Chapter - IV  

Human Resource Development and bank of Maharashtra

The fourth chapter deals with the Human Resource Development challenges before bank of Maharashtra in the Study area, it highlights on the importance of HRD, changing before HRD perspectives in the modern context, HRD mechanisms or sub-systems, HRD and Organizational effectiveness, challenges in the field banking sector.

Indian public sector banks have been facing a number of challenges ever since the industry was opened up for private and international players. Social banking practices followed by public sector banks consequent to nationalization have resulted in increased nonperforming assets, decreased profitability and operational efficiency. Privatization of banking sector forced public sector banks to take up serious measures for improving profitability and efficiency of operations. Human resource management is the area where many initiatives were implemented for streamlining banking operations.¹

HRM challenges in public sector banks According to many experts from the banking sector, human resource management is the main area of focus for transformation of public sector banks. Narasimham committee(1991) on financial reforms has enumerated a number of problems relating to HRM in banking such as over manning, low man power productivity, indiscipline, restrictive practices, lack of management commitment to training etc. Some views of the experts and senior level managers from the banking industry in this regard are given below. Recruitment and Selection Mohan Deshmukh(2004), Manager-costing, United Western Bank Ltd stated that "In Indian banks, job descriptions are still not drawn up in greater detail so as to cover individual posts in a branch

¹
or departments of branch and controlling offices. Job profiles and job requirements are not defined.\textsuperscript{2}

Krishnamurthy, K.V. (2004), Chairman and Managing Director, Bank of India said that "the entire gamut of public sector rules like reservations in recruitments, promotions and unionization have left us with lots of "Humans" but not adequate 'Resources m . Janmejoy Patnaik (2004) , Chief Manager (HRD), Central Bank of India opines that "recruitment policy should go beyond writing eligibility criteria. Man power planning and recruitment policies should be reviewed and institutionalized." "The average officer/employee age, recruitment norms, succession planning, compensation in PSBs in comparison with private sector banks is not favorable. Currently, the recruitment is based on general examination.\textsuperscript{3} and formal process. Salary is uniform and there is no lateral hiring"- Dr. Janmejaya K Sinha (2004), Vice President and Director, Boston Consulting Group. Anil, K. Khandelwal (2005), CMD, Bank of Baroda, also felt that "recruitment is not in tune with requirement". Training and development Dr. Bimal Jalan (2004), Ex-Governor, Reserve Bank of India stated that "a major challenge for many banks will be to develop the special competencies and skills for credit appraisal and risk management in an environment of deregulation and openness". K.V. Krishnamurthy (2004), said that "New ways of banking requires new competencies. The existing skills are hopelessly outdated. Basic skills like posting ledgers, balancing books, writing statements etc. are redundant with introduction of technology. We need now to unlearn old habits and breed new ones".\textsuperscript{4}

The origin of HRD concept is not very old. It is of recent origin. Now-a-days, every enlightened employer takes interest in it. It is gaining popularity and is widely practised these days. The term came into use only in the early seventies.\textsuperscript{1} According to Len Nadler, the term HRD was first applied in 1968 in the George Washington University. In 1969, it was used in Maimi at the American Society for Training and Development
Conference. But by the middle of 1970's, it gained more acceptance, but it was being used by many as merely a more attractive term than 'Training and Development'. In the opinion of some management thinkers, Japan is the first country to stress and use HRD Practices. According to Prof. Udai Pareek, as far as India is concerned, the term HRD was introduced for the first time in the State Bank of India in 1972.

It is believed that the concept of HRD has not been imported in India. It is a philosophical value concept developed by Dr. Udai Pareek and Dr. T. V. Rao at the Indian Institute of Management, Ahmedabad. By the late seventies, this professional outlook on HRD spread to a few other public sector organizations, such as BHEL, SAIL, Maruti Udyog Ltd., Indian Air Lines and Air India; and the private sector organizations, like L & T Ltd. and TISCO. The establishment of a separate Ministry of Human Resource Development (HRD) in 1986 is a logical culmination of the realization of the importance of the human factor in the development by Government of India. For, in the forward to the seventh five year plan, the then Prime Minister has very rightly emphasized the importance of human factor in development by observing that "In the final analysis, development is not just about factories, dams and roads. Development is basically about people. The goal is the people's material, culture and spiritual fulfillment. The human factor, the human context, is of supreme value. We must pay much greater attention to these questions in future. The seventh plan proposes bold initiatives in these areas. Outlays for human resource development have been substantially increased. Policies and programmes in education, health and welfare must also be reconstructed to provide a fuller life for our people." In the seventh five year plan (1985-90), this point of view has been more clearly and boldly stated as "A narrow view of resource mobilization, limiting it to the financial sphere, fails to do justice to the complexity of the development process in which the human factor plays the most significant part without adequate development of human resources in its widest sense.
We cannot avoid setbacks to the process of development itself. The productive forces of the economy can be strengthened only by releasing the creative energies of all strata of society.\textsuperscript{6}

