People have access to information even from
remote corners. World has become a global village. Medical advancements have provided relief to many sick people all over the country.

While one can be legitimately proud of these advancements and developments and these developments have also left behind many unforeseen problems and issues, which are becoming formidable to face. The society appears to be struck with destructive forces. The basic values are getting further diluted. The cultural backup is loosing its strength.

In this context, human resources management has got greater significance. In this present generation people possess advanced skills, knowledge and work on sophisticated machines and equipments. But, they are becoming highly vulnerable and become sensitive to every aspect of the life. The common man appears to be more insecure in spite of the economic growth, and hence, he is in search of more wealth and fast living. In this, process he was forced to forget the focus on values, ethics and human culture.

The Human Resource Management practitioners and experts should also have to play new and innovative roles besides keeping the personnel systems moving in the organizations. The new roles call for arresting deteriorating values, building up of change in the new economic scenario and the technology. Hence, there is a need to re-look and re-define some of the traditional human resource practices.

Economic liberalization and policy reforms in India in their wake have opened up the floodgates of imports, foreign investment and competition for industry as well as service sectors. The greatest challenges faced by many organizations in our country is not for want of economic resources, materials or infra structure facilities, but as to how to manage their workforce which has become too complex and dynamic on account of vast diversity in it’s composition due to lingual, regional and cultural differences. With the liberalization and globalization, the problem has become more acute since the organizations now need to manage workforce more diverse in character, which calls for new skills, knowledge and adaptability.
Managing and measuring performance in organizations has emerged a key issue. Today organizations strive to link individual performance more closely to organizational goals. Employers want staff to perform in teams against both present and future objectives of the company. Therefore there is a continuous enquiry as to what skills and competencies will be required to fill long-term goals.

Competitive pressures have forced organizational changes in areas of strategies, structures and culture. Pay has become an important part of organizational change in recent times. Performance related pay and skill based pay has been given lot of priority. There is also a discernible shift from individual performance to team performance and hence team work has got significance. High performing organizations are structuring around teams and processes rather than individual jobs to achieve cost –effectiveness, flexibility, and improved quality of products and services which require multiple skills and different motivations. Therefore there is every need to revisit compensation strategies and team performance strategies rather than individual performance.

Employee relations have undergone a sea change. Workforce relationships have undergone a qualitative change and need to develop appropriate measures in managing diversity and team performance. A change in people’s mindset would prove to be an invaluable asset.

Advanced technology has increased flexibility in the production of goods and services. Managers are calling for matching flexibility in the deployment of human resources in working practices and in wages, down sizing/right sizing, ability to reduce employment and wage levels, the ability to increase mobility in workforce, the ability to use more elastic use of skills, and ability to use more flexi working arrangements.

In making companies more competitive, a key determinant would be about costs. A key issue in this regard would be maximizing the return on labor expenditures not simply minimizing costs. The desire and effort towards managing labor costs while increasing productivity and team performance, which would ensure organizations to be winners in the future.
Organizations are struggling more and more to find sources of competitive advantage. The real and sustainable source is the power of people and people processes. Past glories and successes can not assure future sustenance. Change is imperative. Organizations have to transform. Leadership will have to drive the transformation but people are the motive force to carry it through. Team performance and team work has become an important dimension in the people management.

Human resource management is the one in which the organization’s future lies. It is a tangible asset, which is creating wealth. It is the only asset that appreciates with time if properly nurtured and its use would become the heart of the annual reports and financial statements. Human Resource Management refers to the ‘people’ dimension in management. In view of the scenario already discussed above, human resource is regarded as vital aspect of the organization. No computer or robot however are modern, sophisticated or super, can replace human ingenuity intuitionally generated in the human brain, hence the value of human resources. Even though the human resources are abundantly available but difficult to correctly pick –up the best resource for the vital success and growth of an organization. It is increasingly realized that management of human resource is much more complex than managing other resources such as machinery, materials and finance. The survival and prosperity of an organization depends largely on the capability and attitude of the people who are engaged in the process of performance of the organization. It has been recognized that, even if all players in the business may have access to capital, technology and market to sell, the difference is perceived by the quality of human resource one possess, matching with the world today and tomorrow. It is needless to mention that, every organization has some determined objectives to attain. When it is referred to industrial organizations, they tend to seek the accomplishment of corporate objectives in terms of profitability, performance, meeting the demands of the customer and service to the customer and to his satisfaction compare to the competitors. These can not be attained, unless the organizations pay adequate attention to human factor and effective management of human resources. For efficient management of an enterprise, when all the required non-human resources (money, materials, plants and machinery and technology) have been procured, installed and primed-up, it is the human resources that breathes life in to them and gets them going.
The organization can be both effective (in meeting the determined goals) and efficient (in performance by using this resource with less cost, meeting the customers demand and his satisfaction), only when it’s human resources are productive, competent and are endowed with abilities. On the contrary an organization which is not effective in running and meeting it’s customers demands to his satisfaction, certainly taking risk of failing to meet the competition and even going out of the scene of its activity.

As has already mentioned, Human Resource Management deals with people at work. It is an evolving field and as such it has been and continuous to be one of the most important functions of the society. There are inherent problems and challenges in dealing with people as ‘they are responsive, think, speak, act and are influenced by a host of forces, with in organization in government and in society’. There have been continuous efforts to meet these problems in a systematic and scientific way. Even so, a bulk of contents of personnel management is based upon the accumulated trial and error experiences of countless employers. Attempts of management thinkers and behavioral thinkers to enrich the field of Human Resource Management resulted in making it a dynamic proposition with a rich discipline as the basic foundation. Many social sciences namely sociology, psychology, anthropology, economics and political science have fed this as a discipline. The multi and inter-disciplinary approach has created such broad array of knowledge in Human Resource Management, as it is likely to puzzle the student with the ‘management theory’ jungle.

An organization without strategies is like an aeroplane without radar. Successful organizations do lot of home work in building right strategies. Theory alone, however important is not sufficient for the Human Resource Management a profession or as a discipline. The theory has to be put to test and it’s applicability and relevance to practical situations has to be determined. If as a science, Human resource management has a knowledge or theory base and as an art it should deal with the application of the theory to problems in an effort to find solutions. In the ultimate analysis, the Human resource management practices need to be studied. The experiences and practices vary widely from country to country and with in the same country from region to region, industry to industry and unit to unit. These variations are due to differences in levels of
industrialization, composition of labor force, availability of material and human resources, entrepreneurship, state of trade unionism, political system, socio-economic conditions and cultural patterns.

The greatest resource of India is its human resource if properly developed and provided with the right opportunities. Otherwise it would start weakening the country rather than supporting and strengthening it. India has its own diversities in respect of the above mentioned factors. It is hardly necessary to mention that, the Human resource development practices in our country are obviously at variance with that of western practices, although influenced mostly by the management theorists of the west. Also, what we mean by Indian experience of human resource development does not imply that the happenings or practices of all units are one and the same. Instead of having aggregate opinions and ideas about the Indian experience as a whole, it is important to appreciate the unit level practices and to have a first hand knowledge about the same. Realizing this, the present study attempts to gain empirical knowledge of unit level human resource development practices.

The term human resource refers to the knowledge, skills, creative abilities, talents, aptitude, values and beliefs of an organization’s workforce. The more important aspects of human resources are aptitude, values, attitude and beliefs. But, in a given situation, if these vital aspects remains same, the other aspects of human resources like knowledge, skills, creative abilities and talents play an important role in deciding the efficiency, and effectiveness of an organization’s workforce. However enhancement of utilization and value of human resource depends on improvement of Human resource aspects like skill, knowledge, creative abilities and talents and moulding of other aspects like values, beliefs, aptitude, and attitude in accordance with the changing requirements of groups, organization and society at large. This process is the essence of human resource development and it is clear from this interpretation that, human resource development improves the utilization value of an organization.

If we need to find a way to develop employees in order to become effective contributors to the goals of an organization, we need to have a clear view of what an
effective contribution would look like. The use of personal capacities can be very helpful in describing the way in which an effective employee should operate and behave, but there can be no general prescription of an effective employee. Effectiveness will differ with organizational context, and on whose perspective we are adopting. The matter of what, finally makes an effective employee is a combination of personality, natural capabilities, developed skills, experience and learning. The process of enhancing an employee’s present and future effectiveness is called development.

1.2. History of Human Resource Management

Management of Human Resource, as a subject of study even though of relatively recent origin- the concept upon which the theory is based –dates back to 400 B.C. In India, Koutilya observed a sound base for systematic management of human resource, as early as 4th century B.C.

Prior to industrial Revolution, the status of labor was extremely low and the human relationships between the employer and the employees were characterized by slavery, serfdom and the guild system. Slavery was based on negative incentive system and serfdom was based on positive incentive system. However, both these systems were replaced with the growth of manufacturing and commercial enterprises by the guild system involving master craftsman (the owner), the journeyman (the travelling worker), and the apprentice. Guild system marked the beginning of Human Resource Management for selection, training and development of workers and emergence of collective bargaining for wages and working conditions.

The Industrial Revolution followed the new economic doctrine of laissez faire. New industrial organizations were characterized by the factory system, which deteriorated the employer-employee relationship due to unhealthy work environment, long working hours, fatigue, monotony, strain, increased likelihood of accidents, etc.

Reviewing the history, it is observed that great thrust had been given to personnel management functions by business expansion, labor strategies and higher wage rates during the First World War (1917). Many of these activities had been initiated for welfare
and paternalism. The great depression of 1920-21 threw many personnel men out of jobs and this created a disillusion for this profession. A number of literatures came up worldwide during 1929-22, dealing with different areas of personnel administration. By 1923, the profession had reached the stage of maturity, as organizations started giving importance to it like other core functions, viz., production and marketing.

1.3. Growth and Development Process of HRM in India

In India, state intervention to protect the welfare of workers was felt necessary soon after the completion of First World War. Emergence of Trade Union movement and finally Trade Union Act of 1926 gave a formal recognition to the worker union. Labor Welfare activities were introduced in factories. Tata group implemented employee welfare measures like provident fund and leave rules. This can be considered as a beginning of HR as a field in India. This was followed in 1932 by the Royal commission’s recommendation to appoint labor welfare officers to deal with the selection and grievance related to the handling of the employees. Later Factories Act 1948 was introduced making it mandatory on the part of factories to have welfare officers having more than 500 workers. All these developments laid the foundation for the personnel function in India (Bala Subramanian, 1994, 1995).

During 1950’s two professional bodies were established to help in the development of HR namely Indian Institute of Personnel Management (IIPM) at Kolkata and the other the National Institute of Labor Management (NILM) at Mumbai.

