CHAPTER II

REVIEW OF LITERATURE

The purpose of the present study was to investigate the perceptions of informal group practices on employees in Ashok Leyland Limited, through a questionnaire. In this regard, the literature review is rather selective and focusing on these areas which are directly related to specific factors relevant to the study: (1) a brief overview and synthesis of the principle concepts of member’s perceptions about informal groups, (2) workers participation in management (3) motivational factors which influence on informal groups (4) effectiveness of informal groups (5) demographic variables which influenced on informal groups (6) techniques of informal groups which are useful in identifying the problem and (7) the factors which influenced the employees to become a informal group member.

2.1 AN OVERVIEW

Among all the resources (physical, financial and people) available at the disposal of managers and leaders, human resources play a very pivotal and significant role in achieving organisational goals and objectives. Managing and developing this crucial resource is also the most complex and challenging function in any organisation. Thus, human capital has been recognized as the organisation’s lifeblood which needs to be developed continuously to keep pace with the developments in all other areas of today’s dynamic work environment. Modern HRD professionals have taken this responsibility of helping people and continuously improving their performance and thereby improving organisational performance.
Resource development is a process involving training, learning, and development of employees of an organisation for attaining the missionary objectives of an organisation. HRD has emerged as a distinct area of concern in organisations for effectively coping with business risks, challenges and changes in the environmental context, the need for adjustments in tune with rapid changes in technology and to meet the changing expectations of the employees. Today, there are high expectations from HRD as it represents worldview that takes a positive view of people and their potential. It also attempts to foster a climate conducive to growth and development.

2.2 MEMBERS PERCEPTIONS ABOUT INFORMAL GROUPS

Jane P. Elvins (1985)\(^1\) – The article reports the findings of an exploratory study of communication in informal groups. It is generally accepted in the literature that informal groups improve communication in organizational settings, yet to specific research has been conducted that explains how communication is improved. This study was conducted to investigate the question and provide hypothesis to be tested in future communication studies. Multiple methods of data collection and analysis were used to produce findings that would address how informal group participation affects communication, as perceived by members themselves. A survey designed for the study included the communication portion of Likert’s profile of organizational characteristics and ten, open-ended questions asking about participant’s personal experiences in informal groups. Analysis of data revealed that IG participation had positive effects on perceived individual power/influence, communication with superiors, subordinates, and to some degree with peers. Among the areas of organizational communication not affected by IG participation were opportunities for advancement, belonging of acceptance by others, and tangible rewards.

\(^1\) Jane P. Elvins, Group and organization management, volume 10, No:4, 479-507, 1985
Thomas C. Head, Julie L. Molleston, Peter F. Sorensen (1986)\textsuperscript{2} – this study utilized four manufacturing units of a large organization to assess what impact implementing an informal group program has on an employee task and effective outcome response perceptions. The literature supported the theory that employee’s attitudes would improve following informal group implementation. The job diagnostic survey was used to obtain before/after measures on two plants that received IG intervention. In addition, two units that did not receive IGs were used as comparison groups. The results indicated that there were no significant changes in employee perceptions following IG implementation. However, a trend analysis found a marginal decline in the variables, in that eight out of twelve declined after IG implementation.

Anat Rafaeli (2006)\textsuperscript{3} – Informal groups have repeatedly been suggested as a technique for enhancing employees involvement in and satisfaction with their work. This study explored the relationship between employees’ participation in informal group activities and their reactions to their jobs. Specifically, the relationship of participation in IG activities and employee’s perceptions of the influence they have on their jobs, the characteristics of their job, and their overall job satisfaction were examined. About 455 IG members and 305 non-IG members, all employees of large electronics manufacturer, were surveyed. The effect of IG membership as well as tenure of IGs on the variables is reported. Involvement in an informal group was found to have a significant relationship to employee’s perception of influence, as well as to some job characteristics. No significant effect of IG membership on job satisfaction was found. The results are discussed in the

\textsuperscript{2} Thomas C. Head(Texas A&M University), Julie L. Molleston(Medical college Virginia, Virginia common wealth university), Peter F. Sorensen (Illinois Benedict Time college), Group and organization management, volume 11, No:4, 360-376, 1986

\textsuperscript{3} Anat Rafaeli(Jerusalem school of business Administration, Hebrew University, Jerusalem, Israel), Volume 38, issue 3, Pages 603-615(2006)
context of the need for further validation of many arguments heard about informal groups.

Patrick R. Liverpool (1990)\textsuperscript{4} – This study sought to assess the perceptions of members and non-members of informal groups with reference to their perceived degree of actual and desired participation in decision making. The sample comprised of 214 non-supervisory employees from three manufacturing plants. The results indicate that the actual amount of perceived participation differed very little between IG and non-IG employees. Only in work related decisions, did IG members indicate that they had some say or influence. Outside of these decision areas neither group of employees expressed a strong desire to have more than “some say” on most policy oriented decisions.

2.3 EMPLOYEE PARTICIPATION IN MANAGEMENT (EPM)

Participation means sharing the decision-making power with the lower ranks of the organisation in an appropriate manner. Participation has a unique motivational power and a great psychological value. It promotes harmony and peace between employees and management. When employees participate in organisational decisions, they are able to see the big picture clearly, i.e. how their actions would contribute to overall growth of the company. They can offer feedback immediately based on their experiences and improve the quality of decisions significantly. Since they are involved in the decisions from the beginning, they tend to view the ‘decisions’ as ‘their own’ and try to translate the rhetoric into concrete action plans with zeal and enthusiasm. Participation makes them more responsible. They are willing to take initiative and come out with cost-saving suggestions and growth-oriented ideas. The feeling of being treated as equals, forces them to repose their

\textsuperscript{4} Patrick R. Liverpool (Department of Management, school of business administration, Howard University) Journal of Business and psychology. Issue volume 4, No:4/June, 1990, 411-422
confidence in management and accept its plans of rationalization, and expansion, without raising serious objections. Bilateral decisions help in bringing out radical changes in organisational systems, plans, and procedures more easily.

According to International Labour Organisation (ILO) “Workers’ participation may, broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, consultations, decision and negotiations to more institutionalized forms such as the presence of workers’ as members on management or supervisory boards or even management by workers themselves as practiced in Yugoslavia”. 5

According to Keith Davis 6 “participation refers to the mental and emotional involvement of a person in a group situation, which encourages him to contribute to group goals and share in the responsibility of achieving them”.

Hem C. Jain (1979) 7 – Workers participation in management decision making has always been a controversial subject. One of the problems, central to this controversy is management prerogatives. Business leaders are feeling increasing pressures for participation from workers and their organizations in areas of enterprise that were once exclusively reserved for management. They are afraid that legal and quasi legal schemes of participation will increase employees and trade unions influence and power and will erode managerial control. To what extent are the fears justified? How should the enterprise operating in a demographic framework be directed and controlled?

7 Hem C. Jain, Management research news, 1979, volume 2, Pages 8-14
Mitchell Ron (1999)\textsuperscript{8} – The belief that informal groups are made in Japan and somehow “Un-American” has hurt in getting people trained and work with each day to accept the informal group concept. For Americans, there is something distasteful in being told that we have to imitate something developed in a distant, poorly understood country halfway around the world in order to maintain our business competitiveness. World war I shop committees or “works councils,” represent American University’s first formal experience with joint worker management problem solving teams. The federal government played a major role in the initial growth of shop committee movement in the United States through the war time activities of the shipbuilding labour adjustment board, the U. S. Fuel administration, the U.S. Railroad administration and the War Labour Board. Established in 1917 and 1918 these special war time agencies which originated during war time in England were granted unprecedented powers to arbitrate the growing number of labour disputes that threatened the production of armaments and other war necessities. Under these agencies, the shop committee emerged as the principle means of settling grievances and establishing sound relations between labour and management.