However, because of the obsession with economic development, the importance of the human factor in development was greatly undermined. Development was considered a synonym of economic growth and prosperity. The experiences of economic development in the third world countries after the second world war and also the emergence of West Germany and Japan from ashes to world economic powers have demonstrated the role of non-economic and human factors in economic development. Human Resource Development prospects in India become very much obvious from the intentions of the Government as reflected in its Seventh Five Year Plan, which also had a perspective plan for the next fifteen years till the year 2000. There was a clear declaration by the Government about the necessity and importance of HRD. In the last few years, ever since the Central Government started a ministry called HRD, quite a few organizations have introduced this department in their organizations. Previously, the department was called Personnel Department, but now it has been renamed as HRD Department. In some organizations, there are HRD officers or Managers who are merely carrying out the training activities. In effect, some training managers are now being called HRD managers. One must admit that the phrase is becoming increasingly popular.\textsuperscript{7}

The role of Indian Institute of Management, Ahmedabad; Centre for HRD at Xavier Labour Relations Institute, Jamshedpur; Indian Society for Training and Development at New Delhi; and National HRD Network at New Delhi and some individual researchers are important in carrying the HRD movement in India. Today, most of the larger public and private sector organizations in India are using the techniques and approaches of HRD to develop their employees for the achievement of organizational goals with
individual satisfaction and growth. HRD has now become a national issue and the ministry of HRD is expected to mobilize the human potential of the country. These phenomena clearly reflect the increasing importance of HRD.\textsuperscript{8}

**INCREASING IMPORTANCE OF HRD IN THE PRESENT DAY CONTEXT**

'People' are the most important and valuable resources of any organization. Dynamic people can build progressive and growth oriented organizations. Effective employees can contribute to the effectiveness of the organizations. Competent and motivated people can make things happen and enable an organization to achieve its goals. Therefore, dynamism, effectiveness, competency and motivation of its people are being ensured by the organizations. The need and importance of HRD may be understood from the following discussion.\textsuperscript{9}

(1) *Success of the organization:*

The success of an organization depends, to a large extent, upon the capability, competence, efficiency and effectiveness of its human resources. The HRD system is an essential tool of management in order to develop a strong sense of capability, competence and responsibility among the employees of a concern. It is now a firm belief that the organizations can improve their effectiveness and productivity through the development of human beings. Thus, HRD is the core of existence and strength of an organization. No organization is immune from the need of HRD to acquire and increase its capabilities for stability and renewal.

(2) *Attainment of Goals:*

HRD is helpful in the fulfillment of committed goals of an individual, organization and society. It enhances the capabilities and efficiency of an individual, which is likely to reflect itself in the long run, well-being of the individual, good reputation of the institution and ultimately the well-being of the society.
(3) Development of Men:

HRD develops the capabilities and effectiveness of employees in the organization. It improves untapped energy, performance and creativity of people. It is a scientific method for the development of men by creating healthy organizational climate, motivating human resources, developing teamwork and creating a sense of commitment in the people. It helps in the integrated growth of the employees. 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.

(4) Identifies employees' competency:

Employees need to have a variety of competencies - knowledge, skills, and attitudes in technical areas, human relations areas, and conceptual areas - to perform different tasks or functions. HRD aims at identifying competency gaps of employees and training them to perform present roles effectively and create conditions to help employees bridge these gaps through development. The nature of jobs is constantly changing due to changes in the environment, organizational goals, priorities, strategies, customer expectation, technology, new opportunities, new challenges and new knowledge base. Such a change in the nature of jobs requires continuous development of employees' competencies to perform the job well. Thus, competency development is needed on a continuing basis for effective job performance. HRD aims at constantly assessing the competency requirements of different individuals to effectively perform the assigned jobs, and provide opportunities for development of these competencies.

(5) Motivational Development:

HRD is needed for motivational development. Motivation means the desire to work or put in work effort. It is an involvement to the job and the commitment to the organization. It is the desire to make things happen. Without motivation, employees are not likely to give their best. Having
technical, human relations, and conceptual competencies is not enough for effective performance on the job.

(6) Higher productivity:

HRD motivates the employees in order to use their hidden talent for higher productivity. According to Rensis Likert "Development of employees tends to have higher productivity." In the same manner, Len Nadler observes, "HRD is an organized learning experience, in a stated period of time, directly towards the possibility of improving performance." Thus, skilled and trained manpower and managers can handle various functions easily for higher productivity.

(7) To cope with changes and future expectations:

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. It is also important for preparing people for performing roles, tasks or functions which they may be required to perform in the future as they go up on the organizational hierarchy or as the organization takes up new tasks through diversification, expansion and modernization. HRD tries to develop the potential of employees for likely future jobs / roles in the organization.

(8) Good Return on Investment:

It 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 labour cost by avoiding labour turnover, absenteeism and both shortages and surpluses of manpower in the establishments.

(9) HRD is the soul of Personnel Department:

HRD is the very nerve-knot of personnel department. It helps in proper manpower planning and training. It promises to fulfill the career aspirations of the working force and meets the future requirements of the working force in the light of organizational goals. It helps in generating
varied data about employees for personnel functions like training, selection, promotion, etc.

(10) Develops good relations:

HRD develops strong superior - subordinate relationship, creates job satisfaction, improves organizational health and the employees morale, team spirit and loyalty, the sense of belongingness in the minds of employees and the awareness of larger organizational goals. It also promotes team building and collaborative climate. This requires building and enabling organizational culture in which employees use their initiative, take risks, experiment, innovate and make things happen.