The personnel function which was more focused on welfare activities slowly shifted to Industrial Relations (IR) and personnel administration during the 1960s transforming itself to personnel management. This was due to development in the industry after the second world war and the increased awareness of workers.

During 1970s there was a shift from concern for welfare to concern for efficiency. This was due to the emphasis given by our government to the development of heavy industries after our independence. Slowly, professionals began to talk about HRM and HRD etc in 1980.
During this time, both IIPM and NLPM were merged to form National Institute of Personnel Management (NIPM) at Kolkata.

1.4. Human Resource Management (HRM): A conceptual framework

1.4.1. Concept of Human Resource Management

There is no standard definition of the term ‘personnel management’. Different writers have given different definitions of the term. Some of them have defined personnel management in terms of its functions, some others in terms of its objectives and some in terms of human relationships.

Prof. Jucius has defined personnel administration as: “the field of management which has to do with planning, organizing, directing and controlling various operative functions of procuring, developing, maintaining and utilizing labor force, such that the(a) objectives, for which the company is established are attained economically and effectively; (b) objectives of all levels of personnel are served to the highest possible degree”.

According to Edwin B. Flippo, “The Personnel function is concerned with the procurement, development, compensation, integration, and maintenance of the personnel of an organization for the purpose of contributing towards the accomplishment of that organization’s major goals or objectives. Therefore, personnel management is the planning, organizing, directing, and controlling of the performance of those operative functions.”

According to E.F.L. Breach, Personnel Management is that part of management process which is primarily concerned with the human constituents of an organization.
1.4.2 Major areas of HRM

The following are the major areas of Human Resource Management.

```
<table>
<thead>
<tr>
<th>Human Resource Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
</tr>
<tr>
<td>Human Resource Utilization</td>
</tr>
<tr>
<td>Human Resource Environment</td>
</tr>
</tbody>
</table>
```

1.4.2.1 Human Resource Environment (HRE)

HRE is concerned with the quality of work life. This includes not only the physical environment, but also the psychological environment. It is involved with management providing opportunities for employee’s to have more control over how the work gets done, as long as standards are met.

1.4.2.2 Human Resource Utilization (HRU)

HRU work force planning is the function of HRU people. They are the one’s who should be in contact with the upper levels of management to know the long-range planning and the Human resources to staff the future operations of the organization.

1.5. Meaning and Definition of HRD

HRD means building three Cs - capabilities, Commitment and Culture. Capability building requires developing the knowledge and skills of the person. Capability has to be supported by commitment which comes through desire to excel, positive attitude towards work, co-operation, involvement and concern to one’s own self and society. Another important factor of HRD is building culture. Culture is the way of life. It involves creating an awareness of what is ideal and desirable. Hence, building these three Cs is very essential for developing the human resources of an organization. Few of the views
expressed by different personalities over different time periods towards what is HRD is explained below.

Human Resource Development in the organizational context as rightly defined by Prof. Rao, and others is a process in which the employees of an organization are continuously helped in a planned way to:

1. To acquire or sharpen their capabilities required to perform various obligations, tasks and functions associated with and related to their present or future expected roles;

2. To develop their capabilities as individuals so that they may be able to discover their potentialities and exploit them to full for their own and/or organizational development purposes; and

3. To develop an organizational culture where superior subordinate relationships, team work and collaboration among different sub-units are strong and contribute to organizational wealth, dynamism and pride of the employees (Rao and Pareira, 1986).

The above definition lays emphasis on individual’s inner urges, his genius and potentials not just for organizational purposes but also for his own development. The focus is equally on building an ‘enabling’ organizational culture so as to emphasize the team work.

Len Nadler(1980) observed “HRD means an organized learning experience, within a period of time with an objective of producing the possibility of performance change”.

In the same way, Carrol, Frank and Ivancevich (1985) told that “ HRD is an effective way to meet several changes (employee turnover) faced by most of the organizations”.

According to John E. Jones, Varadan(1989) “ HRD is an approach to the systematic expansion of people’s work-related abilities, focused on the attainment of both organizational and personal goals”. 

13
Dr. Nadler, Carrol and Jones have used the terms HRD mainly to refer to training, education and development. According to them, training is focused on the present job education and the future job and development is concerned with providing learning experiences to employees so that they may be ready to move to new directions and dimensions that the organizational change requires.

The concept of HRD has been defined by economists, social scientists, industrialists, managers and other academicians in different ways in different angles since it is multi-dimensional. In a broad sense H.R.D is the process of increasing knowledge, will, and capacities of all the people in a given society. In the national context, HRD is a process by which the people in various groups are helped to acquire new competence continuously so as to make them more and more self-reliant and simultaneously develop a sense of pride in their country. In economic terms, it means accumulation of human capital and its effective utilization for the development of economy. In political terms HRD prepares people for active participation in the political process. From the social and cultural point of view, the development of human resources enriches life.

Human Resource Development is three pronged, as far as industrial organization is concerned, focusing on: people- the ‘human’ aspect where people are seen as having skills, having potential and the ability to grow, change and develop; the ‘resource’ aspect where individuals are considered resources rather than problems; and the ‘development’ aspect, where there is an emphasis on the discovery and nurturing of their potentials.

1.5.1 Emergence of HRD in India

The Human Resource Development (HRD) System was introduced at L&T in the year 1975 by two professionals, Uday Pareek and Rao (1998). This was the first of its kind in India. The new system clearly established the linkages between the various personnel related aspects such as performance appraisal, employee counseling, potential appraisal, training etc.

They recommended that “…. Performance appraisal, potential appraisal, feedback and counseling, career development, career planning and training and development get
distinct attention as unique parts of an integrated system” This actually resulted in the development of new function-“The HRD function”.

Later, this pioneering work of Dr: Rao and Dr: Pareek to the establishments of HRD Departments in the State Bank of India and It’s associates in 1976. This was followed by Bharat Earth Movers Limited in Bangalore in 1978.

In the year, 1979, the first HRD workshop was held at Indian Institute of Management, Ahmadabad (IIMA), to discuss it’s concepts and issues. In subsequent years, a series of workshops were held to develop HRD facilitators by IIMA and Indian Society for Applied Behavioral Science (ISABS). Thus, HRD started gaining importance in India.

The establishment of a separate Ministry of Human Resource Development (HRD) in 1986 was a logical culmination of the realization of the importance of developing human factor by the Government of India (Ashok kumar, 1991). This need was emphasized, in the fifth five year plan(1985-1990) by stating that, the productive forces of the economy can be strengthened only by releasing the creative energies of all strata of society. Development was considered a synonym of economic growth and prosperity.

After the government’s initiative, quite a few organizations also introduced the HRD department in their organizations whereas some renamed their personnel department as HRD department. In some organizations, training managers were called as HRD managers. But, overall the term HRD was becoming popular in the Indian scenario.

A National seminar was organized in Mumbai jointly by XLRI centre for HRD and the HRD department of L&T. The National HRD Network was conceived during this seminar to develop networks among HRD professionals to facilitate learning from one another.

This later gave birth to the Academy of Human Resources Development in the year 1990. This was the first family tree of HRD in India. This was established as an economic centre for training, research and extension services in the field of HRD. This
academy regularly engages in conducting programs for training HRD facilitators and also providing diploma program in HRD. Thus this field took its birth.

There is an increased pressure and expectation from the HR function after the initiation of economic reforms in 1991, that it plays a strategic role and becomes an active player in achieving the corporate goals. Due to the liberalization of economic policies and the increased level of competition by overseas firms have put a lot of pressure on human resource function in domestic firms on order to prepare and develop their employees to compete with international firms in efficiency and skill base (Venkata Ratnam, 1995). Also these domestic firms were depending on human resource development rather than human resource management to support them (Ramaswamy and Schiphorst, 2000). This made HRM a major role to play in the organizational development and meeting the competitive world.

A study carried out by Rao and Abraham in 2001, on eight different organizations HRD practices in India, concluded that the HRD function is not well –structured as envisaged in mid 1970s. It was found to be more convenient driven than system driven. Slowly, organizations and confederations are recognizing the importance of HR and HRD activities for their growth and success.

In the year 2003 Confederation of Indian Industry (CII), Southern region, has initiated an award to recognize organizations that are committed to HR excellence. The award is conferred on those organizations which display a high level of commitment towards developing and leveraging their human resources by institutionalizing cutting edge HR practices and processes. This award gives an opportunity to organizations to get an objective assessment of the various HR initiatives implemented in their organizations.

Hero Mindmine Institute have also initiated an award for excellence in learning and development tools in the year 2005 called as “ Brij Mohan Lal Munjal Award for Excellence in Learning and Development tools for Private and Public sector”.
Today most of the larger public and private sector organizations in India are using the techniques and approaches of HRD to develop their workforce for the attainment of organizational goals along with individual satisfaction and growth.

1.5.2 Objectives of HRD

The following are the main aims, goals and objectives of HRD are:

i. To maximize the utilization of human resources for the achievement of individual and organizational goals;

ii. To provide an opportunity and comprehensive framework for the development of human resources in an organization for full expression of their latent and manifest potentials;

iii. To locate, ensure, recognize and develop the enabling capabilities of the employees in the organization in relation to their present and potential roles;

iv. To develop the constructive mind and an overall personality of the employees;

v. To develop the sense of team spirit, team work and inter team collaborations;

vi. To develop the organizational health, culture and effectiveness;

vii. To humanize the work in the organization;

viii. To develop dynamic human relationships;

ix. To generate systematic information about human resources.

1.5.3 The Nature of HRD

HRD has a very important role in the corporate strategic planning. It is a continuous learning process and not merely a set of mechanism or techniques. In the words of Parnnath, (Parnnath,1998) “HRD is not an engineering process having a set of mechanism”. The techniques such as organization development, training and
development, performance appraisal and career advancement etc are used to initiate, facilitate and promote this process in a continuous way.

But, these mechanisms have not a universal application. The mechanisms may need to be examined, reviewed, re-oriented and recast to see whether they are promoting or hindering the process. These mechanisms are inter-linked and form new system reinforcing each other. Thus HRD is an unique, open and interlinked approach. Since, the HR department play a major role in the development of employees, in the process it is necessary that the other departments also should co-operate in such an effort.

Since, the HR department play a major role in the development of employees, in the process it is necessary that the other departments also should co-operate in such an effort. The four basic agents or partners of development as under:-

the employee or individual( The self);

the immediate boss of the employee;

(i) the H.R.D Department; and;

(ii) the organization.