Minqui Li (2004)\textsuperscript{9} – the relationship between workers participation in management and firm performance is open to debate in economic theory. There has not yet been any empirical study on this subject regarding China. The author uses panel data of large and medium sized industrial enterprises in china’s hevan province, from a survey conducted in field research (1995 – 98), to study how participatory management affects firm performance. The author found that participatory management has large positive effects on state owned enterprises productivity.

\textsuperscript{9} Minqui Li(Department of political science, York University, Toronto, Canada) Review of radical political economics, vol.36 ,No:3,358-380 (2004).
Given these factors it is clear that informal groups and employees’ efficiency are powerful factors among the employees to increase individual efficiency and organizational efficiency. All employees must necessarily have the motivation to achieve and they should be able to decode the informal group motivation into materialistic goals. In career development of the employees and their goals are materialized through effective team work of informal group and employees’ participation.

2.4 WORKERS PERFORMANCE

Kimberly Buch (1990)\textsuperscript{10} – This study was designed to test the development of effects of Informal groups (IGs) on participant’s job performance and promotions. A quasi experimental design was used to compare 118 circle members with 118 non-circle employees. In the year following the circle intervention, circle members received significantly greater performance ratings and were promoted more frequently than non-members. The developmental properties of the IG process believed responsible for these findings are discussed. Other possible explanations for the results are also proposed: visibility, positive evaluation bias, and anticipatory socialization.

Performance Assessment

John E. Dittrich, J. Daniel Couger and Robert A. Zawacki (1985)\textsuperscript{11} - The study was conducted among 963 systems analysts and programmers and 261 operations employees from nine companies collecting data through questionnaire. The questions included perceptions of fairness (equity), job satisfaction and intention to quit. The study showed that fairness factor was

\textsuperscript{10} Kimberly Buch (Department of psychology, the University of North Carolina) Human relations, Vol.43, No:6, 573-582 (1990)

\textsuperscript{11} John E. Dittrich, J. Daniel Couger and Robert A. Zawacki, Perceptions of equity, job satisfaction, and intention to quit among data processing personnel, Information & Management, Vol. 9, Iss. 2, Sep 1985, pp.67-75
considered as a significant individual variable with respect to job satisfaction for both groups. Intention to quit was strongly related to perceptions of equitable treatment. The management had a direct control over the key factors affecting job satisfaction and intention to quit.

Nelda Spinks, Barron Wells, Melanie Meche (1999)\(^\text{12}\) - This research paper examined the role of appraisal and its impact on productivity and effectiveness. The appraisals were identified to be beneficial to both employers and employees. The study found that there were always ways of improving the available performance appraisal system. The evaluation on the leading software programs and comparison of the features of the program were done. It was concluded that the products gave structure to the process and make appraisal easier.

Jay M. Jackman and Myra H. Strober (2003)\(^\text{13}\) - This article highlighted the importance of feedback reviews both positive and negative and its impact on the relationship between the superior and subordinate. Organisations should provide employees the opportunities to adapt to changes and change accordingly. The study also emphasised on self assessment and feedback from superiors which guides the employees to develop faster. The organisations tried to follow adaptive techniques having a positive impact on the executives’ development and leverage feedback.

Dilip Dasgupta (2004)\(^\text{14}\) - This article identified that only through the competent and potential employees, an organisation could maintain its sustainable competitive advantage. It was observed that competency-based

\(^{12}\) Nelda Spinks, Barron Wells, Melanie Meche, Appraising the appraisals: computerised performance appraisal systems, *Career Development International*, Vol. 4, Iss.2, Apr 1999 pp.94-100


\(^{14}\) Dilip Dasgupta, Demystifying Assessment and Development Centers, *HRM Review*, Aug. 2004 pp.37-
HR management aids performance management and career progression planning in an organisation. It was confirmed that by developing right attitude, the skills and knowledge of the employees were automatically and effortlessly upgraded.

Lisa Bryant, Denise A. Jones and Sally K. Widener (2004)\textsuperscript{15} - This paper investigate the relationship that existed among multiple performance measures to determine how they understand the creation of firm value. The designing of performance measurement system was supposed to consider all aspects of the business, not just the financial results. The data from 125 firms over a five year period were used to measure the outcome. The findings showed that the value creation process was better in all higher level BSC perspectives.

K Raghavendra Rao (2004)\textsuperscript{16} - This article emphasized the different dimensions of rewarding the employees working for different types of organisations. Drastic changes have taken place in reward system since globalization. Rewarding the right people at the right time in the right way enhances their contribution to the organisation in terms of productivity. Organisations should identify the sensible performance indicators used to measure the employees performance. Industry standards were taken into account for fixing the rewards and compensation in various organisations to retain talent.


Shyamal Majumdar (2004)\textsuperscript{17} - This article highlighted the various aspects of pay and the ways to retain best performers. In addition to usual monetary rewards acting as a hygiene factor, lifestyle benefits like flexitime, crèches and travel overseas were provided. Some companies follow the system of variable pay package which is performance related. It also depended on the employee value proposition. Talented people choose to remain in those companies which could provide exciting work, a great company, attractive compensation and opportunities to develop.

Anil Norohia (2005)\textsuperscript{18} - This article deals with organisation transformation relating to establishing future goals, developing individual competencies to align with organisational goals. The success of an organisation was determined by applying knowledge to practice skill, to achieve desired results. It was ascertained that the culture in the organisation should harness the inherent talents and competencies of individual employees focusing on organisational requirements.

2.5 MOTIVATION

Bradley E. Wright (2001)\textsuperscript{19} – The topic of work motivation has received relatively little attention in the public sector, the research that does exists has been largely data driven, guided at best by theories that have not incorporated more contemporary research. In this article evidence regarding the unique characteristics of public organizations and employees, and develop a revised public – sector model of work motivation that emphasizes variables such as procedural constraints, goal content, and goal commitment.

\textsuperscript{17} Shyamal Majumdar, Pay, Perks or something more?, \textit{Indian Management}, Vol.43, Iss.1, Jan 2004, pp.56-59

\textsuperscript{18} Anil Norohia, Competency modeling, \textit{Dataquest}, Vol.23 No.5, 15 Mar, 2005 p.82

\textsuperscript{19} Bradley E. Wright(2001), Journal of public administration research and theory, vol.11, No:4,559-586
2.6 ORGANISATIONAL EFFECTIVENESS

The following are the essential components implied in this regard:

- Aligning HRD with business by linking HRD strategies with corporate strategies.
- Instituting appropriate HRD structures to translate these strategies into action.
- Hiring competent HR staff and developing HR competencies among other employees.
- Having appropriate HRD tools or instruments (systems and practices).
- Generating the right HRD climate and processes through HRD tools and styles.
- Enhancing the satisfaction and motivational levels of employees through the above.
- Having more satisfied customers and getting better business results.

The above components give scope for other factors and their influence on the linkage between HRD variables and organisational effectiveness.

C. Vijaya Banu (2007)\textsuperscript{20} – The practice of Informal groups (IGs) has emerged as one of the more wide spread organizational interventions during the last twenty years. Informal groups refer to small groups of employees belonging to the same work area or group, who meet voluntarily and regularly

\textsuperscript{20} C. Vijaya Banu(Sastra University), Icfain journal of management research, vol.6,No:3,31-43, March 2007.
to identify, analyse and resolve problems related to their work area. Informal groups offer employees an opportunity to use their creative abilities and to care about their jobs. The IG movement in BHEL unit is spread across the organization so that every employee is involved in improvement activities. Each IG has at least ten employees so that they benefit from the creative contribution of all the employees.

Schein (1992)\textsuperscript{21} – He felt that organizational effectiveness as a construct involving inherent ambiguity and complexity. It has been equated with performance, efficiency, success and productivity. He also treated effectiveness as the organisation’s capacity to survive, adopt, maintain itself and grow regardless of the particular function it fulfilled.