(11) Measurement of Growth:

HRD is a significant factor in determining the growth and deciding the prosperity of business enterprise. The organizational effectiveness depends on HRD as it creates an atmosphere to discourage red-tapism and favouritism in the organization.

(12) HRD is a Pre-condition of Economic Growth:

HRD is a pre-condition of modern 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.  

**CHANGING HRD PERSPECTIVES IN THE MODERN CONTEXT:**

The squarely increasing importance of HRD in the present day context has resulted into widened spectrum of HRD dimensions which are moving away from treating humans as a means to a perspective in which they are valued as cherished ends in themselves. In this regard, the various dimensions of human development include 'empowerment', 'equity', 'productivity', 'security' and 'sustainability'. The empowerment depends upon the expansion of people's capabilities - expansion that involves an enlargement of choices and, thus, an increase in freedom. Development of
people must involve them as active participants rather than make them a passive beneficiary. Human behaviour is the result of power and power is the result of the interplay between individual consciousness and the forces and the pressures of the external world. Power resides in every aspect of the web of forces, values and beliefs which determine human behaviour. The orientation of all these forces, values and beliefs is defined as empowerment. Empowerment is used here for supporting and liberating the individual rather than diminishing the range of thought and action.

Equity requires people to have access to equal opportunities so that they can participate in and benefit from these opportunities; while productivity dimension of HRD requires that people must be enabled to increase their productivity and to participate fully in the process of income-generation and remunerative employment. The security of livelihood is the most basic need, for the people want to be free from chronic threats, such as disease or repression, as well as from sudden and hurtful disruptions in their daily lives. Human development insists that everyone should enjoy a minimum level of security, and the access to opportunities requires sustainability of the opportunities to the employees.¹¹

**CONCEPTUAL FRAMEWORK OF HRD:**

(i) Philosophy and meaning of HRD:

The impact of dynamic and fast changing business environment cannot be avoided by organizations. For the success of a business organization, it is necessary to be dynamic and to cope with the changing world and it is equally necessary to change the approach of working. In this context, it is necessary to understand the basic philosophy of HRD. HRD philosophy represents all those basic beliefs, ideals, principles and views which are held by the management with respect to the development and growth of its employees. A well established HRD philosophy plays two important functions. First, it gives rise to what one may call 'style of management'. A manager develops his practices on the basis of his
philosophy. Second, it makes organizational goals more explicit. For example, in organizations that have unshakable belief in the development of human potential, though profit may still be the most important goal, investment in human resources also becomes a powerful sub-goal.

P. C. Tripathi has very rightly described the following beliefs essential for the success of any HRD programme.\textsuperscript{12}

1. Human beings are the most important asset in the organization.
2. Human beings can be developed to an unlimited extent.
3. Employees feel committed to their work and the organization, if the organization develops a feeling of 'belonging' in them.
4. Employees are likely to have a feeling of 'belonging' in them if the organization adequately cares for the satisfaction of their basic and high order needs.
5. Employees' commitment to their work increases when they get opportunity to discover and use their full potential.
6. It is every manager's responsibility to ensure the development and utilization of the capabilities of his subordinates, to create a healthy and motivating work climate, and to set examples for subordinates to follow.
7. The higher the level of a manager, the more attention he should pay to the HRD function in order to ensure its effectiveness.
8. A healthy and motivating climate is one which is characterized by openness, enthusiasm, trust, mutuality and collaboration.

Guided in its HRD programme by the philosophy and ideas of its founder Jamshedji Tata, the Tata Iron and Steel Co. is one example of an ideal HRD philosophy. It believes that it can effectively discharge its obligations towards its employees only:

(i) by a realistic and generous understanding and acceptance of their needs and rights and enlightened awareness of the social responsibility of industry;
(ii) by providing adequate wages, good working conditions, job
security, an effective machinery for speedy redressal of grievances, and suitable opportunities for promotion and self development;

(iii) by promoting feelings of trust and loyalty through a human and purposeful awareness of their needs and aspirations; and

(iv) by creating a sense of belonging and team spirit through their close association with management at various levels.

Another excellent example of a company's HRD philosophy is provided by the well known Indian Tobacco Co. which concentrates on the following seven cardinal beliefs:

1. Self Managing Resources : We believe that the human being is a fundamentally different and unique resource in that he/she is simultaneously a source, a resource and the end of all economic and social activity. He is the means as well as the purpose. He is capable, willing and in the normal course of evolution, developing.

2. Potential : We believe in the inherent potential of people. There are different kinds and degrees of potentials which can be developed and utilized in the context of task challenges, responsibility and commitment.

3. Limitations : We believe that any apparent limitations in people are the result of a variety of circumstances and factors, and can be overcome with support, awareness and correction, following which the potential has a chance to flower again.

4. Quality of work life : We believe that ITC as a business institution can provide a high quality of work life for all its members through opportunities for a meaningful career, job satisfaction and professional development. Through this, ITC members will contribute to quality of life in their interface with society.

5. Meritocracy : We believe that people accept meritocracy as a just and equitable system and contribute best under conditions of open opportunities and challenges and different rewards commensurate with performance.
6. Membership: We believe that people can blend harmoniously the components in their membership of ITC, namely leadership, fellowship.

7. Actualization: We believe that the design, implementation and update of human resource management systems, enhancement of skills and creation of an enabling climate will facilitate the self actualization of us as individuals and of ITC as a valued business institution.