H.R.D is an administrative function. HRD manager is a line manager and has an important place in the organization chart. Previously it was treated as a staff function. But the American Society for Training and Development suggested that “it (HRD) should be an entrepreneurial function, to increase the importance of the HRD.” It observes that HRD manager should be a problem solver, risk taker, inter-dependent rather than remedial teacher, caution taker and dependent. He should create opportunities for the employees in place of minimizing performance gaps.

1.5.4 HRD and Organizational Effectiveness

The components of HRD has a wide range. Some persons have used Human Resource Development, and Organizational development as synonyms. But HRD is the
development of an individual through learning process while organizational development is the development of proper environment through organizational behavior. But these are interlinked as under.

H.R.D

: Reaction

: Learning

: Job – Behavior Change

: Organizational Behavior change

: Organizational Performance or OD

HRD is concerned with the development of people working at all levels i.e workers, technical staff, employees and executives in an organization, while Management Development is mainly concerned with the development of executives and the management in the organization. It is also different from human resource management. HRD is inter linked, pro-active, useful and applicable in all functional areas of management and top management’s responsibility is for twenty four hours, while human resource management is independent, re-active and personnel functions having the responsibility upto office hours only. Thus Organizational Development(OD) and Management Development(MD) are the approaches of HRD. Due to the dynamic nature of HRD function the approaches of HRD change with the change of the organizational working.
There is a positive relationship between HRD and organizational effectiveness. The constraints of HRD such as environment, technology, competition, resources, past practices, history, nature of business, management policies etc. being the same, an organization that has better HRD philosophy, climate, sub-system and better people is likely to be more effective than an organization that does not have more competitive people, job satisfaction, better development roles, more teamwork, high productivity and profitability, better images, low cost, less labor turnovers, less absenteeism, minimum overtime and good industrial relations in an organization. Rao rightly observes: “HRD is a strategy to transform human resource inputs into outputs. The inputs are the people, the individuals, groups and the total human organization. The transformation processes are the managerial sub-system for acquiring, developing, allocating, conserving, utilizing and evaluating people. The outputs are the services provided by the individuals and groups to the organization in which they are employed in particular and to the society in general.” (Rao, 1986)

HRD is a more wider and dynamic concept. The total HRD framework (Rao, Verma, Anil Khandelwal, & Abraham, 1988) may be classified as shown below.

H.R.D.FRAMEWORK

Climate for H.R.D

H.R.D Sub-System ------- HRD Philosophy_____ HRD _____ HRD Output

Or Mechanisms or       :     Principles &

Components          :     Factors

HRD Skills
1.5.5 Multiple Goals of HRD

HRD has multiple goals. These include employee competency development, employee motivation development, and organizational development etc. A brief description of the HRD goals are as follows.

**Develop the individual’s capabilities to perform his present job better:**

A variety of competencies are required by employees such as (knowledge, attitudes, skills in technical areas, managerial areas, behavioral and human relations areas and conceptual areas) to perform different tasks or functions required by their jobs. The nature of jobs is constantly changing due to changes in the environment, changes in organizational priorities, changes in the profiles of fellow employees (subordinates, bosses, colleagues etc.), changes in technology, new opportunities, new challenges, new knowledge base etc. Such a change in the nature of the jobs requires continuous development of employee competencies to perform the job well. Thus, for effective job performance competency development is required on a continuous basis. HRD aims at constantly assessing the competency requirements of different individuals to perform jobs assigned to them, effectively, and provide opportunities for developing these competencies.

**Develop the individual’s capabilities to handle future likely roles**

HRD tries to develop the potential of employees for future likely jobs/roles in the organization as they go up on the organizational hierarchy or the organization takes up new tasks through diversification, expansion, modernization, economization, etc.

**Identify the competency gaps of employees**

Another aim of HRD is to identify competency gaps of employees to perform the present roles/jobs/tasks/functions effectively and create conditions to help employees bridge these gaps through development.
Develop and maintain a high motivation level of the employees

Motivation means the desire to work or put in work effort. It is the commitment to the job, work and the organization. Motivation is influenced by various factors such as one’s own needs, personality and habit patterns, supervisor’s styles and behavior, personnel policies, organizational culture and environment, career opportunities and reward mechanisms. HRD aims at developing the motivation of employees to the maximum extent possible so that they can become dynamic contributors to the organizational goals.

Promote climate development and organizational health development

A healthy climate is one where: the free expression of ideas, opinions and suggestions (openness) is encouraged; there is promotion of collaboration among various individual streams, and departments; and where people can be trusted; initiative pro-activity and creativity is encouraged; problems are diagnosed, confronted and solved collectively or individually; every senior sees developing subordinates as his responsibility; seniors support their subordinates and juniors respect their seniors; problems, mistakes and difficult situations are handled with a learning orientation; participation is encouraged; every incident is treated as a learning opportunity; people have a sense of satisfaction from their work; people feel that they are cared for and have a sense of belonging. HRD aims at developing such a climate through periodic diagnosis and appropriate intervention.

To sum-up, HRD goals include

- develop the individual to realize his potential as an individual to the maximum extent;
- develop the individual’s capabilities to perform his present job better;
- develop the capabilities to handle future likely roles;
- develop and maintain a high motivation level of the employees;
strengthen superior- subordinate relationships;

- strengthen team spirit among different teams;

- promote inter-team collaboration; and

- promote development of organizational climate and health.

1.5.6 Need and Importance of Human Resource Development

The government of India has recognized the importance of HRD and has created a separate Ministry under the control of a full-fledged cabinet minister. The need of HRD in India was identified by Shri C.S. Kalyan Sundaram and Prof. T.V. Rao on the following grounds (Mathur, 1998).

The value system of people of India is rapidly changing due to rapid changes in the education system, technologies and marketing conditions. Thus we want to re-humanize the society due to very high aspirations and ambitions of people.

The role of the organization in society is changing the demands on the organization and the expectations of the client system require that employees undertake new tasks and challenges and respond to environmental changes. In the same manner some organizations have reached the saturation point in its growth, employees are stagnating due to lack of growth opportunities. The level of frustration among employees is on the increase.

The need and importance of HRD and Organizational Effectiveness can be assessed from the following discussion;

i. Success of an organization

The success of an organization depends to a large extent upon the capability, competence, efficiency and effectiveness of its human resources. In order to develop a strong sense of capability, competence and responsibility among the employees of a concern, the HRD system is an essential tool for management.
Now, it is a firm belief that the organizations can improve their effectiveness and productivity through the development of human beings. M. N. Kulkarni observed that, “HRD is an aid to the efficient running of the enterprise” (Len Nadler, 1981). Thus HRD is the core of existence and strength of an organization.

ii. Fulfillment of the goals:

HRD is helpful in the fulfillment of committed goals of an individual, organization and society. It increases the capabilities, and efficiency of an individual which is likely to reflect itself in the long run in the well-being of the individual, good reputation of the institution and ultimately the well-being of the society. Geary Rummler thus observed in this connection after having gained experience in his managed in opportunities fashion in our organization. “HRD developed a clear idea of what it wanted to accomplish and then waited and watched for just the right opportunity” (George and Zimmerman, 1984).

iii. Development of Men

HRD is a scientific method for the development of men by creating healthy organizational climate, motivating human resources, developing team work and creating a sense of commitment in the people. The integrated growth of employees is possible with the help of HRD. It helps employees to know their strengths and weaknesses and thus enables them to improve their performance and that of the organization as a whole. HRD provides guidance through the bosses to the employees for better performance.

iv. Higher Productivity

HRD motivates the employees in order to use their hidden talent for higher productivity. Len Nadler observes, “HRD is an organized learning experience, in a stated period of time, directly towards the possibility of improving performance” (Len Nadler, 1981). Thus, skilled and trained manpower and managers can handle various functions easily for higher productivity.
v. Good return on Investment

HRD reduces the cost of production and earns good return on investment and consequently contributes to competitive advantage in the face of cut-throat competition. It controls labor cost by avoiding labor turnover, absenteeism and both shortages and surpluses of manpower in the establishments. HRD avoids all kinds of distortions, lop-sided developments, short-falls and waste of national resources.

vi. As the soul of Personnel Department

HRD promises to fulfil the career aspirations of the working force and meets the future requirements of the workforce in the light of organizational goals. It helps in generating varied data about employees for personnel functions like training, selection, promotion etc.

vii. Strong Superior-Subordinate Relationship

HRD develops strong superior- subordinate relationship, creates job satisfaction, improves organizational health and the employee morale, team spirit and loyalty, the sense of belongingness or “we feeling” in the minds of employees and awareness of larger organizational goals.

viii. To cope with changes

HRD is essential to meet the requirements of the changing environment of the Industrial sector due to educational, social, cultural, economic changes and technological advancement.

ix. Measurement of Growth

In determining the growth and deciding the prosperity of business enterprise HRD plays a significant role. The organizational effectiveness depends on HRD as it creates an atmosphere to discourage red-tapism and favoritism in the organization.
1.5.7. HRD as a Pre-condition of Economic Growth

In the words of H.W. Singer, “It is only where the working force is sufficiently literate, educated, trained and mobilized to take advantage of new advancements in techniques of production in the organization that the creation of a build in industry of progress becomes possible” (Verma, 1988). According to Paul. J. Myer, “Human Resource Development leads to Economic Development.” (Farooq khan, 1984). Improvement in human factor is the key to the economic development of developing countries like India, which have vast human resources. Prof. Gilbraith observed that, “even in a country like the U.S.A. a large part of industrial growth is derived not from more capital investment but from development in human power.” (Gilbraith, 1967)

1.6. HRD Strategy/ Resource Requirements of HRD

HRD strategy/ strengthening HRD is a total integrated system. That is why, strategies implementing HRD systems must be clear in the mind of the management, a vision that may guide the choice of HRD programmes and direction. In order to make it purposeful it should include the following phases systematically.

1.6.1. Acceptance of HRD Philosophy and Policy

The success of HRD system depends upon the acceptance of H.R.D philosophy and policy by the top management. HRD exercise becomes meaningful and realistic when an organization believes that the development of individuals is in its own interest and expresses concern for the growth of its employees, because:

(1) Organization provides opportunities, climate and conditions for the development of human resources and it’s optimization.

(2) The top management is willing to invest adequate time and resources for the development of employees and to examine the organizational context and existing mechanism in which human resource development will function.

(3) Employees are willing to avail themselves of the given opportunities for growth and development.
1.6.2. Determination of Major Objectives of HRD

The top management should determine the major objectives of HRD, after adopting the philosophy and policy of H.R.D. An objective specifies a single result to be achieved within a given period of time, which will accomplish all or some of the goals.