### 2.7 INFLUENCE OF INFORMAL GROUPS

Charles W. Read, Brian H. Kleiner (2010)\textsuperscript{22} - This paper sought to replicate on the importance of training and the importance of learning theory. Ten learning methods were identified to be the best namely videotapes, lectures, one-on-one instruction, role plays, games/simulation, case studies, slides, computer-based training, audiotapes and films. The study also detailed on the factors considered for selecting the training method and the various ways of evaluating the trainees after completing the program.

Mark Stam, Eric Molleman (2010)\textsuperscript{23} - This article highlighted the role of career development and strategic training policies among IT companies and young IT professionals. The study examined the ability of the IT professionals to integrate the business processes, strategic issues and


\textsuperscript{22} Charles W. Read, Brian H. Kleiner, Which training methods are effective?, Management Development Review, Vol. 9, Iss. 2, Apr 1996, pp.24 – 29

\textsuperscript{23} Mark Stam, Eric Molleman, Matching the demand for and supply of IT professionals: Towards a learning organisation, International Journal of Manpower, Vol. 20, Iss. 6, Sep 1999, pp.375 – 387
handling information technology. Organisations were expected to plan both for short and long term, quantitatively and qualitatively for IT professionals by means of strategic training policy and being a part of the learning organisation sharing knowledge.

Abdelgadir N. Abdelhafiz Elbadri (2010)\textsuperscript{24} - This comprehensive study was attempted to examine the emphasis given for training activities both internal and external to maintain competitiveness in the market. The study was conducted among 30 Polish companies to determine the training needs, developing programs and assessing outcomes. The results revealed that many companies neglected to assess training needs and evaluate outcome properly, providing for suggestions and improvements.

Shawn Kent (2010)\textsuperscript{25} - This article examined the values of Mentor system prevailing in the organisations. The employees who became more productive, derived greater career satisfaction and enjoyed accelerated career growth were identified. Mentoring was considered to be a mutually advantageous way to both attract and retain employees. Mentoring programs were inexpensive, to inspire future leaders, improve management and staff relationship and prepare people to succeed an aging workforce. Mentors could provide just in time, development to those employees aspiring to grow.

Susan Geertshuis, Mary Holmes, Harry Geertshuis, David Clancy, Amanda Bristol (2010)\textsuperscript{26} - This paper supported the earlier work to implement good practices in training and its evaluation. The learning process is influenced by multiplicity of factors based on perceptions about learning and


\textsuperscript{25} Shawn Kent, Mentoring: An age old idea whose time has come in corporate America, \textit{Effective Executive}, Feb 2001, pp.29-31

\textsuperscript{26} Susan Geertshuis, Mary Holmes, Harry Geertshuis, David Clancy, Amanda Bristol, Evaluation of workplace learning, \textit{Journal of Workplace Learning}, Vol. 14, Iss. 1, Feb 2002, pp.11 - 18
performance outcomes. Organisations were expected to implement cost effective evaluation methods acknowledging the status of the learner. The study also examined the evaluation methodologies and the role played by the trainers in improving learning process.

2.8 ORGANIZATIONAL CLIMATE

S.A. Mufeed, Rafai Syed Nasreen (2003)\textsuperscript{27} - This paper attempted to ascertain the perceptions of both managerial and non managerial staff towards the existing organizational climate programme in leading J&K Tourism Development Corporation. The objectives included identification of organizational climate needs, evaluating the perception of organizational climate as perceived by the employees, to study the factors responsible for non effectiveness of organizational climate system and to formulate broad guidelines and suggestions for improvement. The survey result showed that according to both managerial and non managerial staff organizational climate programme should have an important role to accomplish organisational objectives and effectiveness.

Punam Sahgal and Roopashree Shankar (2003)\textsuperscript{28} - The study was undertaken to gain deeper insight into critical areas related to the organizational climate and the evolving role of training professionals. It was identified that the organisations rely on external training providers for a variety of services while the practice in most companies is to seek support from training vendors for design and delivery of training. The market for soft skills and IT training has outpaced the demand for functional training.


Thomas Acton and Willie Golden (2003)\textsuperscript{29} - This study identified the need to manage the IT workforce as it was the most important strategic asset. Companies providing for knowledge transfer within the organisation minimises the loss of skilled employees. The survey was conducted among 200 employees from 39 software companies based on the membership of the Irish Software Association, Ireland. The impact of training practices on employee retention, the training initiatives taken, the training practices in use and that influence on knowledge retention were studied. The results showed that the training had a greater impact on competency development and retaining knowledge.

Amitabh Deo Kodwani, Manjari Singh (2004)\textsuperscript{30} - The objectives of the study were to understand current organizational climate policies and practices of a public sector enterprise and critically analyse them and to find scope for further improvements to make them more effective. It was concluded that the organizational climate to be more effective, to improve individual and organisational performance, the perception regarding effectiveness of training should be made positive.

Laila Marouf and Sajjad ur Rehman (2004)\textsuperscript{31} - This paper was intended to explore policies, strategies and opportunities relating to human resource development. The survey relating to induction and orientation program was conducted among 30 Kuwait corporate companies’ information

\textsuperscript{29} Thomas Acton, Willie Golden, Training the knowledge worker: a descriptive study of training practices in Irish software companies, \textit{Journal of European Industrial Training}, Vol. 27, Iss.2/3/4, Mar 2003, pp.137 – 146

\textsuperscript{30} Amitabh Deo Kodwani, Manjari Singh, Towards effective Organizational climate in Indian Public Sector Enterprises: A Case-based Analysis, \textit{South Asian Journal of Management}, Vol.11, No.3, Ju-Sep 2004, pp.36-56

\textsuperscript{31} Laila Marouf, Sajjad ur Rehman, Human resource development policies and practices for the IT and information workforce in Kuwaiti companies, \textit{Library Review}, Vol. 53, Iss. 7 Sep 2004, pp.351 – 355
professionals. It concluded that almost all companies provided intensive training programs.

Ravindra K Jain and Richa Agrawal (2004)\(^{32}\) - This article elaborated on the importance of training. In order to achieve organisational effectiveness in the current trend, a systematic approach to training in almost all the organisations was emphasised. Training was used as a catalyst for change and an aid to give the organisation competitive edge. The training practices were significantly different in different countries and similar within specific country. To have sustained growth the organisations were expected to have continuous innovation programs and organizational climate practices to remain in the competitive world.

Sashibhusan Rath (2004)\(^{33}\) - This article highlighted the business theory comprising three parts consisting of assumptions about the environment of organisation, specific mission and the core competencies required to accomplish organisations’ mission. Knowledge as an asset supercedes all other assets material and financial contributing to the organisational efficiency. Core competencies amongst employees were to be developed nurturing growth of the individual and the organisation. Organisations by cultivating creativity, innovation and through knowledge management could differentiate themselves by being a learning organisation.

Stanley E. Fawcett, Gary K. Rhoads, Phillip Burnah (2004)\(^{34}\) - The study strongly recommended that the competitiveness of any organisation

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depends on the nature of people they hire and train. The management should build a learning workforce, a great work environment and a culture of empowerment. This multi-method research study was undertaken using both primary and secondary research techniques. The findings of the study revealed that a good working environment should include compensation for true value of the individual, exceptional facilities, facilitative culture, good relation with management, flexibility, investment in employee competencies.

Subarna M Tuladhar, (2004)\textsuperscript{35} - The author has identified the significance of training in this article. Training provides trainees with learning opportunities to enhance their effectiveness to contribute to organisational performance. It has been found that training was a systematic arrangement of learning experiences in the pattern which would provide most learning in the shortest possible time. Identification of training needs formulation of objectives, designing training, implementing training and assessing its effectiveness were identified as five components of a systematic training approach.

Alan Sweeney (2005)\textsuperscript{36} - The aim of the paper was to highlight the IT skills gap existing in the organisation and promote organisationl climate as a solution. The target audience was kept in mind and usage of third party training to plug in skill gaps was considered. The resultant improvement was identified in the form of reduced IT skill gaps between required and acquired skills.