Human Resource Development is a multi dimensional concept. It has been defined differently by economists, social scientists, industrialists, managers and other academicians from different angles. In a broad sense, HRD is the process of increasing knowledge, will and capabilities of all the people in a given society. According to Rao and Pereira, "HRD in the organizational context, is the process by which employees of an organization are continuously helped in a planned way:"

- To acquire capabilities (knowledge, perspectives, attitudes, values, and skills) required to perform various tasks or functions associated with their present or future expected roles;
- To develop their general enabling capabilities as individuals so that they are able to discover and utilize their own inner potential for their own or organizational development purposes; and
- To develop on organizational culture where superior-subordinate relationships, team-work and collaboration among different subunits are strong and contribute to the organizational health, dynamism and pride of employees."

Therefore, as far as an individual organization is concerned, HRD is three pronged, 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. However, in the national context, HRD is a process by which the people in various groups
(age groups, regional groups, socio-economic groups, community groups etc.) are helped to acquire new competencies continuously so as to make them more and more self-reliant and simultaneously develop a sense of pride in their country.

According to M. N. Khan "HRD is the process of increasing knowledge, skills, capabilities and positive work attitude and values of all people working at all levels in a business undertaking." Professor C. S. Sanker observed, "HRD is a development - oriented planning effort in the personnel area which is basically concerned with the development of human resources in the organization for improving the existing capabilities and acquiring new capabilities for achievement of the corporate and individual goals." 14

Dr. Len Nadler observed, "HRD means an organized learning experience within a period of time with an objective of producing the possibility of performance change." According to John E. Jones, "HRD is an approach to the systematic expansion of people's work related abilities, focused on the attainment of both organizational and personal goals." But the thinkers like Dr. Nadler and Jones used the terms 'HRD' in a limiting sense to mean training, development and education. But the concepts of these thinkers are practical and pragmatic. HRD could be initiated and facilitated by the HRD departments, but the achievement of its goals depends entirely on various implementing agencies. At the organizational level, these are line managers and at the national level, these are the various agencies and agents working for development. Basically, HRD involves two issues; relationship of the person to (i) oneself, and (ii) to the society. A person may be an asset or a liability to himself and the society depending upon the development of his skills and abilities and his social attitudes and values. 15

The first step in the development of HRD is, of course, the development of the abilities and the work competence of the person. HRD
cannot only be considered as the development of resources or abilities in the individual but it has to be combined with one’s social commitments.

HRD, therefore, should aim at the development of professional competence as well as pro-social attitudes. Another way of looking at HRD can be to identify the factors in an individual which determines his personal satisfaction, social utility and work efficacy.\textsuperscript{16}

These are the factors in the personality of the individual and his attitudes and professional skills. Broadly, four such factors can be identified namely:

(i) Cognitive abilities, e.g., intelligence;
(ii) Acquired personal traits, e.g. rationality and work commitment;
(iii) Social attitudes, e.g. altruism, consumerism, etc.
(iv) Work competence, e.g., skill and creativity.

\textbf{Fig no:- 5.1}

\textbf{Factors in the personality of the individual and his attitudes and professional skills.}\textsuperscript{17}
Thus, HRD may be defined as the development of abilities and the attitudes of the individual leading to personal growth and self actualization which enables the individual to contribute to societal wellbeing and development and in achieving personal satisfaction and happiness. HRD believes that individuals in the organization have unlimited potentials for growth and development and that their potentials can be developed and multiplied through appropriate and systematic efforts. Given the opportunities and by providing the right type of climate in the organization, individuals can be helped to give full expression of their potentials, contributing to the achievement of the goals of the organization and, thereby, ensuring optimization of human resources. Investment in human beings is another underlying concept of the human resource system. The organization accepts that the development of human resources involves investment of time and effort for growth.

Three factors that form the basis of the concept of HRD are:
(i) its emphasis on emotional and psychological approach to the issues that relate to people;
(ii) its objective for continuous individual growth with a view to narrowing down the gap between the individual and organizational goals through the process of integration, and
(c) its commitment to the philosophy of development for the achievement of its integration.

The concept of human resources development, thus, aims at a better understanding of people, their needs and hopes. It also seeks to generate an awareness among them of their role as a resource to the organization for attainment of its goals and objectives, thus, minimizing the areas of conflict between the two and promoting an integrated approach. The development of human resource is both a means and an end.
(ii) Nature and Objectives of HRD

HRD is a deliberately adopted systematic set of measures to develop the existing manpower in a particular organization. HRD is a newly adopted and a very popular approach in the modern industrial world. It is a continuous learning process and not merely a set of mechanism or techniques. The techniques such as organization development, training and development, performance appraisal, career advancement, etc. are used to initiate, facilitate and promote HRD process in a continuous way. The HRD department envisages a major role in the development of employees but the co-operation of other parts of an organization is necessary in such as effort. Prof. Udai Pareek and T. V. Rao have very rightly identified four basic agents or partners of development as under:

(1) The employee or individual (the self).
(2) The immediate boss of the employee.
(3) The HRD Department and
(4) The organization.