1.6.3. Factors affecting HRD

In H.R.D strategy, it is necessity to take into account several factors significant to the organization such as organizational, environmental, social, and cultural factors. According to Pereira and Rao, H.R.D is mainly affected by the following organizational factors which are known as OCTAPACE as under:(Rao and Pereira, 1986)

OCTAPACE culture is essential for facilitating HRD. Openness is there when employees feel free to discuss their ideas, activities and feelings with each other. Confrontation is bringing out of problems and issues into the open with a view to solving them rather than hiding them for fear of hurting or getting hurt. Trust is taking people at their face value and believing what they say. Autonomy is giving freedom to let people work independently with responsibility. Productivity is encouraging employees to take initiative and risks. Authenticity is the tendency on the part of people to do what they say. Collaboration is to accept interdependencies to be helpful to each other and work as teams.

1.6.4. Assessing the identification of HRD needs

After determination of H.R.D objectives and factors affecting HRD, the next step of HRD strategy is identification of HRD needs through an analysis of organizational objectives such as problem solving objectives, innovative objectives, group objectives, individual development objectives, regular training objectives etc. HRD needs the short term and the long term- should be assessed in the context of the organization.
1.6.5. **Human Resource Planning (HRP)**

Management after making a complete investigation of probable growth, and changes in various functions of the organization should try to develop human resources. The major elements in the process of H.R.D planning are:

(a) Human Resource Inventory

(b) Human Resource forecasting

(c) Execution of development plans.

On the basis of the above principles, HRD department should prepare a plan for HRD for the company. Such plan should follow the corporate plan and should be both short and long term.

1.6.6. **Developmental programmes**

The next step is to take proper decision in respect of HRD programmes or sub-systems. The management should identify the HRD mechanism for implementation and out of this mechanism sub-systems should be chosen for implementation. These programmes or sub-systems must be designed in such a manner as to work together as an integrated system.

1.6.7. **Development of HRD climate**

HRD climate or culture is essential for developing human resources. Thus, management should assess the organization climate through the HRD climate survey. The survey should identify the factors which shall affect the HRD programmes.

1.6.8. **Build up on Infrastructure Facility**

Management should decide the structural aspect of HRD and build up infrastructure facilities for the success of HRD plans. It includes both internal and external resources and task forces and makes the allocation through HRD budget. Every HRD programme has to utilize training personnel and HRD centre properly and effectively.
1.6.9. Emphasis on Long Term Results

Management should have a clear understanding about the expected results of HRD and should have a long term strategy linked with corporate goals. HRD decisions and investment should be based on conviction and commitment and not on expectations. The HRD department should be asked to attempt at capturing such changes through quick surveys and similar mechanisms.

1.6.10. Evaluation and Corrective Action

The developmental efforts should be assessed by the management and corrective action should be taken if there is any deviation. Management should develop internal monitoring mechanism, built-in periodic review mechanism. HRD should be reviewed and it’s progress should be assessed once in a year by experts and through meetings and workshops. The assessment of the impact of the developmental programmes can be made at three levels.

i) Appreciation or endorsement level- Did employees like the HRD programmes and it’s contents?

ii) Learning level- What did they learn during the programmes?

iii) Productivity or result levels- Have the new HRD programmes given positive results such as reducing the cost, increasing productivity etc.?

1.7. HRD-Approaches

1.7.1 Various Approaches of HRD

According to Rao, (1996) the distinction between Human Resource Development and Human Development is that the HRD is limited to skill development and knowledge acquisition demanded by organizations for employment purposes. The broad and all inclusive nature of concept of HRD depends on the context in which it is used in the same sense as in Human Development. He proposed distinct approaches, which can be inferred as Human Resource Development at macro level.
1.7.1.1. **Schultz(1961) Human Capital Approach**- Human Resource Development was equated with human capital formation. Human capital consists of health, on-the-job training, formal education, adult literacy programmes, migration and nutritional status. People acquire a lot of skills and knowledge. This need not be necessarily called as Human capital until it is a product of deliberate investment. Human capital can be a distinctive feature of any economic system. Countries that have shown considerable progress in this capital over the conventional (Non–human) capital have progressed more than those countries which have focused only on increasing the national output through increase in land, man-hours and physical reproducible capital.

Many a time, capital goes into the formation of structural equipment and sometimes also into inventories and not generally available for additional investments in man. And as a result, human capabilities do not stay abreast of physical capital and thus become hindering factors to economic development. There exists a strong relationship between human capital and economic development and he postulates certain policy implications for the poor countries.

- Human capital deteriorates when it is idle because unemployment impairs the kill that the workers have acquired.
- Discrimination (Social, religious) hinders the development of human capital.
- Investments in health and education will help in reducing low earnings in future.

1.7.1.2. **David Mc Clelland (1961) Social Psychological Approach**- postulated this approach in his book “the Achieving Society”. Countries that have advanced economically showed evidence of achievement motivation (concern to achieve something of excellence, uniqueness or something different from anything before and to do better than before). Factors that influence the extent to which entrepreneurial activity is generated depend on

- The way the children are socialized.
- The way their thinking is influenced.
• The nature of language used
• Child rearing practices in the family
• Degree of challenges offered by the environment to the children
• Interactive factors associated with religion and social class.

All these factors influence the extent to which the achievement motivation is present in individuals, which in turn influences the entrepreneurial activity and thus the economic development. Surveys also make an impact of the subjects of study and constitute an intervention, at least indirectly.

1.7.1.3. HRD Score Card Approach- A recent approach formulated by Rao (1999) envisages that, HR interventions in order to make the right business impact should be mature in terms of HRD systems, competencies, culture (including styles) and business linkages. The maturity level and appropriateness of each of the sub systems of HR, the appropriateness of HR structures and the level of competencies of HR staff, line managers, top management etc., the HRD climate(defined in terms of openness, collaboration, trust, autonomy, proaction, authenticity, confrontation and experimentation) and the configruence of the top management, HR staff styles with HRD culture, and the extent to which all the systems and practices result in employee satisfaction and customer satisfaction, etc., are assessed through a well formulated HRD audit.

1.7.1.4. P-CMM Approach- Curtis and team developed this approach for software organizations. The people capability Maturity Model(P-CMM) aims at providing guidance on how to improve the ability of software organizations to attract, develop, motivate, organize and retain the talent needed to steadily improve their software development capability. The strategic objectives of P-CMM are:

i. Improving the capability of software organizations by increasing the capability of the workforce.

ii. Ensuring that, the software development capability is an attribute of an organization rather than that of a few individuals.
iii. Aligning the motivation of few individuals with that of the organization.

iv. Retaining human assets i.e. people with critical knowledge and skills within the organization.

A fundamental premise of the maturity framework is that, a practice cannot be improved if it is not repeated. In an organization’s least mature state, systematic and repeated performance of practices is sporadic. The P-CMM describes an evolutionary improvement path from an ad hoc one. Inconsistently performed practices, to a continuously mature, disciplined, and continuously improving development of knowledge, skills and motivation of the workforce.

It is intended to help software organizations to (a) characterize the maturity of their workforce practices, (b) guide a program of continuous workforce development, (c) set priorities for immediate action, (d) integrate workforce development with process improvement and (e) establish a culture of software engineering excellence. It is designed to guide software organizations in selecting immediate improvement actions based on the current maturity of their workforce practices. The P-CMM includes practices such as work environment, communication, staffing, managing performance, training, compensation, competency development, career development, team building and culture development. The P-CMM is based on the assumption that, organizations establish and improve their people management practice progress through the following 5 stages of maturity, initiation, repeatable, defined, managed and optimizing. Each of the maturity levels comprises of several Key Process Areas (KPA’s) that identify clusters of related workforce practices. When performed collectively, the practices of a key process area achieve a set of goals considered important in order to enhance workforce capability.

1.7.1.5. Strategic HR-Framework Approach

This framework formulated by Ulrich and Lake (1990) aims to leverage and/or align HR practices to build critical organizational capabilities that enable an organization to achieve its goals. This framework offers specific tools and paths to identify how a firm can leverage its HR practices. Business strategy, organizational capabilities and HR
practices are the three important elements in this framework. Dave Ulrich (1997) presented a framework for HR professionals in terms of four key roles: (1) Management of Strategic Human Resource (2) Management of Firm’s infrastructure (3) Management of the employee contribution (4) Management of transformation and change. The activities for managing strategic human resources include- aligning HR and business strategy: ‘organizational diagnosis’, reengineering organization processes’ shared services’, listening and responding to employee’s ‘providing resources to employee’s, managing transformation and change’ ensuring capacities for change’.

1.8. HRD as a System or Mechanism-- A Point of View

HRD is a total system with various sub-systems, but there is a lack of oneness in the concept of HRD system. Various HRD thinkers and professionals have designed the mechanism of HRD in different ways. Professor Rao opines that “the sub-systems should comprise the performance appraisal, potential appraisal and development, feedback and performance coaching, career planning, training, organizational development, rewards, employees welfare and the quality of work life and human resource information system”(Rao and Pereira, 1986). Dr. Uday Pareek a pioneer in the subject of HRD philosophy in India makes a reference only to the performance appraisal, feedback and counseling, potential appraisal, career development and career planning and training under HRD(Uday Pareek and Rao, 1981).

According to Dr. Uday Pareek, reward system and employees welfare schemes are the hygiene factors necessary for the creation of proper environment for inducting HRD system. Dr. Lallen Prasad dealing with the management of Public Enterprises finds “manpower planning of new blood, promotion scheme, job rotation, job-enrichment and job- redesign as a part of HRD”(Ravi Shankar and Mishra, 1984).

A prominent management consultant of Bombay, Mr. Varadan classified HRD mechanism into performance appraisal, role analysis, organizational development and quality circles.(Varadan, 1989) Silveria a management consultant accepting the components given by Rao adds more to the list; these are manpower planning and consultation at work.(Silveria, 1987)
Before coming to the conclusion as to the appropriate sub systems of HRD, it would be worthwhile to look into the practice in HRD in some leading public and private enterprises in India, where HRD has been introduced. In the State sector, a large number of undertakings are now experimenting the entire HRD system in varying degrees. The sub-systems differ and there is no harmony in the application of the system. The State Bank of India, which pioneered the HRD systems in India developed manpower planning, performance appraisal, training, organization development, career plan and research as components of HRD. The Bharat Heavy Electrical, Bhopal has followed the list and has introduced similar schemes in the system. However, it has added some more sub-systems. Potential appraisal, performance feedback and counseling, job design, rewards, quality circles and human resource information system come under the HRD System. The HRD model of Indian Oil Corporation Ltd. Initially introduced twelve sub systems but later on it dropped recruitment, selection and induction and participative management from the list. The present components of HRD in Indian Oil Corporation Ltd. Are corporate planning, manpower planning, role analysis, performance appraisal, counseling and feedback, succession planning, career planning, job rotation, training and human resource data bank.