\textsuperscript{35} Subarna M Tuladhar, Staff Training: Emerging Concept and Process, \textit{Administration and Management Review}, Vol.16, No.1, Jan 2004

\textsuperscript{36} Alan Sweeney, What is the key to combating the IT skills gap?, \textit{Development and Learning in Organizations}, Vol. 19, Iss. 5, Oct 2005, pp.17-19,
Carol Rainsford, Eamonn Murphy (2005)³⁷ - This paper highlighted the issues relating to the impact of technology enhanced learning in industrial setting in Ireland. Seven companies participated in the study depicting the experience of implementing technology enhanced learning. The findings include holistic approach to implementing technology enhanced initiatives in terms of learner acceptance, relevance to the job and the effectiveness of training practices.

Michael Graham (2005)³⁸ - The objective of the study was to examine the shortage of IT skills and ways of combating it. The methodology covers the identification of training needs, assessment of available skills and willingness of the employees to embrace knowledge through learning. The study concluded with organisations formulating an on-going process of IT training to fill the skill shortage.

V.N. Srivastava, M. Shafiq and K. Ghosh (2005)³⁹ - This paper has discussed the recent trends in training process making the program more practical and relevant. Organisations were required to continuously improve upon the design, content and delivery of training programs. The study had focused on talent management making a positive change in attitudes and mind sets of people. The paper also discussed the performance management process, linking organizational climate goals with performance management reducing growth gaps. It has been concluded that continuous improvement of training efforts leads to higher performance.

³⁸ Michael Graham, How to maximise your investment in IT training, Human Resource Management International Digest, Vol. 13, Iss. 2, Mar 2005, pp.3 – 4
S. Yuvaraj (2005)⁴⁰ - This paper highlighted the various factors affecting the effectiveness of training programmes. It analysed the various reasons for the success or failure of a training programme. The study emphasised the significant role played by the trained workforce. Indian Industry facing the fast development track should adopt updated training techniques to keep pace with the change. The study also identified that the success of the training program depended on the selection of right type of participants, the training faculty and methodology used. The results showed the reasons behind effectiveness of training programme and encouraging companies to organise and evaluate quality training programs.

Narasimha Rao (2006)⁴¹ - The study focuses on organizationl climate of human resource in selected public and private sector undertakings. The objectives set for the study were to examine the training practices in selected public sector undertakings and to study the perception of managers about the usefulness and techniques used in training. The respondents felt that training was essential for individual growth and development to enhance productivity. It was concluded that the top management of the selected organisations realised the importance of training and its impact on the managerial people.

Employees performance, is a unique feature for extracting the efficiency of the employees. It also provides an opportunity for the success of employees in the prevailing optimistic work environment. Effective organizational and team support becomes possible as the employees basically prefer a leaning pad for their personal and organizational development. So it becomes easier for the employees to function as a team in the form of

⁴⁰ Ibid pp.41-51
informal groups, thereby helping each other mutually to achieve success. The effects of team work are productive, but researchers are yet to develop a method of detailing.

2.9 CAREER GROWTH

Janice M. Burn, J. Daniel Couger and Louis Ma (1992)\textsuperscript{42} - This paper deliberated on the problem of brain drain causing chaos in IT profession in Hong Kong. The major reason behind this was identified to be the decrease of confidence along with other related factors like satisfaction from the present job. This paper attempted to investigate the motivational potential in computing profession. The greater degree of mismatch between motivational potential and growth needs of professionals in computing jobs were the driving force for high turnover and reduced productivity. It was observed that care should be taken to design jobs, future staff development programmes and appropriate compensation packages.

Magid Igbaria and Sidney R. Siegel (1993)\textsuperscript{43} - A study was conducted to examine the relationships between career decisions and directions and a set of independent variables. The variables included job title, demographic variables, role stressors, boundary spanning activities, perceived job characteristics and career outcomes. The data were collected from 348 information systems employees. The results of the study showed that majority had already defined specific jobs they would like to hold in the near future. The four directions for their future career namely IS technical, IS management, business and consultant were clearly defined by them. It was concluded that career decisions and directions were related to some independent variables.

\textsuperscript{42} Janice M. Burn, J. Daniel Couger and Louis Ma, The Hong Kong challenge, Information & Management, Vol. 22, Iss. 5, May 1992, pp.269-280

\textsuperscript{43} Magid Igbaria and Sidney R. Siegel, The career decision of information systems people, Information & Management, Volume 24, Issue 1, January 1993, pp.23-32
Y. Sriram and Abhijit Bhaduri (1998)\textsuperscript{44} - This article tried to highlight the differences that existed in attracting talent across sectors, levels and functions. A common thread seemed to link the divergent spectrum. It was identified that the companies should try to leverage the urge of employees to learn. Values, work culture, career planning and job designs were extracted as key factors in attracting and retaining talent. Strategies relating to distinguishing high performers, high potential and high effort were to be designed to retain talent. It was found that companies in the mature and growth stage faced the serious challenge of retention and all companies need to provide for succession planning process.

R.R.Nair (1999)\textsuperscript{45} - This article assessed the working of the organisation inspiring excellence in its people, performance and organisational processes to gain long term competitive advantage. It involved the continuous process of developing people and creating and sustaining an excellent work environment. Companies are supposed to offer careers and not jobs. The study showed that the provision of mentors (guides or trainers) facilitates new entrants to accommodate them personally and professionally. Well planned training practices, monitoring performance continuously, developing managerial competence, use of career templates, cultivating learning culture initiate growth of the organisation.

\section*{2.10 HUMAN RESOURCE DEVELOPMENT}

T.V.Rao (1990)\textsuperscript{46} - This book elaborates on the various dimensions of HRD. The qualities of the HRD managers are discussed in detail. The

\begin{itemize}
\item \textsuperscript{44} Y. Sriram and Abhijit Bhaduri, Attracting and retaining talent: A managerial challenge, \textit{Management Review}, Vol.10, No.1&2, Jan-June 1998, pp.5-10
\item \textsuperscript{45} R.R.Nair, Career planning and development strategies: A perspective from Hindustan Lever, \textit{Management Review}, Vol.11, No.1, Mar 1999, pp.59-64
\item \textsuperscript{46} T.V.Rao, Qualities and Competency requirements of HRD Managers, \textit{The HRD Missionary}, A work for National HRD Network, New Delhi, Oxford & IBH Publishing Co. Pvt. Ltd., 1990, pp.28-33
\end{itemize}
essential qualities required for a successful HRD manager are that he should be a person of positive thinking, having an urge to learn, with perseverance, initiative, discipline, and communication skills. In short he should possess both functional competencies and managerial competencies.

Lawrence Loh, Chetan S. Sankar and Wee Yong Yeong (1995)\(^{47} \) - This empirical study was conducted among 140 IT professionals in Singapore, to develop a conceptual model for job satisfaction vis-à-vis technical or managerial orientation of IT professional’s job. The findings proved that high degree of technical orientation results in perception that moving into management would bring better pay and advancement prospects leading to job dissatisfaction. It was identified that a technical orientation brings a perception that the organisation is a less progressive place emphasising procedures rather than accomplishments.

Mohammad Saeed, Dr. Kamal Kishore Jain (2000)\(^{48} \) - The article attempts to find out some HR practices of few top companies of Malaysia in the face of the country experiencing labour shortage. A company’s output quality depends on the input, namely, recruiting right people. The company should know the critical skills needed by its employees to perform the job. The attributes of the recruits that can be changed through training and those that cannot be modified should be identified.