HRD function is an administrative function. Previously, it was treated as a staff function but now HRD manager is a line manager and has an important place in the organizational framework of an institution as displayed in Figure No. 5.2
The HRD encompasses the approaches of organizational development and management development, eventually leading to organizational effectiveness, for 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 competent people, job satisfaction, better development roles, team work, high productivity and profitability, better images, low cost, less labour turnover and absenteeism, minimum over time and good industrial relations in the organization. HRD, therefore, has become very crucial factor in attaining the organizational efficiency. It may include all those efforts which are directed towards achieving the following:
(1) To enhance the general understanding of the existing human resource; i.e. increasing their knowledge, capacity and skills.

(2) To impart better behavioural skills and technical skills to take up jobs of technical nature more efficiently.

(3) To ensure personal development of the manpower and at the same time to increase their productivity and efficiency on the one hand and to reduce the cost of operations on the other.

(4) To maximize the utilization of human resources for the achievement of individual and organizational goals.

(5) To ensure organizational growth by ensuring personal development of the manpower.

(6) To provide employees equal opportunities for their development so that they can exploit these opportunities and benefits from these opportunities for development.

(7) To create or develop such organization culture where there are cordial relations between superiors and subordinates and people work in strong teams or groups.

(8) To provide an opportunity and comprehensive framework for the development of human resources in an organization for full expression of their talent and manifest potentials.

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

(10) To develop the sense of team spirit, team work and inter team collaborations.

(11) To develop the constructive mind and an overall personality of the employees.

(12) To humanize the work in the organization.

(13) To develop dynamic human relationships.

(14) To develop the organizational health, culture and effectiveness.

(15) To generate systematic information about human resources.
HRD MECHANISMS OR SUB-SYSTEMS

HRD is a total system with various sub systems. Various HRD thinkers and professionals have designed the mechanism of HRD in different ways. Prof. T. V. Rao opines that the sub systems should comprise the performance appraisal, potential appraisal and development, feedback and performance coaching, career planning, training, organization development, rewards, employees welfare and the quality of work life and human resource information system. There are many instruments that can be used to facilitate HRD. These instruments may be called sub systems, methods or mechanisms. Each of these sub systems focuses on some particular aspect of HRD. To have a comprehensive HRD, many of these instruments may be needed to be used simultaneously. Any systematic or formal way of facilitating competency, motivation and climate development could be considered an HRD instrument. The most frequently used HRD mechanisms are:

(a) Performance and potential appraisal
(b) Feedback and performance coaching
(c) Employees career planning and development
(d) Development and training programmes
(e) Organization development
(f) Recognizing and rewarding the contribution (honours and awards)
(g) Employees welfare and quality of work life.
(h) Self renewal and institution building.
(i) Personal growth laboratories and worker education programme.
(j) Quality circles, task forces, and assignment groups
(k) Managerial learning networks
(l) Developing team spirit.

Some of these HRD mechanisms are briefly discussed below:

(1) Performance and potential appraisal
If the performance of people is to be enhanced, their performance needs to be periodically evaluated. For this purpose, performance appraisal interviews between the manager and the subordinate are to be conducted at regular intervals. During these interviews, the performance over the review period is evaluated; strengths and weaknesses identified, and reasons for any shortfall in performance are examined. The goal, objectives, and action plan with target dates for future are also worked out. Different methods like ranking method, paired comparison method, graphic rating scales method, forced choice list method, forced distribution method, field review technique, rating by self and the peer group, 360° performance appraised, etc. can be used as per need and requirement. Potential appraisal means the possibility of career advancement. A dynamic and growing organization needs to continuously review its structure and systems, creating new roles, and assigning new responsibilities. Capability to perform new roles and responsibilities must continuously be developed among employees. Potential appraisal focuses on identifying the employee's likely future roles within the organization, and can be assessed by observing employees performing different functions.

(2) Feedback and performance coaching

Feedback of performance is an important control measure. Knowledge of one's strengths help one to become more effective to choose situations in which one's strength is required, and to avoid situations in which one's weaknesses could create problems. This also increases the individual satisfaction. Often, people do not recognize their strengths. Managers in HRD system have the responsibility for observation and feedback to subordinates about their strengths and weaknesses on a continuous basis. These are also responsible for providing the employees proper guidance to improve their performance capabilities.
(3) Employees career planning and development

Career planning essentially means helping employees to plan their career in terms of their capabilities within the context of organizational needs. The HRD philosophy is that people perform better when they feel trusted and see meaning in what they are doing. People want to know the possibilities for their own growth and career opportunities. As managers have information about the growth plans of the organization, it is their responsibility to transmit information to their subordinates and to assist them in planning their careers within the organization. In the HRD system, long term corporate growth plans are not kept secret but are made known to the employees. Employees are helped to prepare for change whenever such change is planned.