Larson and Toubro Limited, a pioneer of HRD in private sector, introduced HRD in 1975 through the sub systems of performance appraisal, career development and planning, employee counseling, potential appraisal and organizational development. T.V. Sundaram Iyenger and sons limited, Madurai have used manpower planning, induction, job-rotation, training, performance appraisal, potential appraisal, succession planning, job enrichment, suggestion schemes, liberal education, personnel research, and organization analysis, reports, control and long range planning as techniques to develop the HRD in the organization.

Crompton Greaves has identified three priority areas of HRD as role analysis, appraisal systems and counseling.

From the above discussions it may be inferred that, there is no clarity about the scope of HRD systems and divergent views as to the composition of HRD system have
not made it possible to develop a holistic system of HRD. The process is still at the experimental stage. However some agreement is visible in a few sub-systems of HRD plan and according to this agreement, the following areas seems to be the fundamentals of HRD systems:

i. Organizational Development

ii. Training and Development

iii. Appraisal Systems, and

iv. Career Advancement

The contribution of Academicians and management Consultants should be viewed in the context of the overall H.R.D programme enlisting various components that may form part of the H.R.D system. It is not necessary that an organization introduces all the suggested components, it may select a few sub-systems according to it’s needs and requirements. Alternatively, an organization may develop HRD by introducing one or two components in the beginning and then incorporate other systems with the experience gained during the course of the working of H.R.D system. In the same way, an organization may use those sub-systems which have been introduced in a similar organization. The mechanism used by an organization depends up on the size, technology, corporate philosophy and resources of the organization.

1.9. Various Instruments of HRD

There are many instruments that can be used to facilitate HRD. These instruments may be called sub-systems or methods or techniques or aids. Each sub-system or instrument focuses on some aspects of HRD. To have a comprehensive HRD many of these instruments may needed to be used simultaneously.

Any systematic or formal way of facilitating competency, motivation and climate development could be considered as HRD instrument. The most frequently used instruments are the following:
1. Role Analysis and Development Exercises
2. Performance Planning
3. Performance Analysis and Review
4. Performance Counseling and Interpersonal Feedback
5. Induction Training
6. Training
7. Job rotation
8. Potential Appraisal and Development
9. Career Planning and Development
10. Self-renewal and Institution Building Exercises
11. Stress Audit and Stress Management
12. Organization Development Exercises
13. Personal growth laboratories and worker Education Programmes.
14. Quality circles
15. Task forces
16. Weekly and Monthly Meetings
17. Managerial Learning Networks
18. Other unconventional Development Exercises.

1.10. **HRD Mechanisms, Processes and Outcomes**

Human Resource Development (HRD) therefore, should be a continuous process in organizations. The nature of efforts and investments put in to develop human resources may vary from organization to organization depending on it’s need, nature and size, etc. This may also vary from time to time in the same organization depending on the nature of change the organization is going through or the nature of capabilities the organization wants to build within it. There are many methods or instruments available for organizations to develop employee competencies.
The instruments of HRD are many. HRD instruments should lead to the generation of HRD processes like role clarity, performance planning, development climate, risk-taking and dynamism in employees. Such an HRD process should result in more competent, satisfied and committed people who, by their contributions, would make the organization grow. Such HRD outcomes influence organizational effectiveness. A model explaining the linkages between HRD instruments, processes, outcomes and organizational effectiveness is presented.

The interrelationships between HRD instruments, processes, outcomes and organizational effectiveness is presented schematically in figure 1.1.

Figure 1.1 presents illustrative lists of HRD mechanisms, Process Variables, Process Outcomes and Organizational Effectiveness, dimensions. As shown in the figure the organizational effectiveness depends on a number of variables like environment, technology, competitors etc. However, other things being the same an organization that has competent, satisfied, committed and dynamic people is likely to do better than an organization that scores low on these HRD outcome variables. Similarly, an organization that has better HRD climate and processes is likely to be more effective than an organization that does not have them. This is because a number of HRD processes simultaneously operating in an organization should normally result in the HRD outcomes mentioned in box 3 of Figure 1.1
**Figure 1.1**

A Schematic Presentation of Linkages between HRD Instruments, Processes, Outcomes and Organizational Effectiveness

<table>
<thead>
<tr>
<th>HRD Mechanisms of Sub–systems or Instruments</th>
<th>HRD Processes&amp; HRD climate Variables</th>
<th>HRD Outcomes Variables</th>
<th>Organizational Effectiveness Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• HRD department</td>
<td>• Role clarity</td>
<td>• More competent people</td>
<td>• Higher productivity.</td>
</tr>
<tr>
<td>• Performance appraisal</td>
<td>• Planning of development by every employee</td>
<td>• Better developed roles</td>
<td>• Growth and diversification</td>
</tr>
<tr>
<td>• Review discussions, feedback counseling sessions</td>
<td>• Awareness of competencies required for job-performance</td>
<td>• Higher work commitment and job involvement.</td>
<td>• Cost reduction</td>
</tr>
<tr>
<td>• Role analysis exercises</td>
<td>• Proactive orientation</td>
<td>• More problem solving</td>
<td>• More profits</td>
</tr>
<tr>
<td>• Potential development exercises</td>
<td>• More trust</td>
<td>• Better utilization of human resources</td>
<td>• Better image</td>
</tr>
<tr>
<td>• Training</td>
<td>• Collaboration and teamwork</td>
<td>• Higher jobsatisfaction and work motivation</td>
<td></td>
</tr>
<tr>
<td>• Communication policies</td>
<td>• Authenticity</td>
<td>• Better generation of internal resources.</td>
<td></td>
</tr>
<tr>
<td>• Job-rotations</td>
<td>• Openness</td>
<td>• Better organizational health</td>
<td></td>
</tr>
<tr>
<td>• OD exercises</td>
<td>• Risk-taking</td>
<td>• More team work, synergy and respect for each other.</td>
<td></td>
</tr>
<tr>
<td>• Rewards</td>
<td>• Value generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Job-enrichment programmes</td>
<td>• Clarification of norms and standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Other mechanisms</td>
<td>• Increased communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• More objective rewards</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Generation of objective, data on employees etc</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other factors</td>
<td>Other factors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel polices, top management styles, investments on HRD, top management’s commitments, history, previous culture, line manager’s interest etc.</td>
<td>Other factors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The HRD processes and outcomes are separated in the figure to bring out sharply the following:

i. HRD outcomes are few whereas processes are many.

ii. HRD processes operating simultaneously affect the outcomes.

iii. HRD outcome variables are a step closer to organizational effectiveness than process variables. For example, better communication, role clarity, performance planning, trust, collaboration, openness can be considered as more remotely related to organization effectiveness than variables like having competent, dynamic, satisfied and committed employees.

iv. If HRD outcomes are not present in an organization at a satisfactory level, then one needs to question the adequacy of the HRD processes in that organization.

The linkages between HRD outcomes and organization effectiveness are not easily demonstrable due to the influence of several other variables in determining productivity. For example, researches conducted in the past studying the relationships between job-satisfaction and productivity, organizational health and productivity have not shown any consistent results. This has an implication for chief executives, unit heads, line managers and HRD managers interested in HRD. They have to make efforts to promote HRD processes and culture in their organizations as a matter of “faith” or “philosophy” and not to look for demonstrable outcomes in terms of organizational effectiveness. They should at least be able to believe that their organizations are not likely to be effective for sustained periods without the HRD processes and outcomes, howsoever facilitating the other factors (environment, technology, market monopoly, etc) may be.

Another set of relationships shown in figure 1.1 deserves attention. This is the relationship between boxes 1 and 2 i.e., HRD mechanisms and HRD processes. HRD mechanisms like performance appraisal, training, OD interventions counseling etc. are “systemic” interventions an organization can make to set in to motion or to develop the desired HRD processes and outcomes. However, the mere introduction of HRD mechanisms and HRD departments do not automatically result in the development of
HRD climate or HRD processes. There are organizations in our country that claim that they have been able to generate a good HRD climate and outcomes without having any formalized HRD mechanisms. It is possible to have HRD climate without having an HRD department or without using any HRD systems. That requires good leadership at the top, vision and building of HRD values from the inception of an organization. Such HRD values may have been promoted in the past by visionaries and institution builders.

In this era of professional management where managers as well as chief executives are being professionally developed, systemic intervention is the only way to develop and institutionalize HRD processes and a new culture. HRD processes and climate cannot be developed in any simple way in organizations that are already in existence and have already evolved a way of life. Process changes can be brought in through systemic interventions faster if the interventions are designed properly, taken seriously and are monitored constantly. Design of the systems should be based on a clarity of processes. In sum, the following can be postulated about the linkages between HRD mechanisms and processes:

i. HRD departments and HRD mechanisms are useful instruments for initiating and strengthening development processes and culture and achieving HRD outcomes.

ii. HRD mechanisms and sub-systems should be designed keeping in view the HRD process and culture to be achieved.

iii. These mechanisms should be periodically reviewed to examine whether or not they are facilitating the institution of HRD processes and culture, and whether the mechanisms should suitably be changed.

iv. Irrespective of how well the mechanisms are designed and implemented, if the top management has no commitment to HRD and does not therefore communicate such commitment to all employees, the HRD mechanism is likely to become more of a ritual wasting managerial time rather than leading to tangible development in the HRD processes.
v. Even when the HRD mechanisms are well designed, the top management is committed and the implementation process is well monitored, the generation and internalization of HRD processes and culture is a slow process and may take some years.

1.11. HRD Strategies and Systems

Any planned change in a corporate strategy will impact learning and any one accountable for HRD must think through the impact on operational work systems. Some work systems serve a clear HRD purpose. Many systems can be seen as supporting organizational learning and system development arising from corporate strategy and is likely to effect corporate version.

An organization’s corporate HRD strategy describes the factors that arise from the environment and the goals of the organization that will effect learning and development activity. HRM activity which in turn aligned with the organization’s vision and objectives.
Figure- 1.2

Developing HRD Strategies and Systems

With the figure no- 1.2, one can understand that, the process of developing a corporate HRD plan ideally requires:

• An environmental review,

• The creation or updating of a corporate strategy document

• Application, after management discussion, of the factors in that documentation that impact on learning system and strategy.
It is well believed concept that the organization is a learning environment and hence all its aspects should be consistent and in harmony. A careful examination of learning and development needs an important step in the right direction.

But, unfortunately, the HRD specialists alone can not bring about the complete integration of the policies, directors and senior executives need to take the lead, and be seen doing so.