Subir Chowdhury (2000)\(^{49} \) - The twenty first century leaders’ most valuable asset is the ability to dream. They nurture to make it real. This is not a one time event but a continuous process. The adequate and faster

\(^{47}\) Lawrence Loh, Chetan S. Sankar and Wee Yong Yeong, Job orientation, perceptions, and satisfaction a study of information technology professionals in Singapore, *Information & Management*, Volume 29, Iss. 5 , Nov 1995, pp.239-250


communication increases the flow of information breaking down hierarchies. Any relevant change properly accepted adds benefits to the organisation. Recently leaders have started adopting multi-skilling techniques. The organisation encourages quicker adoption of changes and is expanding internationally taking advantage of globalisation. Crisis management is to be practised to avoid emergency situations. Talent management and effective leadership are the need of the twenty first century organisations.

Pat Finnegan, John Murray (2002)\textsuperscript{50} - This paper attempts to examine the human resource management practices in the Software Industry in Ireland, an economy heavily dependent on the Software sector. Two organisations were selected, one with preferred practices and the other with poor practices. A comparative analysis shows that the first company managed software engineers as individuals within groups and the second focused on the management of teams. The study used pluralistic research methods to investigate human resource practices. It has been concluded a team based approach to human resource management.

Sasmita Palo (2002)\textsuperscript{51} - The present study seeks to examine the various aspects of hiring, training, motivating, managing and retaining the highly skilled workforce in the IT companies, to identify the role of HR professionals and to find out the nature of HR function (Conventional / Business related activity) performed.

The study covered five leading IT companies operating in India. The HR professional plays the role of a mentor, motivator and facilitator. The study results revealed that all the companies comprise multi-talented people


performing multiple tasks. Those employees create their own opportunities for life-long learning contributing to excellence of organisation. The study proved that the HR professionals were expected to exhibit multi-speciality functions to facilitate change processes and to sustain competitive edge.

P. Subba Rao (2002)⁵² - The paper aims at exploring the shifts in industrial relations pattern consequent upon globalisation in two developing countries India and Papua New Guinea. The data collected from different types of organisations were used to identify the pattern of industrial relations before and after globalisation. The objectives were to study the impact of globalisation on human resource management structure in public and private sector organisations both in India and Papua New Guinea. The findings showed that there was a paradigm shift in human resource management structure and pattern in both the countries.

Vijayabaskar M, Padmini Swaminathan, Anandhi S, Gayatri Balagopal (2004)⁵³ - In India, Tamil Nadu has achieved superior levels in human development among most of the states. High growth rate and increased per capita income add to faster growth of the state. The significant demographic changes and high literacy rate accompanied by lower population growth rate accelerate the state’s growth. A key component namely sustainability in financial and environmental factors is taken care of leading to promotion of Human Development in the state.

Anil Kumar Singh (2005)⁵⁴ - The paper is an attempt to identify the relationship between human resource practices and the philosophy of

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management of the Indian business organisations. The objectives of the study were to examine the assumption of top management about the people working in the organisation, understanding the philosophy of management, examine the nature of differences in the public and private sector and the nature of relationship between HRD practices. The findings showed that, contrary to the hypothesis, there was no significant relationship between the variables of HR practices, particularly organizational climate and rewards; they were highly but negatively related to the philosophy of management.

G. Sreenivas Reddy (2005)55 - The article narrates the growth of Indian economy which was mainly because of the emerging mantra information technology. The credit goes to hundreds and thousands of software engineers who have marked their presence in the global market. The IT professionals were also called “Knowledge workers”, “gold collared workers” and “new generation workers”. The economy hinges on these professionals as they perform highly skilled and complex jobs. The new millennium is facing major challenge in terms of attracting, developing, retaining and managing these professionals with strategic HR policies. Software companies lock in their most valuable employees with “golden handcuffs” – hefty pay packages and perks. The companies have started with innovative path-breaking practices to ignite the entrepreneurial passion of their employees.

B.S.S. Srinivas (2005)56 - The study was undertaken with the objective of identifying HRD practices, HRD philosophy and analysing various systems implemented in software industry and suggesting measures for improvements in HRD Practices. The findings of the study included

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recommendations for enhancing the quality of HRD Practices, through development of a culture, formulating employee development policies with employee retention as the major challenge.

N Panchanatham; S Pragadeeswaran (2006)\textsuperscript{57} - This study was carried out to explore the relationship between yoga practice and quality of life. In the current era of knowledge and technology explosion, the executives face the problems of high stress, high growth, speed, accuracy, and remaining number one, rather than becoming number one. They do not find time to spend with their family and friends that it significantly affects their personal, family and social lives, challenging the quality of life. It was identified that the practice of yoga promotes quality of life. It was observed that the employees of large scale organisations practicing yoga had a better quality of life. It was also noticed that quality of life decreased when the age increased for those who do not practice yoga.

Sanghamitra Buddhapriya (2006)\textsuperscript{58} - This paper tries to highlight the value added by employees to the organisation and the relevance of human capital management. The human capital management policies and practices formulated by HR department should aim at accomplishing organisational goals. It was found that employees with critical skills were attracted to meet the unprecedented socio, economic, technical changes. Organisations were to adopt superior HR practices to attract, retain and ensure better business outcomes. It was concluded that even today with challenging business climate, many organisations were not paying enough attention leading to an under utilisation of the talent in the workforce. Being a dynamic function, HRM has a direct correlation with organisational efficiency and output.

\textsuperscript{57} N Panchanatham and S Pragadeeswaran, Executives' Quality of Life and Yoga, \textit{ICFAI Journal of Organisational Behavior}, Jan, 2006

\textsuperscript{58} Sanghamitra Buddhapriya, Adding value through Human Capital Management:Greater responsibility for HR, \textit{Abhigyan}, Vol. XXIII No.4, Jan-Mar 2006, pp.12-21
Sonal Saxena (2006) - The study sought to elaborate on major challenges faced by the IT industry in the area of human resource development. HRD activities must be consistent with the development efforts of the organisation to mobilise the employees’ potential. In order to reach new level of maturity and strength, the IT companies were expected to think in new dimensions. The major findings of this descriptive research conducted among five IT organisations through a questionnaire survey confirmed the existence of effective HRD climate.

Despite these arguments regarding HRD practices there are still calls for commitment views in terms of employees in informal groups, and some empirical evidences supports the impact of organizational commitment. Some authors still urge the employees to commit themselves to their career ventures and enhance team work orientation approaches even though there are contradictory findings.

2.11 NATURE, CONCEPT AND DEFINITIONS OF HUMAN RESOURCE DEVELOPMENT

The conceptual basis for HRD is very diverse. Traditionally HRD has derived its conceptual focus from three broad areas: organisation theory, special systems thinking, economics, and psychology. HRD is still in search of conceptual base in order to develop the knowledge and theory to be recognized as a legitimate field of study (Garavan, Thomas N et al 1999).

HRD is mainly concerned with developing the skill, knowledge, and competencies of people and it is people-oriented concept. The concept of

59 Sonal Saxena, Human Resources Development Climate in Indian IT Companies, ICFAI Journal of Management Research, Feb. 2006

HRD is not yet well conceived by various authors. They have defined the term from their approach as it is of recent origin and still is in the conceptualizing stage. It is an understanding of the term i.e., new or rather was new (Nadler).  

HRD is not training and development. However, many personnel managers and organisations view HRD as synonymous with training and development. Many organisations in the country rechristened their training departments as HRD departments.

In 1970, Leonard Nadler published his neo-classic book ‘Developing Human Resources’, in which he coined the term ‘Human Resource Development’. The term HRD provided a conceptual umbrella under which the field began to unify, using the three-fold notion of training, education, and development. HRD provided purpose and direction for the continued growth of the field: organized learning to provide the possibility of performance change. It further identified a core discipline from which a field of study could develop adult learning in the workplace.

Economist, social scientists, industrialists, managers, and other academicians have defined HRD in different ways from different angles. In general, HRD may be defined as activities and processes undertaken to promote the intellectual, moral, psychological, cultural, social, and economic development of the individual, so as to help him achieve his highest human potential as resource for the community (Abraham S J 1988).