(4) Development and training programmes

Training and development programmes can be designed to improve performance and to bring about measurable changes in knowledge, skills, attitudes and social behaviour of work force for doing a particular job. Training is linked with performance appraisal and career development. Employees generally are trained on the job or through special in house training programmes. Some employees may be deputed for outside training to enhance, update, or develop specific skills. This is especially valuable if the outside training can provide expertise, equipment, or sharing of experiences that are not available within the organization. Periodic assessments are made of the training needs within the organization. Training programmes are developed and conducted by in house trainers or consultants / institutions hired for the task. The effect of all training programmes are monitored, analyzed and used for fine tuning. Managers and employees who attend in house or outside training events are also expected to submit suggestions concerning any changes they would like to be implemented on the basis of their new knowledge.
(5) Assessment and development centres

A centre can be an end in itself for assessment of need, potential and appointability or it can be a means to an end. These means can be diagnostic tools by which appropriate action can be taken to help an individual and or group of individuals to upgrade their managerial performance against an agreed set of criteria. If the criteria have been drawn from the job through job analysis and the current level of performance assessed against them in job relevant but unfamiliar situations, good quality information can be gathered from which one can draw up developmental plans. Developmental applications of assessment centres represent an emerging exciting area for practitioners interested in maximizing the benefits of assessment centres. Development centres can also serve as a development tool for employees. These are workshops which measure the abilities of participants against the agreed success criteria for a job or a role. They also involve much more self and peer assessment than is usually used in selection oriented assessment centres.

(6) Organisation Development

This function includes research to ascertain the psychological health of the organization. This is generally accomplished by means of periodic employee surveys. Efforts are made to improve organizational health through various means in order to maintain a psychological climate that is conducive to productivity. The OD specialists also help any department in the organization that has problems such as absenteeism, low production, interpersonal conflict, or resistance to change. These experts also revamp and develop various systems within the organization to improve their functioning.

(7) Honours and Awards

Honouring and awarding employee performance and behaviour is an important part of HRD. Appropriate honours and awards not only recognize and motivate employees but also communicate the organization's value to
the employees. In HRD systems, innovations and use of capabilities are awarded in order to encourage the acquisition and application of positive attitude and skills. Typical awards include cash award, certificates of appreciation / commendation, news letters announcements, pay rise, special privileges, etc. Award may be given to individuals as well as to teams or departments.

(8) Employees welfare and quality of work life

Employees at lower levels in the organization usually perform relatively monotonous tasks and have fewer opportunities for promotion or change. In order to maintain their work commitment and motivation, the organization must provide some welfare measures, such as medical insurance, disability insurance, holidays, vacations, etc. Quality of work life programmes generally focus on employee needs and meeting them to the extent feasible. Job enrichment programmes, educational subsidies, recreational activities, health and medical benefits, etc., generate a sense of belonging that benefits the organization in the long run.

(9) Quality circles (Participative Management)

Co-operation and participation between management and labour at the undertaking level serves to ensure increased production, secure full recognition of the importance of the human element in the industry, greater interest in the general operation and improve industrial relations. There are various forms and styles of participative management. One of them which is widely applied and practiced is 'Quality Circles'. Every human being is a veritable storehouse of ideas. In normal working, he is generally not called upon to contribute ideas. He is, at best, asked to perform a given set of duties. Given the right kind of environment, he will be inspired to also lend his intellect and creativity to the organization. Quality circles lead to a good participative environment and greater acceptability of decisions. Since the employees are not very good at analyzing and decision-making, the part of
quality circle includes teaching employees group communication skills, quality strategies and measurement and problem analysis techniques.

**HRD AND ORGANISATIONAL EFFECTIVENESS**

For synergic benefits of integrated subsystems, the HRD mechanisms should not be thought of in isolation. They are designed to work together in an integrated system. For example, the outcome of performance appraisal provides inputs for assessment of training needs, awards, career planning and feedback and performance coaching. HRD instruments should lead to the generation of HRD process like role clarity, performance planning, development climate, risk taking and dynamism in employees. Such an HRD process should result in developing more competent, satisfied and committed people, who by their contribution would make the organization grow. Such HRD outcomes influence organizational effectiveness. A model explaining the linkages between HRD mechanisms, processes, outcomes and organizational effectiveness can be presented as: 23
Figure No: - 5.3
MODEL DISPLAYING LINKAGE BETWEEN HRD MECHANISMS AND ORGANISATIONAL EFFECTIVENESS²⁴

- Performance and potential appraisal
- Feedback and counseling sessions
- Career planning
- Training and development
- Organization Development
- Honours and awards
- Employee welfare and QWL
- Self-renewal and institution building
- Other mechanisms

- Role clarity
- Employee self development
- Awareness of competencies required for job performance
- Pro active orientation
- More Trust
- Collaboration and team work
- Authenticity
- Openness
- Risk raking
- Clarification of norms and standards
- Effective communication
- More objective onwards

- More competent people
- Better developed roles
- Higher work commitment and job involvement
- More problem solving
- Better utilization of human resources
- Higher job satisfaction and work motivation
- Better organizational health
- More team work, synergy and respect for each other

Other factors:
- Personal policies
- Top management commitment
- Investment on HRD
- History and culture
- Line manager's interest etc.
Each of these mechanisms contributes to the achievement of overall HRD goals. Performance appraisal focuses primarily on helping the individual to develop his present role. Potential appraisal focuses primarily on identifying the employee's likely future roles within the organization. Training is a means of developing the individual's personal effectiveness or developing the individual's ability to perform his present job role or future job roles. Training can also strengthen interpersonal relationships and increase team work and collaboration through management and leadership training and team building programmes. Feedback and performance coaching help the development of individual as well as relationships. Organization development is the mechanism for developing team collaboration and self renewing skills. Efforts to promote employee welfare and ensuring the quality of work life, along with honours and awards, promote a general climate for development and motivation among employees. The overall effectiveness and success of HRD system depend upon a well devised HRD strategy. HRD is a total integrated system. That is why, strategies of introducing HRD system must be clear in the mind of the management, a vision that may guide the choice of HRD programmes and direction. It should include the following phases systematically in order to make it purposeful, meaningful and effective for the organization:

(1) Acceptance of HRD philosophy and policy:

It is important to develop a human resource philosophy for the entire organization and get the top management committed to it openly and genuinely. 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; (i) organization provides opportunities, climate and conditions for the development of human resources and its optimization; (ii) 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 functions; and (iii) employees are willing to avail themselves of the given opportunities for growth and development.