1.12. HRD in Global Scenario

Globalization helps the nations knit together and the fruits of new findings in science and technology are available to the people across the globe instantly. But, unfortunately, Globalization has injected materialism in the minds of the people depriving them of their cherished human values. The role of HRD in the present day scenario become very significant. The challenge for HRD would be to en-cash on the benefits of globalization and limit the dehumanizing forces. Marquardt and Berger (2003) have identified seven key areas where HRD can positively influence the forces of Globalization.

1.12.1 HRD and Political Development

Despite, the fact that, the HRD function and HRD professionals are secular, they can still contribute to the development of a strong political system in a particular economy. HRD in collaboration with various political institutions can formulate policies that can help in,

- Improving the level of educational system in a particular country through providing education and vocational training to all to acquire the right skills in dynamic economies;
- Well-targeted social safety nets to assist displaced people;
- Strong institutions and an effective government to foster good governance without corruption;
• Structural reforms to encourage domestic competition;
• Macro economic stability to create the right conditions for investment and saving;
• Prospective policies to promote efficiency through increased trade and investment.

1.12.2 HRD and Global Economy

HRD apart from fulfilling the objectives of the national economy, should also focus on building a strong global economy. Globalization has paved way for barrier-free trade among various nations. This has created competition at a global scale. In one way this situation has given away for disparities among nations. HRD has to put more effort into working through appropriate organizational and governmental channels to promote the pursuit of the policies and can encourage integration into the Global economy while putting in place measures to help those adversely affected by the changes. This ensures the development of all countries equally. Thus, HRD could be a crucial tool for building and maintaining a reservoir of skills necessary for economy and social development.

1.12.3. HRD and Workplace Learning

Globalization has enhanced opportunities for business and industry and at the same time has thrown several challenges. HRD, in this context becomes crucial. It has to gear up to prepare the employees to meet the global requirements. HRD as a matter of fact should,

• Prepare employees to be global in their outlook;
• Train employees to enhance their orientation on working in teams;
• Create systems that help in improving the quality of work to meet the global standards.
• Develop cross-cultural communication skills, and
• Develop abilities to learn, continuously;
1.12.4. HRD and Education and Vocational Training

Another major challenge in the context of Globalization is the demand for competent employee force. The period is defined as the era of knowledge workers, creating a threat to many developing countries. In this context HRD should focus on improving the quality of education and also bring about awareness in people, about the importance of vocational training. HRD is to be creative and cost-effective and support learning through mentoring, cross-cultural experiences, international apprenticeships, cross boundary assignments, action research etc.

1.12.5. HRD and Global Leadership Development

Leadership becomes key for success in business. Today, companies require leaders with a global outlook. They may integrate the local business activities with the global requirements. HRD can be the catalyst in this end. HRD programmes must develop leaders with global orientation who can manage complex businesses in a highly volatile environment.

1.12.6. HRD and Technology

Technology has been the driving force behind the spread of Globalization. Today, technology is more widely available throughout the globe at a cheaper price. It is the onus of the individual countries to tap the technology and use it in such a way that, it benefits the economy. HRD in this context can play, a pivotal role in making people understand the fast-changing technological variables. HRD can provide the right input to employees by equipping them with required skills and knowledge to comfortably work on the technology. The major challenge for HRD professionals would be in making the organizations repositories of knowledge required for facing the complexities of growing technology.
1.12.7. HRD and the Global Environment

The recent changes in the policies- technological, social, economic and political, across the globe have resulted in deteriorating ecological balance. A severe environmental threat is posed to planet, Earth today, it becomes the responsibility of every country to sustain the ecological balance for a better tomorrow. Policies of the countries must be directed towards meeting this end. HRD needs to find different ways in which it can help the industrial organizations to become supportive of a sustainable environment. HRD must take up this task as a matter of social responsibility and help the governments in formulating policies that help in:

- Integrating developmental and environmental issues;
- Encouraging all sectors of society to be sensitive to environmental sustainability; and
- Developing learning methodologies that can enhance the knowledge of various stakeholders in protecting the environment.

1.13. Challenges for HRD Professionals

Having discussed the agenda of HRD, a challenging one in itself, it is important to integrate the tasks before HRD and challenges of HR professionals. This discussion enhances the understanding of what is expected from the HR professionals. Ulrich (1997), has presented seven challenges for HR professionals in an organizational context. They are:

**Challenge One: HR Theory**

HR practice should be accompanied by strong conceptual base. There is every need for HR professionals to understand the HR theory for proper application. They should have in hand a good number of concepts that would help them in application. At the same time HR professionals should conceptualize the practice, which will help in improving the Human Resource Management.
Challenge Two: HR Tools

HR as a profession must be equipped with new systems and procedures on a continuous basis. A number of tools have emerged over time making the HR profession broader in perspective. Some of the core tools that HR professionals should focus on are;

- Global HR
- Leadership
- Knowledge transfer
- Culture change and
- Customer-focused HR

Challenge Three: HR Capabilities

HR professionals must develop new capabilities that required to meet the business requirements. Apart from possessing the traditional capabilities, the HR professionals must focus on:

- **Speed**: The rate at which the HR tasks are performed without having to sacrifice quality.
- **Implementation**: The degree to which new/better HR ideas put to practice which results in benefitting the organization and the individuals as well.
- **Innovation**: The ability of HR team to think creatively for solving various problems.
- **Integration**: The extent to which HR tasks are aligned with business, customer and employee expectations.

Challenge Four: HR Value Proposion

Every business activity must create value for various stakeholders. On the same lines, HR professionals must create a HR value proposition, aligning HR practices to simple business realities, serving customers, meeting deadlines, making profits,
leveraging technology, and satisfying investors (Ulrich, 1997). HR professionals must seriously think of how well they can add value to business in economic terms. As such, HR must focus on value creation and developing value equation for HR services. HR can add value to it’s employees through enhancing morale, commitment, competence and retention; add value to it’s customers through enhancing retention and satisfaction, and add value to it’s investors through enhancing profitability, cost, growth and margin.

**Challenge Five: HR Governance**

The other challenge of HR is how the work can be coordinated. Today’s governance is characterized more by relationships and information than by policy and hierarchy. Can HR maintain this type of a governance? How does it organize to deliver work? Who are going to be involved in various activities of HR? What is the structure of HR? These are some of the questions that HR has to address for effective governance.

**Challenge Six: HR Career**

The future HR professionals may take multiple career path. The traditional linear progression may slowly fade and the HR professional is likely to play different roles in the course of his career progression. Ulrich (1997) coins a metaphor called career mosaic, which primarily means that an individual position in the hierarchy becomes less relevant than what one knows. Careers become increasingly divergent. Career mosaic can be characterized in terms of three dimensions:

- HR professionals may work in one of the four locations- Site(plant), business unit(product line or country), Corporate HR or outside the HR function.

- HR professional may be a specialist(focusing on a specific HR practice) or a generalist(integrating HR with other work); and

- HR professional may be one of the three career aspects- contributor(working alone), integrator(coordinating the work of others) and strategist(directing policies and procedures).
Challenge Seven: HR Competencies

Ulrich (1997) suggested some HR competencies to HR professionals.

- Knowledge of Business;
- Knowledge of HR practices;
- Management of Change;
- Delivery of HR practices;
- Personal credibility;
- Human resource mastery;
- Business mastery; and
- Change and Process mastery

The tasks before the HRD in future are going to be tough. The fields will certainly will create many opportunities if the HRD professionals are competent enough. This will add potential value to business and society as well.


1.14.1 Human Resource Accounting (HRA)

Accounting is a man made art and its principles and procedures have been evolved over a period of time to aid business in reporting for management and public (Spacek, Leonard, 1959). Most of the literature in the discipline of accounting is so far concentrated on the aspects of physical and financial resources which are well accounted universally with accepted standards of preparation and presentation. Very recently the idea of accounting for human resources has attracted the minds of many scholars (Hermanson, 1964).

It is acknowledged that Human Resource Accounting will represent one of the major innovations in behavioral aspects of accounting(Caplan, Edwin H, 1971) and control systems(Luthans, Fred, 1973) in the decades to come. Applying accounting
techniques to the area of Human Resource Management is a challenging responsibility (Brummet, R, Lee, Flamholtz, E, 1968).

1.14.1.1 Development of Thought

The modern thinking is that all the assets of the company including the human assets must be properly treated, analyzed and reported by an accounting system in view of the long-term interests of the organization.

Obviously, the present accounting system is less dependable as to the information on human resources. The areas of resource allocation and utilization are mainly governed by the information furnished by the accounting system. On the other hand, the executives in an organization are familiar with the accounting language and its use in decision making. Similarly it will be convenient for them for using accounting information on human assets if the accounting system is designed to produce such an information also. Human resource accounting is needed in this context to disclose what is happening to the energy of human beings and what is its value for management. The Human resource accounting is a scaling tool that generates and reports quantitative control information about the contribution of human resource for promoting industrial productivity.

1.14.1.2 Definition and Meaning of Human Resource Accounting (HRA)

Human Resource Accounting can be defined as the process of recognizing, measuring and communicating useful information concerning human resources to the policy makers and to other interested parties (Robert L. Woodruff Jr, 1973). Human Resource Accounting means accounting for employees as organizational assets similar to any other assets of the firm.

The basic premises underlying the theory of Human Resource Accounting are: (i) People are valuable resource of an enterprise, (ii) information on investment and value of human resources is useful for decision making in the organization.
1.14.1.3 Principles of Human Resource Accounting System

The Human Resource Accounting system is a useful managerial tool. If it is properly developed on the basis of generally accepted principles, it assists the management to plan and control the human element in an effective way. The designer as well as the practitioner of Human resource accounting system would do better if they follow certain important principles generally applicable for a successful tenure.

These principles are:

(i) The working knowledge of all the departments of the organization,

(ii) Understanding and tailoring some of the techniques or methodology of other branches of knowledge such as Behavioral science, Engineering, Finance, Statistics, Mathematics and law of the land to the required needs,

(iii) An efficient communication channel, professing common knowledge best understood by all the people in the firm

(iv) Motivating all the levels of management to furnish reliable Human resource information,

(v) Inculcating interest in the managers of all the departments to equip themselves with all the pertinent characteristics of human resource accounting and its operation so as to enable them to participate in the organization’s human resource planning and control activity and

(vi) Undaunted interest of the chief executive in the design as well as operation of the Human resource accounting system.

The first principle is very important because it is the basis for designing the system. The activities of the employee are different in different departments of an organization. Unless the working knowledge of each department is acquired with regard to the sources of data, relevance of input parameters and usefulness of output parameters, it will be difficult to devise the system.
The second principle provides the methodology for the operation of the system. Because of the difficulty involved in quantifying the human element, selected probabilistic modeling techniques existing in the current literature are to be used.