“Heart Resource Development is the process of increasing the capacity of the human resource through development. It is thus a process of adding value to individuals, teams or an organisation as a human system”.

(The American Society for Training and Development)

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“Human Resource Development is equipping people with relevant skills to have a healthy and satisfying life” (The South Pacific Commission: 2001)

“Human Resource Development is any process or activity that, either initially or over the long term, has the potential to develop work based knowledge, expertise, productivity and satisfaction, whether for personal or group/team gain, or for the benefit of an organisation, community, nation, or ultimately the whole of humanity”. (McLean and McLean: 2001)

“Human Resource Development is a process or processes of organized capability and competency based learning experiences undertaken by employees within a specified period of time to bring about individual and organisational performance improvement and to enhance national economic, cultural, and social growth”. (Lynbam and Cunningham: 2004)

To appreciate the importance of HRD, it is necessary to understand the HRD concept which is multi-dimensional. Human resources are energies, skills, talent, and knowledge of people, which potentially can and should be applied to the production of goods and services (Gupta, Das A K 1990). HRD may be defined as development of people by providing the right environment where the individual may grow to his fullest structure and realizes his fullest potentialities. 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 (Verma M M 1988).

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HRD is a development-oriented planning effort in the personnel area, which is concerned with the development of human resources in the organisation for improving the existing capabilities and acquiring new capabilities for achievement of the corporate and individual goals (Sankar C S 1984).  

Megginson defined HRD as “the total knowledge, skills, creative abilities, talents, and aptitudes of an organisation’s work force as well as the values, attitudes and beliefs of the individuals involved” (Megginson C L 1974).  

HRD is not a mere theoretical concept. It is a professional innovation necessitated by the exigencies of the widely varying situations, fuelled by human idealism, supported by a growing knowledge about human systems, and chiselled by the pioneering practitioners with zeal and zest. Hence, the development of human resources requires a developmental climate, which is characterized by the presence of the values of openness, confrontation, trust, authenticity, pro-activity, autonomy, and collaboration (OCTAPAC). Apart from this OCTAPAC culture, (Pareek, Udai and T V Rao 1981) a general supportive atmosphere is necessary which includes commitment of top management and line management, good personnel policies and positive attitudes towards development.

2.12 IMPORTANCE OF HRD IN ORGANISATIONS

HRD assumes greater significance in view of the fast changing organisational environments and need of the organisations to adopt new

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techniques in order to respond to the environmental changes. The changing environmental factors include: (Rao, Subba P, Narayana N and Gangappa K 1998) 68

- Unprecedented increase in competition within and outside the country consequent upon the announcement and implementation of economic liberalization.
- Changing trends towards HRM and complexities involved in it.

Economic, technical, and social trends have created acute problems and challenges for business and industry and consequently focused on HRD as a key element in coping with these problems. The importance of HRD as a catalytic agent of growth has been increasingly recognized which makes necessary organisational effort to help the managers in adapting to the emerging changes of the environment (Nadler, 1984). 69 There are many studies, which show that HRD has direct linkages to productivity and organisational performance.

Huselid (1995) 70 in his study of 3452 firms representing all kinds of industries found that good HR practices were associated with increase in sales, market value, and profits.

Huselid and Becker (1997) 71 found that a qualitative improvement in HR system index was associated with an increase in shareholder wealth of

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69 Nadler, Leonard. Designing Training Programmes. Addison-Wesley, Reading, MA, 1984
$41,000 per employee. Bilmes (1997)\textsuperscript{72} found in their study of a diverse group of 248 companies in Germany that there was a strong link between investing in employees and the stock market performance of the corporation. Companies that tied up workers at the core of their strategies produced higher long-term returns than those who did not.

Webourne and Andrews (1996)\textsuperscript{73} studied the survival rate of 136 non-financial companies that initiated public offering in the United States (US) stock market in 1998. Their study revealed that with the other factors, such as the size and nature of profits controlled, the Human Resource Scale was significantly related to profitability and survival.

Pfeffer (1998)\textsuperscript{74} after scanning a number of studies spanning different organisations operating in various service industries provides evidence for a positive relationship between employee attitudes, HR practices, customer service and satisfaction, and profits.

Schneider and Bowen (1985)\textsuperscript{75} reported in a study of various banks that when the banks had sufficient emphasis on the development of people over performance of their tasks, customers reported receiving higher levels of service. Customer perceptions and attitudes were affected by what employees experienced.


Schneider (1991)\textsuperscript{76} observed that organisation practices both service related and Human Resources related seemed to provide clues to customers to evaluate banks’ service.

Delery and Doty (1996)\textsuperscript{77} in a study of nearly 200 banks found that differences in HR practices accounted for large differences in financial performance.

Abraham (1989)\textsuperscript{78} surveyed the HRD practices of 68 Indian organisations and measured various elements of the HRD profile of these organisations including performance management practices, training, career planning, promotions, rewards etc., and the HRD climate.

Abraham (1989)\textsuperscript{79} constructed an index of growth of the company profitability as a measure of organisational performance. He found that the perception of the HRD climate of the company was more important than the HRD practice itself. His study also indicates that HRD culture is a powerful intervening variable in translating HRD practices into profit.

Yurko (1982)\textsuperscript{80} when examining the problems and opportunities of a Mining Machinery division (Pittsburg, Pennsylvania) with more than 2500 employees, finds that the HRD programs in the organisation respond to the problems and opportunities caused by the organisation’s growth, technological advancements and the productivity challenge faced by it.

\textsuperscript{76} Schneider B. “Service Quality and Profits: Can You have Your Cake and Eat it Too?”\textsuperscript{,} Human Resource Planning, 14 (1991): p.151


\textsuperscript{80} Yurko, Allen M. “Managing Change through Human Resource Development”\textsuperscript{,} Management Accounting, Montvale, Volume 63, Issue June 12 (1982)
Crego and Kazemek (1983)\textsuperscript{81} opined that the joint venture of Laventhol and Horwath with Consult Ltd., a leader in the Human Resources Consulting field, provided its clients with services in organisation development, productivity improvement, management/technical services and training in the current Human Resources revolution.

Saikai (1997)\textsuperscript{82} while discussing the present status of HRD in the state public sector enterprises in Assam, stressed that HRD was the key to achieve organisational goals of public enterprises in the country, and effective utilization of Human Resource is one of the important factors for the growth of any organisation.

Parker (1994)\textsuperscript{83} examined the role of some HR instruments in building an internal customer forum and made the key point that internal and external customer satisfaction was interrelated.

Kumar and Vijayan (1994)\textsuperscript{84} looked at the OD efforts of Marico Organisation that kept human processes at the center of business effort. They indicated the need to focus on team building and other collective processes to meet the emerging challenges of change.

Likhite (1994)\textsuperscript{85} dealt with the Mafatlal experience in using HRD interventions to improve the quality of their products and services.


Ames and Heide (1991)\(^86\) studied on different firms in US and Japan, and suggested that firms would need to improve these internal organisations to remain competitive. They pointed out variables that were felt to be critical for Organisational Effectiveness as task design, workflow, and people, where the proactive firm that established the climate for teamwork would prosper in the future.

Neuman et al. (1989)\(^87\) conducted a meta-analysis examination of the effects from 126 studies that employed OD interventions to modify satisfaction and/or other attitudes, concluded that Organisational Development (OD) techniques had been used to achieve both organisational and employee goals by improving organisational effectiveness and productivity. He emphasized on employees welfare and the lessening of problems facing organisations and their members.

Roback (1989)\(^88\) analyzed some of the major research perspectives existing in the public sector HRM and HRD environment, and confirmed the key links between individual learning and organisational effectiveness.

Vittal (1994)\(^89\) observed the man to man interface of the service sector where service consisted almost exclusively of interaction between human beings, the role of HRD becomes virtually synonymous with improvement in services.