(2) Determination of major objectives of HRD

It is necessary to be aware of the goals of the organization and direct all their HRD efforts to achieve these goals. An objective specifies a single result to be achieved within a given period of time, which will accomplish all or some of the goals.

(3) Factors Affecting HRD

In HRD strategy, it is necessary to take into account several factors significant to the organization, such as organizational environment and social and cultural factors. Although social and cultural factors (casteism, religion, festivals, etc.) affect the HRD programmes, it is mainly affected by the following organizational factors which according to Pereira and Rao are known as OCTAPAC culture which is essential for facilitating HRD. OCTAPAC is abbreviation to denote details which are not far to seek. Openness is there when employees feel free to discuss their ideas, activities and feelings with each other. Confrontation is bringing out problems and issues 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 inter-dependencies to be helpful to each other and work as teams.

(4) Assessing the identification of HRD needs:

An important step of HRD strategy is the identification of HRD needs through an analysis of organizational objectives, such as problemsolving objectives, innovative objectives, group objectives, individual development
objectives, regular training objectives, etc. HRD needs should be assessed in the context of an organization.

(5) Human Resource Planning:

Management should try to develop human resources after making a complete investigation of probable growth and changes in various functions of an organization. The major elements in the process of HRD planning are to include human resource inventory, human resource forecasting, and execution of development plans. On the basis of these elements, HRD department should prepare a plan for HRD for a company. Such plan should follow the corporate plan and should be both short term and long term.

(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 specific 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.

(7) Development of HRD climate:

Management should constantly plan and design new methods and systems, for developing and strengthening the HRD climate. HRD climate is essential for developing human resources. Thus, management should assess the organization climate through HRD climate survey. The survey should identify the factors which shall affect the HRD programmes. Management should conduct human process research, organizational health surveys and renewal exercises periodically.

(8) Build up on Infrastructure Facility:

Management should divide 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.
(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. At the same time, executives should keep themselves informed of the suitable changes that are taking place. Indicators of such change should be worked out from the beginning. It is necessary to inspire line managers to have a constant desire to learn and develop.

(10) Evaluation and Corrective Action:

Management should assess or evaluate the developmental efforts and corrective action should be taken if there is any deviation. For this, internal monitoring mechanism and built in periodic review should be developed. The impact of the HRD programmes should preferably be realized at three levels, viz. (i) Appreciation or endorsement level by the employees; (ii) Learning level of the employees, and (iii) Result level to know the impact of HRD programmes.

PERTINENT CHALLENGES BEFORE HRD IN BANKING SECTOR:

Human Resources Development definitely leads to increased productivity, improved morale, better work, healthy environment and also makes people self motivated towards higher work achievement. But, HRD is not free from cost. It involves capital expenditure by the employer in the form of:

- Spending money for providing training facilities
- Foregoing the work due to the manpower diverted for training
- Incentives given to the workers for agreeing for change, and
- Money spent on better infrastructure including working conditions.

In this context the following questions pose challenges before the HRD managers:
(1) How to estimate and recover the capital investment incurred on HRD?26

Human Resource Development is facilitated by different training and development programmes, which is not free of cost. These development programmes are aimed at increasing or adding value to people and organization. Organizations make valuable investments in human resources. Now a question arises as to how estimate the cost incurred on HRD, which is also a continuous process, and to estimate cost per employee becomes still very difficult. It is not easy to quantify the cost incurred on HRD. Even if the expenses are estimated, another question arises as to how recover the capital investment incurred on HRD. An approach for this can be that those who are subjected to Human Resources Development may be required to contribute to the organization by way of increased productivity and increased efficiency to work in a better way by minimizing time and wastages. Another question related to this aspect is the recovery period of the investment made on HRD. As the investment on HRD is a capital expenditure and not the revenue expenditure (an issue to be specified and accepted) the recovery period will involve future which is risky and uncertain too. It is not easy to decide the recovery period of investment made, when it is difficult to estimate the investment expenditure on HRD per employee. A related aspect then is as to how incorporate risk and uncertainty. The investment, which is incurred on human beings today, will give a return in future. So there arises a difficulty to convert the future contribution into the present terms. Future is uncertain and money has got a time value. Training and development of human beings require money to be incurred now and the results which the company gets out of it will be in the future in the form of increased productivity, increased efficiency and increased morale.
(2) How to retain the developed human resources and to avoid the risk of leaving the organization?