The third principle is the language of the system. The content, the sources of generation, the points of receiving, and the process of feedback, all must be clear and easily understandable that, each individual participating in the system can appreciate the value and utility.

The fourth principle ensures the reliability factor in the information generated and processed and then reported. Motivating all the people to do so is difficult, but a necessary exercise for the survival of the system.

The fifth and sixth principles dwell upon the operating characteristics for the functioning of the system on a continuous basis. In the fifth function an interest created in the minds of all the managers in the salient features of the system’s working patterns will make them knowledgeable. As a consequence, they are motivated to use some of the techniques of the system as applicable to their individual departments. In course of time, they will attain proficiency in the art using the techniques with relevance to the human resource in their departments.

The sixth Principle is of paramount importance. In fact, all other principles develop themselves gradually in to perfection provided this principle is satisfied. In addition the interest of the chief executive must prevail throughout the period of design and operation of the system for continuous results.

1.14.2 Human Resource Information System (HRIS)

In today’s globalized environment, the effective use of information technology has become the key element for the successful implementation of the Human resource management function. HRIS is the use of technology for managing human resource functions. HRIS can improve the human resource management function and also help the organization meet its business goals.

Human Resource Information System (HRIS) is basically a software or online solution for managing day-to-day needs of the human resource department, including payroll management, and accounting functions within a business. It is an integration of HRM and information technology and is managed by a group of technology professionals. Human Resource information system has been defined as a “technology-based system used to acquire, store, manipulate, analyze, retrieve, and distribute pertinent information regarding an organization’s human resources”. Another definition of HRIS is a “systematic procedure for collecting, storing, maintaining, retrieving, and validating data needed by an organization about its human resources, personnel activities, and organization unit characteristics”. Furthermore, HRIS merges the discipline of HRM and the basic HR policies and the activities with information technology. Thus, HRIS not only includes the system and software applications but also includes the people, policies, data and procedures required to manage the HR function. It is a new world of technology used to manage human resources in the organization.

1.14.2.1 Need for HRIS

This is the age of technological advancements and innovations and it is clear that business is changing constantly everyday. This change involves greater use of technology. It has become a necessity for all the organizations to be part of technological era. Hence, all the organizations, be it from banking, communication or medical sector, are rapidly adopting new technologies. With this change in business, there is a big challenge for the HR department to mold itself to the changing needs. The HR department in many of the companies today has to manage a global workforce and coordinate activities across the world. However, this is not possible with limited
resources and if there is a need to increase the resources, it would lead to increased costs. So, in addition to managing the costs, the HR department has to ensure that all the HR-related functions are carried out effectively.

The HR department has today become a strategic partner in business contributing to the organization in terms of improving quality and optimizing on finance. Different organizations are using the concept of Strategic Human Resource Management as the key element for improving their business. But to manage the entire process, a uniform and global HR strategy is required. This involves transforming the way the HR department functions. This can be done by implementing HRIS, a computer based application for assembling and processing data related to the Human Resource Management (HRM) function.

1.14.2.2 Benefits of HRIS

To meet these challenges, a new HRM model has been developed using information technology. This model, besides being cost-effective can help to improve the HRM function by:

- Aiding in managing, reporting and analysis of employee information.
- Integrating all the processes required in the day-to-day activities of the business.
- Tracking and measuring employee performances and identifying employees with high potential.

A typical HRIS can aid the companies in:

- Management of all the information related to the employees.
- Recruitment
- Tracking employee attendance
- Tracking employee pay increments, positions held
- Benefits administration
- Tracking performance improvement plans for employees
- Tracking training received by the employees.
- Talent management

An effective HRIS is one that provides all the information that a company needs to track and analyze the employees, former employees and applicants. This system should help the company to plan and manage the HR costs, increase the efficiency of the HR function and produce reports that are capable of improving decision-making. The HRIS so developed must be aligned with the business goals and the data available with the system should be accurate and must be integrated with all the other functions in the organizations.

1.14.2.3 Impact of HRIS

Implementation of HRIS increases the efficiency of various HR processes. The time taken to perform various traditional human resource activities is considerably reduced. Duplication of work can be completely eliminated and different HR activities can be streamlined to improve the efficiency of the entire process. HRIS can aid in administrative and strategic decision making and in strategic planning. It increases the possibility of performing more transactions with few available resources. It reduces the cost of individual HR transaction processing. It helps in streamlining different processes like administration, time management and organizational management. The processing can be done with increased accuracy due to the automation of the system. This increases the productivity and competitiveness of the organization.

1.15. HRD-Trends

With the growth of business HRD trends are apt to change to face the challenges that, sprout periodically. HRD is primarily concerned with two inevitable major challenges one being how well learning can be facilitated in organization’s and the other
being the planned and smooth transformation of the organization to meet the business requirements.

Chermack, Lymhan and Ruona (2003) have presented an exhaustive list of trends in human resource development. These are:

- Changing nature of work.
- Accelerating the pace of change
- Structure of the Organization
- Increasing focus in training and re-training.
- Increasing reliance on Computers.
- Increasing Competition for highly skilled/trained/knowledgeable workers.
- Increasing diversity in the workplace.
- Employee’s take responsibility for career and work.
- Increasing influence of International Economy.
- Technology will become more portable and user friendly.
- Training will become more integrated with work.
- Trends of virtual Human Resources (HR)
- HR services are increasingly available instantaneously on demand, at the place most convenient to the employee anywhere in the world.
- Increasing focus on the strategic role of HR.
- Interactive HR websites.
- Increasing importance of flexibility of time to employees.
- Changing role of Human resources and beneficial plans.
- Increases in outsourcing HR functions.
- Multinational corporations are becoming longer and geographically concentrated.
A logical corollary of introduction of any piece of research should be a thorough review of available literature pertaining to the topic. That review, apart from giving an in-depth understanding of the phenomenon being studied, leading to the development of insights and theoretical robustness, should encompass the empirical studies spanning from global to local levels. In the following pages of this review of research, an attempt has been made to detour briefly the literature in a chronological order across a global to local scenario. This review concludes with a brief commentary on the gaps in the existing research and the rationale behind heralding this particular study.

Abraham (1989) surveyed the HRD practices of 68 Indian organizations. He measured various elements of the HRD profile of these organisations including performance management practices, training, career planning, promotions, rewards, etc., and the Human Resource Development Climate, (openness, collaboration, trust, authenticity, pro-action, autonomy, confrontation). He also constructed an index of growth of the company’s profitability as a measure of organizational performance. He found that while HRD profile did not correlate with the company performance, the Human Resource Development Climate (HRDC) did. The study indicates that HRDC is a powerful intervening variable in translating HRD practices into profit.

The success and effectiveness of any country depends to the large extent upon the capability, competence, efficiency and developed human resources, who are the active agents, who accumulate capital, exploit natural resources, build social economic and political organizations and carry forward corporate organizational and national development (Schneider, 1990).

Eisenberger, Fasolo and Davis-LaMasto,(1990) found that the increased performance and positive work attitudes came from those employees who perceived that the HR Department is concerned about them. From a practical point of view, this suggests that job satisfaction can be an important barometer of HRM effectiveness.
Studies linking climate and performance (Denison, 1990) claim that when employees perceive greater involvement in decision-making, information sharing and management support as favorable, it results in greater corporate effectiveness. Well motivated and committed work force, possessing high level of competency and experiencing optimum level of job satisfaction, having a fulfilling relationship with supervisors and subordinates, driven by organizational commitment could possibly perform their jobs better and deliver proper standardized service to the internal and external customers effectively and efficiently with minimization of errors and enhanced productivity.

Clough (1991) conducted a study on “Improving Staff Development in South Country Community College District, California”. A study was conducted to investigate staff development needs at Chabot College and Las Positas College as perceived by members of the faculty, administration, and classified staff; to develop strategies to address the perceived needs; and to recommend short and long-term implementation plans. A Staff Development Needs Assessment Questionnaire, an eight-page instrument designed specifically for the study, was administered to the seven hundred and forty five full and part-time administrators, faculty and classified staff at colleges. The questionnaire asked about demographic information; opinions about the colleges organizational operating environment; willingness to participate in workshops focused on meeting changing institutional needs, developing academic-and technical knowledge and skills, and personal development. Study findings, based on five hundred and seventy seven responses, included the following:

• In most of the cases the manager, faculty and staff did show their interest in having computer related information and skills. They were found also interested in having opportunity of improving service to or working culturally diverse people.

• The percentage of the people (respondent) who felt that the institution must take responsibility for the facilitation, development and continuous learning environment for the personnel was 91%. Only 44% were of the opinion that the districts were providing the required environment and related support.
• The “problem solving” strategy based training workshops were highly appreciated by the managers including the areas of “Team Building” and “Priority Setting”.

• It was obvious (due to social environment) that a vast majority of faculty and classified staff considered monetary benefit, as the most attractive factors of such training programs. They were 80% as compared to 58% of managers advocating such facility.

Rao postulates that a developmental climate is necessary for effective HRD initiatives and implementation of HRD strategies. An organization that has a better HRD climate and processes is likely to be more effective that an organization which does not have (Rao, 1992).

The general Climate is a combination of a support from all the concerned quarters viz from the management people working in different levels, good supportive personnel policies and practices as well as the positive attitudes towards the development of the people vis-à-vis their organization.(Shneider and Reichers, 1983; Chandra, and Coelho, 1993, Rose 2002). All the structures, systems and techniques that an organization uses to help its employees acquire and strengthen their capabilities are viewed under HRD mechanisms. These mechanisms or systems or techniques etc., can be used to facilitate favorable HRD climate in the organization in general and managerial and non-managerial in particular.

Jain, Singhal & Singh,(1997) conducted a study on HRD climate in two PSUs, i.e BHEL and NFL and concluded that the HRD climate is mainly a function of the effectiveness variables including individual efficiency, organizational efficiency and productivity and HRD variables including management policy on HRD, Organizational development, role analysis and training.

Krishna & Rao, (1997) carried out an empirical study on organizational and HRD climate in BHEL and found that HRD climate in the organization encouraged middle and senior managers to experiment with new methods and try out creative methods.

Venkateswaran concluded that, analyzing the major factors that are conducive to the development of Human Resource Development Climate (HRDC) in a large public
sector heavy engineering organization Venkateswaran (1997) surveyed 132 executives. The overall score for the organization was 3.70 on a 5-point scale, thereby signaling that the climate was, to a large extent, favorable for HRD.

According to Pattnaik HRD Climate affects individual performance in three ways a) by defining the stimuli that confronts the individual, b) by placing constraints on the individuals freedom of choice and c) by providing source of reward and punishment (Pattnayak, 1998).