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Dandekar, Karnik and Sathye (1994)\textsuperscript{90} conducted their study on the Maharashtra State Electricity Board, and stressed that the most important requirement for improvement in the performance of these public sector undertakings was the development of Human Resources available in the organisations.

Rajpal (1994)\textsuperscript{91} was had his experience at Hewlett Packard found the shift from technology driven or product driven to being market driven and the role of HRD in making tremendous gained in productivity and efficiency for the organisation.

HRD activities should be an integral part of successful management and the top management should place its key emphasis on the HRD function for successful management of the organisation by way of integrating the HRD function with the management’s overall plans and objectives. Any organisation that is serious about increasing productivity and profitability, must carefully integrate the HRD function With the Overall Plan and Objectives (Madison, Tirrel, John A And Cowell 1981).\textsuperscript{92}

2.13 HR DEVELOPMENT AND MANAGEMENT

Every organisation which aspires to be dynamic and growth-oriented and to succeed in a fast changing environment needs HRD. Organisations can become dynamic and grow only when employee capabilities are continuously sharpened, and used. The need for HRD arises out of the development objectives of the organisation. Organisational planning and forecast provide


the predetermined objectives which when development-oriented, specify the need, and establish the parameters of developments. It has already become an established fact that no organisation can grow and strive without the growth and development of its people. Also “in view of the fast developing changes, the HRD must be viewed as the total system interrelated and interacting with other systems at work – the manufacturing, the financial, the distribution with which a business system functions” (Srivastav S S 1987).93

Anantha Bhaskar P V (2004)94 focused his attention towards the need for HRD and emphasized on job description and job assignment, the changing banking environment and role of HRM. In addition, he focused on the role of HR department in providing appropriate incentives, rewards and remuneration to employees. He also highlighted the employee turnover and implementation of exit policy, performance appraisal system in banks and human resource risk.

Harsh V Trehan& Papori T (2003)95 examined the effect of globalization and the strategic role by HR concepts in HR related to recruiting and retaining and recharging existing human resource, training and development, job analysis etc. They concluded that in the fast paced globally competitive business scenario, efforts to heighten productivity and profitability would never end.

Jane A Boorman (2003)96 identified the tools, techniques and approaches for the development of HR. He discussed at length HR development imperatives, making HR development acceptable, HRD Idealism and Pragmatism and application of HR development initiatives. The

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93 Srivastav S S. “HRD in Business and Industry”, Paper presented in Annual Conference of Inter University of Common Education and Research, 1987
author was of the opinion that the challenge for the organisation is to introduce a range of new innovative HR development programs.

Gargava C (1992) highlighted the critical role of HRD in the new economic order found the bases of HRD as to develop a work force with characteristics. HRD department would be required to re-orient itself to provide direct support to organisation in the areas like training and development of individuals and groups, providing support to employees and families, continuous monitoring and updating personnel policies, extending HRD function to all managers and supervisors, and developing employee involvement.

John Sullivan (2003) focused on E-HR, i.e. there were no file cabinets, and a few waste baskets, not a paper “form” to be found, and all transactions were now electronic. The author highlighted some of the issues related to E-HR i.e. E-COMP (Electronic Total Compensation), Online Performance Monitoring, E-Recruiting, E-College Recruiting, Remote Assessment, E-Employee Relations.

Turan M S & Pradeep Gupta (2003) identified innovative HR practices in many professional forums enabling the organisation (a case study on Hindustan Lever Limited) to meet the demands in the wake of competitive pressures released by reforms, liberalization and globalization. Five strategic decision-making categories had been identified which are – resourcing, performance management, rewards, management development, and employee retention. The dimensions of performance management in terms of economic

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value added, customer value added, and employee value added had been identified.

Anil K Khandelwal (1989) emphasized the need for HRD in Banks. Neglect of HRD function was likely to destroy the fabric of banking itself and erode its credibility because banks are in the business of ‘Human Resources Development’ – Development of human resources of the society through bank finance, unlike manufacturing organisations which develop/produce products. HRD therefore, was not merely a moral compulsion for bank management but a business necessity. The case studies of the four banks provide valuable learning in the matter of designing and implementing HRD in large system like banks. The experience of these banks threw a number of uses relating to implementation of HRD having implications on the role of top management, the processes in top management, structural issues such as linkages of HRD with personnel, and role of line managers.

Kohli S S (2002) correlated the HRM with corporate governance. He focused on three broad issues which need to be addressed through HR strategy i.e. optimizing staff levels and skills mix, building the right skills and work culture, and managing individual performance to achieve the goals of the bank. One area, which was lacking in the HR practice of banks, was that of rewards management. Given the industry-level decided pay and perk structure, public sector banks had little leeway in providing incentives for better performance. He concluded that the major challenge facing the Indian banking sector was related to management of human resources.


Chopra P K & Sameer Sharma (2003)\textsuperscript{102} attempted to make a comparison between the use of human beings versus their use as machines and in other words, their mechanical use. They concluded that in the dawn of a new era, intellectual capital could rightly be called an intangible asset as they held the view that human beings were the prime creators and users of knowledge, their management would always be a challenge.

Bananbar Sahoo (2003)\textsuperscript{103} emphasized the new knowledge and skills that were required to manage the new challenges due to deregulation, globalization, IT revolution, and introduction of prudential norms and international standards of the banking practices in the Indian banking industry. Re-skilling focused on the basic competencies needed in a new or redesigned job and addresses advanced-level technical skills. It helped banks in redirecting their human resources to address skill imbalances or projected skill shortages resulting from internal and external factors.

Anil K Khandelwal (2005)\textsuperscript{104} highlighted the roadmap for HR reforms in PSBs in India. To become world-class banks, it was therefore clear that PSBs had to embrace and enthusiastically implement world-class HR practices. With India emerging as a dominant knowledge power, it was only in the fitness of things that Indian PSBs too accorded high value to human capital and take momentous steps forward to reach world class HR capital adequacy.


Riyaz Rainaye (2003) examined the HRD practices in SBI. Globalisation, Liberalisation, transnational invasion together implied that all business including banking had to face a stiff competitive environment and the key to win lay in the sublime development of human resources calling for pro-active HRD policy and practice. He made an in-depth study of HRD in SBI. The focus was on the emergence of formal HRD structure, including manpower planning, training, performance appraisal, organisation development, job rotation, role analysis, Informal groups, career systems, potential appraisal, employee welfare, and human resource information system.

Aruna Mankidy (2001-2002) made a detailed discussion about the need for world-class HR systems for banks. The growing concern for placing Indian banks on international scene called for a serious endeavour to initiate world-class HR systems. This article had looked at some benchmarked HR systems, while highlighting interdependency of the systems and processes.

Davinder Sharma (2003) found some of the strategies – successful organisation would have to spearhead the path of progress and ensure that they share the vision of the organisation, and made it widely known. The organisations would have to ensure that the top management instil a sense of challenge and commitment with the organisation – ensure formal performance on an informal stage, make information widely shared and to build networks, promote healthy competition to enable organisation to function simultaneously.

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2.14  GOALS OF HR

The real strength of the country lies in the development of the human mind and body. (Gandhi, Rajeev 1986)\textsuperscript{108} Employees need to have a variety of competencies – knowledge, skills, and attitudes in technical, human relations, and conceptual areas – to perform different tasks or functions. HRD aims at identifying competency gaps of employees and train them to perform present roles effectively and create conditions to help employees’ bridge these gaps through development (Pattanayak, Biswajeet 2003).\textsuperscript{109}

Krishnamurthy K V (2003)\textsuperscript{110} focused on the importance of HRD in PSBs. He emphasized the need for intellectual capital of banks. Value addition, product development, customer support and marketing were required with superior managerial skills.

Sambasiva Rao N (2005)\textsuperscript{111} focused on the importance of HRM, emerging changes in HR practices in Banks, recruitment and selection, training and development, promotion, industrial relations, and effective HRM policy. He described HRD – a key component in HRM, was a conscious proactive arrangement by employers seeking to capacitate employees to give their maximum to the organisation and to fully use their potential to develop themselves.