Another challenge faced by the organization going for HRD is the risk of employees leaving the organization earlier than the optimum period to recover the investment. Here again the question is as when and how to get a return out of it, when the employees do not continue with the organizations. Bond requirement may be one such method to retain the employees. Employees may be asked to fill in Bond which becomes a legal binding on the part of the employer. But at the same time, employees may force the organization to make them free earlier by way of their non-cooperative and restrictive attitudes. Employees may deliberately do such undesirable activities so as to force the management to free them before the agreed period of the contract. As such, the investment incurred will not be recovered and the organization will be deprived of the benefits from HRD efforts. Here the role of the manager is very important both as a leader and as a good motivator. It is the beauty and efficiency of the management to create a sense of self discipline, self actualization and self realization among the employees to serve the organization and enable the organization to benefit from the investment incurred on HRD in the form of increased productivity, efficiency, morale and loyalty towards the organization.

(3) Can human beings be treated at par with machines for answering the above questions?²⁷

Human beings are living beings and cannot be subjected to as machines. The aim of the management for adopting HRD is to get higher efficiency from the employees. Every organization would like to take maximum out of its resources, may it be human resource. Though human beings are the most important input or resource, they cannot be treated as other resources like machines. Organisations are developing human beings to develop ownself. In the older days, human beings were treated just like
machines and the philosophy was to get the maximum out of them without paying much attention, but the philosophy has changed today and employees are considered as the most important resource. They should be treated very delicately because there is a human element involved, as well as there are some social considerations and ethical values involved. Besides, modern employer's perception is not myopic.

(4) How to make HRD practices more effective?

Sometimes, several employees are seen observing the HRD methods/practices as sheer formalities and hence do not take much interest. For them, HRD is a superfluous exercise. In this regard, the challenge lies before the management to make them understand the utility of HRD by way of creative motivation and changing their attitude to unfold the benefits of such exercises in their own interest.

(5) Is HRD possible in all organizations?

Human Resource Development is not easy and cannot be practiced in all types of organizations. HRD involved good amount of capital expenditure and the small sized organizations cannot afford to have HRD. It can only be practiced in large sized organizations. However, in the 21st century, because the corporations are emerging as mega-sized giants and the corporations are having wide variety of manufacturing and trading activities requiring ever changing techniques - the manpower has to be dynamic and HRD has to take a shape in the form of continuous efforts, though it will involve several frictions and legal bottlenecks. To resolve all such type of things, it will always create a challenge before the management. Organizations in the 21st century cannot escape from HRD exercises and the management of the organizations must be equipped with all sorts of capabilities and abilities needed to overcome the several pertinent challenges normally being experienced by them. Enterprise resource planning (ERP) may go a long way in planning and implementing HRD activities in the organization.
(6) HRD - Who's Responsibility?

Human Resource Development is important for the overall development of the organization as also of the employees working in the organization. But the question arises here as who should be responsible for HRD. Should the initiative be taken by the management or the employees? Furthermore, should HRD be the responsibility of HRD managers or the line managers of the organization? Notwithstanding the staff role of HRD manager, the HRD is being considered as the joint responsibility of line managers and the HRD personnel. While the HRD departments can design and provide instruments or mechanisms for use by line managers; the line managers have the responsibility for using these instruments to develop their subordinates. If the line managers do not make demands on the HRD departments and do not take follow-up action, HRD efforts in an organization are not likely to succeed. Thus, it is the responsibility of line managers:

- To request the company's HRD expert to design and introduce participatory systems like autonomous work groups, quality circles, appraisal and review system, communication system, stress management programmes and so on.
- To implement various HRD mechanisms, identify the difficulties experienced in and the support needed for getting success.
- To analyse with the help of HRD manager, the implications of various HRD mechanisms for generating a climate of mutuality, openness and trust in the organization.
- To provide continuous on-the-job coaching to their subordinates and to help them develop problem-solving skills.
- To invite outside experts to know about their experiences in the areas of HRD and O.D.
• To provide sufficient budget for HRD purposes.

Thus, the important role of the line managers is of a good leader and a good motivator. On being catalyst for development, the HRD managers must engage himself in creating an atmosphere for learning and relearning in the organization.

(7) How to resist and overcome opposition of HRD process by the employees?

Despite the fact that HRD is very much beneficial to the employees in their career-building, it is largely resisted and opposed by them. The resistance and opposition is visible in the form of lack of willingness and cooperation in the entire process of HRD. It is mainly due to myopic perception of the employees about the concept, philosophy, measures and mechanisms of HRD. The researcher feels that a creative and enlightened HRD manager may definitely succeed in overcoming this type of resistance and opposition. In the light of the whole gamut of HRD conceptual framework and all the pertinent aspects of HRD, the researcher has ventured to study all these challenges by surveying the understanding, experiences and reactions of bank employees through a well structured questionnaire covering all the issues. In other words, the study specifically concentrates on three major phenomena, viz. (i) appreciation or endorsement of HRD concept and philosophy by the employees, (ii) experiences and reactions of the employees for HRD measures, and (iii) the impact of HRD practices and measures on the organizations as also on the employees.

Concluding Remark:-

Human resource development as an emerging system in modern organizations has been recognized as a panacea for many workforce problems. Surprisingly, HRD in financial institutions has not much received attention as it deserves when compared with the other avenues of business organizations. Encouraged by the thought that an attempt to conceptualize a
model of HRD in Banks would pay in the long run making modem financial institutions growth oriented and dynamic, this paper proposes a conceptual model of HRD and application of such model in financial institutions. Besides, it also attempts to propose some new strategies to make HRD activities more meaningful and result oriented in financial institutions.
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