Gonzalez’s study focused on organizational climate and found to be a determiner of an organization’s ability to sustain high performance. It provides levers to form an integrated people's strategy that shifts performance and the necessary tools that enable employees to do their jobs properly (Gonzalez, 1999).

Human Resource Development (HRD) climate is a concept proposed by Rao (1999) to explain the environment provided by organizations for the learning and development of it’s employees. This includes both the policies and practices for HRD in an organization. He developed an instrument to measure HRD climate by assessing three components such as the top management’s commitment to HRD (general climate), existence of an OCTAPAC culture, and the functioning of the various HRD sub systems. The OCTAPAC culture indicates the existence of seven factors namely Openness, Confrontation, Trust, Autonomy, Pro-activity, Authenticity, Collaboration in an organization. HRD mechanism, the third component of the HRD climate, measures the extent to which the various sub systems of the HRD mechanism such as training, performance appraisal, potential appraisal, organization development, feedback, performance coaching, career planning, rewards, employee welfare, quality of work life and Human resource information systems are implemented seriously (Rao, 1999).

Hatcher and Aragon (2000a, 2000b) provided a compelling rationale for the development of standards on ethics and integrity for HRD research and practice. This initial discussion was followed by a special issue of Advances in Developing Human Resources, devoted to an in-depth analysis of theoretical and practical challenges of developing such standards. In addition, the issue reported empirical studies and/or

Sharma & Purang (2000) in their study on “Value institutionalization and HRD climate: A case study of Navaratna Public sector organization” found a positive relationship between value institutionalization and HRD climate, meaning there by a better and more ethical environment of the organization shall lead to a better HRD climate for the organization.

Alphonse (2000) analyzed the HRD climate in a hospital by assessing the top management’s belief in HRD, superior subordinate relationship, personnel policies, team spirit, employee development, training, employee initiatives, and management encouragement. It reported the existence of a reasonably good climate with an average score of 3.46 in the HRD assessment scale. This study used the HRD Climate scale developed by Rao.

A study done by Rao in 1999 (Rao et.al. 2001) regarding the HRD climate in 41 organizations revealed that the general climate in the organizations is average. A general indifference on the part of the employees towards their own development was found to be the reason for this. The lack of support to the employees post training is a major hurdle in applying what they had learnt. This in turn affects the career development of employees. It is noted that the top management in most of the organisations is doing routine things. The other impediments of HRD highlighted in the study were the lack of opportunities for transfer of training skills and career development. Yet, the same study suggests that the employees in the organization were serious about the training, the performance appraisal system was objective and the management was concerned about human resources.

Zahra and Nielsen state that contemporary organisations are currently going through the turbulent storm of change and uncertainty occasioned by fast paced technology, intense competition, globalization, changing government regulations,
changing demographics and customer expectations and demands, etc. In order to keep up with the prevailing state of flux, actions must be proactive, adaptive, creative, innovative and responsive. Organizational capability depends on human resource capability which is a factor of human resource development. A firm’s competitive advantage “can be achieved by recruiting, and maintaining a well-trained labor force and managers whose knowledge, skills and abilities serve as a source of innovation (Zahra and Nielsen, 2002). It is, therefore, absolutely necessary to ensure that the right environment exists within which employees can develop their full potential. Conducive human resource development climate plays a major role in enhancing the knowledge, skills, abilities and other attributes needed by employees to respond to current job demands and prepare for future challenges.

Riyaz Rainayee,(2002) in a study on HRD climate in commercial banks found that the overall level of OCTAPAC values in the banks was perceived at a moderate level.

Research pertaining to HRD climate in public sector undertakings is relatively more. A study conducted in a public sector undertaking in India and found that, to a large extent, a favorable HRD Climate was prevalent in the organization.

Despite vast amount of research on HRD in private sector, one interesting study on climate was found which examined the HRD climate in private sector organization. The result showed the existence of good HRD climate in the organization. The managers were satisfied with the HRD policies and practices of the organization (Bhardwaj and Mishra, 2002).

Russ-Eft (2003) pointed out the scarcity of research on factors leading to ethical or unethical behavior in business organizations. Furthermore, according to Russ-Eft, HRD scholars need to concentrate on researching the role of learning and development in creating ethical business cultures, and the role and effectiveness of HRD interventions aimed at developing ethical cultures.
Pattanayak concludes that research studies have proved that there exist a statistical co-relationship between specific elements in the organizational climate and four performance measures such as profitability, productivity, customer loyalty and employee retention (Pattnayak, 2003).

Priyadarshini and Venkatapathy, (2004) have conducted a comparative study on 20 leading banking industries in India. Hence, the study highlight that, employees have a strong feeling of belongingness and there is a sense of equality with common facilities provided to the employees.

Every organization needs to develop its human resources over a period of time and the only choice the organization are left with it is to develop them if they cannot get them readily available from an open market (Mufeed, 2005; Russ and Preskill, 2005; Pal, 1997, Mufeed 2006 b). In this context human resource development (HRD) is the most versatile area of management where in researchers, training and development of professionals, economists, and politicians, chief executives and line managers within the industrial organizations relates any management problem with overall HRD problem.

Mufeed (2006) concluded that over the past three decades ‘Human Resource’ has impinged upon several segments of society and diverse organizations. Past research studies reveal that the congenial OCTAPACE culture is extremely important for promoting the organizational effectiveness and good governance. This is where Human Resource Development gets involved with this service industry considered to be the most important segment of our economy.

According to Lephoko (2006) to ignite employees motivation and sense of ownership, managers must understand – and apply- a framework, feedback, and some tools for reaping the advantages of a positive organizational climate.

Srimannarayana (2007) assessed the prevailing HRDC in Dubai organisations. Based on the responses of executives hee concludes that the climate is at an average level. The study also revealed that HRDC in banking business is higher that the other
businesses. HRDC is higher in the insurance and shipping business than in tourism, food and trading organisations.

Purang concludes that a congenial HRD helps to boost employee morale and creates motivated and competent employees who are propelled by Organizational commitment and sensitivity towards organizational needs. The role of the HR department becomes pivotal in designing, developing and implementing effective policies, strategies and procedures of HRD mechanisms which help in creating positive perceptions in employees, thereby enhancing organizational commitment. Studies have positively linked ten dimensions of HRD climate, such as participation, succession planning, counseling, appraisal, training, organizational development, human resource information system, career planning, reward and welfare, job enrichment towards enhancing organizational commitment (Purang, 2008).

Saxena and Tiwari (2009) did an empirical study of HRDC in selected public sector banks. Their study showed that the HRDC in the public sector bank is average. They also found no difference in the perception of the employees on the basis of gender, qualification, designation but the perception of the employees differs on the basis of change.

Saraswathi (2010) assessed the extent of Developmental climate prevailing in manufacturing and software organisations in India. He found that the three variables: General Climate, HRD Mechanisms and OCTAPAC culture are better in software organisations compared to manufacturing. The findings also indicate significant difference in the developmental climate prevailing in software and manufacturing organisations.

Silkhe and Chaudhary (2010) analyzed and examined the relationship and impact of HRD climate on job satisfaction as an organizational performance measure in selected public sector organizations. The findings indicate that HRD climate has a definite impact on job satisfaction which in turn leads to the increased organizational performance.
Based on responses from 71 junior and middle level executives from various departments of a public sector undertaking Solkhe and Chaudhary (2010) finds the existence of good HRD. According to the findings, the managers in general showed a favorable attitude towards HRD Policies and practices of the organization.

Solkhe and Chaudhary (2011) conducted another empirical investigation examining the three components of HRDC. The result from their study shows a reasonable level of development orientation, trust and freedom of expression, healthy interpersonal relationship and openness. However, employees are not satisfied with promotions decisions within the company.

Solkhe and Choudhary reveals that the various elements of a HRD Climate if exist to a good extent in an organization would definitely help in augmenting job satisfaction of employees(Solkhe and Choudhary,2011).It assists in creating a cordial and healthy relationship between various dyads, teams and inter-teams, supported by transparent communication.

Research Gaps Identified

1. While there are many studies focusing on HRD Climate, most of them have been done in banking, education or service sectors especially in government or public sector undertakings. There are only few studies done in manufacturing sector.

2. Most of the available studies are done by foreign researchers in a different cross-cultural context.

3. Most of the existing studies relate to HRD Climate and its impact on either Organizational Culture or Leadership.

4. Especially in the Geographical Region of Visakhapatnam-Andhra Pradesh there are hardly any studies involving HRD Climate and Organizational Effectiveness.

5. Oil& Gas Industry is a core industry, and has an important role to play in the development of Indian Economy. This sector is witnessing rapid changes in terms of
investment, technology, entry of MNCs/big companies and trade unions with diverse philosophies which complicated the workplace dynamics.

6. Most of the studies have focused on either middle management or top management cadres. There are few studies involving workmen category.

**Justification for Selection of Research Topic**

The researcher though working as an academician in the field of management at present, the previous work experience as core HR-Specialist, the various human behaviors and the constraints of the management in achieving the individual as well as organizational effectiveness made the researcher to develop an interest to take up the research activity in this specific area.

While comparing with the private sector undertakings, the working environment, the kind of privileges, monetary benefits, fringe benefits etc are so good in many of the public sector undertakings. The HPCL which is one among the navratna companies in India also has no exception to this. In-spite of having all the privileges, there are certain obstacles or implications for the management as well as for the individual employees to limit or confine themselves in reaching/ creating a congenial, proactive working atmosphere and thereby attaining organizational effectiveness which is very much required for organizations in the current volatile competitive environment. The researcher with a view to identify those individual behaviors and other obstacles which hamper the development of organization has taken up this research study.

And also, all the above mentioned research gaps in this specific area calls for a research study focusing on involvement of workers along with management executives and linking the two variables HRD Climate and Organizational Development which highlights the present organizational developmental aspects in HPCL-Visakh Refinery.

To conclude the introduction, it has been the effort of the researcher to develop a point of view that the study of Human Resource Development and the Organizational Effectiveness helps build a knowledge base, with the needed empirical evidence, that when the HRD Climate in an organization is well taken care of it would definitely result
in transforming the workforce committed to the vision and mission of the organization they serve, which would eventually lead to their personal growth as well as the growth of their organization and in the long run the development of the immediate society in which the organization has been embedded. It is in that context the present study is relevant, important, timely, researchable and well within the competency level of the researcher, in view of the acquaintance of the domain and the researcher’s association in theoretical and practical realms. The review of available research studies helped in improving the researcher’s level of comprehension of the phenomenon to further heights, in relative terms, when benchmarked from the initial levels at the time of inception of the study.