Behera K C (2006)\textsuperscript{112} dealt with the importance of Human Resources finding a place in the Balance Sheet and clearly explained the reasons for

\textsuperscript{108} Gandhi, Rajeev. \textit{Speech at Amethi}. Times of India, April 5, 1986. p.1
taking HR as assets in the balance sheet and different approaches to Human Capital Valuation. The author concluded emphasizing on HR i.e. it was purely a non-financial asset that found so far no place in the balance sheet. The size and constituent of balance sheet totally depended upon the effort and the quality of human resource.

Chachadi A H (2003)\textsuperscript{113} examined the vision of identifying a mission, clarification of goals and objectives as well as purpose of organisation, which would in ultimate analysis, stand off as guiding stars. An attempt was made to briefly analyze the environment faced by banks in India in which context they had to evolve an appropriate work culture.

Das S C (2003)\textsuperscript{114} identified some of the areas, which needed to be given proper thrust in revitalizing the workforce to encounter the challenges and bring about the desired improvements in the system. They were cultivating leadership traits, creating an organisational vision, building an organisational culture, creating conducive work environment, identifying talents, system of reward and punishment and recruitment and staff re-orientation policy. He concluded that the HRD departments in the banks had to play a far greater role in transforming the mind-set and attitude of the banking people for taking the change in their stride.

Jim Stewart (2005)\textsuperscript{115} established a connection between the concepts of “learning organisation” and “human resources development”. He found HRD research developing the potential to lead in fundamentally changing the nature of organisation, management, and work. He concluded that the concept


of human resource development and that of the learning organisation had much in common.

Misra O P & Srivastava S K (1992)\textsuperscript{116} studied the leadership style which was one of the objectives of HRD and its effectiveness among the bank managers of Nationalized and Private Sector Banks and relationships between styles and effectiveness among 45 sample managers selected from Nationalized and Private Sector Banks.

Being the conscience keeper for the organisation, HRD plays a pivotal role in making the employees adhere to ethical behaviour in business through training, motivation, and education (Deb, 2006).\textsuperscript{117}

2.15 TRAINING AND DEVELOPMENT

Organisations and individuals should develop and progress simultaneously for their survival and attainment of mutual goals. Modern management has to develop the organisation through HRD. Employee training is the important subsystem of HRD. Employee training is a specialized function and one of the fundamental techniques of HRD.

Imel, Susan(1982) – Informal groups are the part of the movement to provide workers with increased autonomy, responsibility, and authority. Key elements of IGs are the characteristics of their members, volunteer participation, regular meetings, training, problem identification, and solution implementation. The theoretical bases of Informal groups include: McGregor’s theory Y (1960), a management style that incorporates employees in to the management process; factors identified by the Herzberg (1966) that enhance or detract from job satisfaction; and Maslow’s hierarchy


of human needs (1954). Five steps are essential to successful implementation: (1) Understanding and commitment to top management; (2) active involvement of middle management; (3) intensive training for all participants; (4) preparation of the organization for implementation; and (5) establishment of rules and procedures. Training is the key element. The four levels of people who need to receive training are management, facilitators, team leaders, and circle members. Training developers need to take into account several organizational and process considerations. The outcomes of informal groups include improved quality and productivity, a better-functioning organization, and role changes.

After an employee is selected, placed, and introduced, he or she must be provided with training facilities. Training is the act of increasing the knowledge and skill of an employee for doing a particular job. Training is a short-term educational process, utilizing a systematic and organized procedure by which employees learn technical knowledge and skills for a definite purpose. Dale S. Beach defined training as “the organized procedure by which people learn knowledge and/or skill for the definite purpose” (Beach, 1985).118

“Training is the systematic modification of behaviour through learning which occurs as a result of education, instruction, development and planned experience” (Armstrong, 1992).119

“Training is a set of activities that provides the opportunity to acquire and improve job related skills” (Schermerborn, Hunt and Osborn: 2004)

“Training is a process of altering employee behaviour and attitudes in a way that increases the probability of goal attainment” (Irwin: 2004)

2.16 QUALITY OF WORK LIFE (QWL)

Globalization and other dynamics of business have considerably changed trends in employment and have brought chaos and turbulence to organisations and individual employees alike. It is the time to reorganize the workplace around the idea of meaningful work – work that offers personal development, a social purpose, a decent standard of living, and a sense of economic security. Quality of work life can lay the groundwork for better lives for employees and increased organisational performance.

*Louis Davis* introduced the term ‘Quality of Work Life (QWL)’ in 1972 in an attempt to establish that performance is linked to involvement and satisfaction of employees at workplaces. Quality of work life is the overall quality of human experience in the work place. It measures the way that participant in a system respond to the socio-technical aspects of that system.

“Quality of work life refers to programmes designed to create a workplace that enhances employee well-being”. (*Thomas S. Bateman and Scott A. Smell: 2003*)

“QWL is a process of joint decision making, collaboration and building mutual respect between management and employees” (*Cohan D.S. 1979*).\(^{120}\)

According to the American Society of Training and Development, QWL is a process of work organisation, which enables its members at all levels to actively participate in shaping the organisation’s environment, methods, and outcomes. This value based process is aimed towards meeting

the twin goals of enhanced effectiveness of organisation and improved quality of life at work for employees” (Skrovan D 1980).

Dov Elizur (1990) – Informal groups have recently been suggested as technique for enhancing employees quality of work life and satisfaction with their work. This study attempts to analyze the relationships between employees participation in IGs, their sense of quality of work life, perceived job reinforcement capacity and job satisfaction. One hundred and forty three employees of a large industrial corporation in Israel, half of them regularly participation, were surveyed. The results supports the hypothesis of the study. A positive relationship was found between participation in Informal groups and various aspects of quality of work life, perceived job reinforcement capacity and job satisfaction

2.17 TOTAL QUALITY MANAGEMENT (TQM)

Total Quality is a total system approach (not a separate area or programme), and an integral part of high-level strategy. It works horizontally across functions and departments, involving all employees, top to bottom, and extends backwards and forwards to include the supply chain and customer chain.

TQM is a continuous process of improvement for individuals, groups of people and the total organisation. Unlike other methods, TQM is the concentrated focus on continuous improvement. TQM is about changing the way things are done within the organisation’s life-time. TQM means a continuous process of improvement in all aspects of an organisation with the involvement of everybody. It is a total systems approach and an integral part of corporate strategy. It is about changing the way things are done so as to prevent failures.

HRD and TQM

Human resources play a vital role in total quality management. The following forces shape the human resource development towards TQM:

- Opening the Indian economy to the rest of the globe through the globalization policy.
- Entrusting more priority for the Private Sector to play a constructive role in the restructuring and development process of Indian economy.
- Mounting competition among the industries across the globe.
- Successful organisations accord high priority to productively and systematically understanding and responding to current and future external customer needs.
- Human resources diversity and mobility are creating new employee needs and expectation about the future work culture.
- The information technology revolution is reshaping the core competencies needed in a knowledge economy.

The TQM approach has brought changes in the attitudes and expectations of the managers about the roles of human resource managers. Further, the expectations of stakeholders about the HRM profession have also been changing. But the business objectives and total quality HRM approach are to maximize customer satisfaction and market share through improved quality.
HRD operates in a business environment full of risks and challenges. HRD is increasingly in the forefront to enhance the competitiveness of organisations through development of the employees. Due to globalization, our world has become borderless. Increasingly transnational employees are occupying key positions in the organisations. They bring with them unique values, ethics, systems, and culture, which affects the organisation.

The generic functions of HRD like training, appraisal, career planning, and development need to be executed more effectively with less manpower and more quality to meet short-term strategies and goals of the organisation. One best practice in an organisation in one location may turn out to be worst in another part of the globe. All best HRD practices are evolved, and not borrowed. Therefore, every organisation should evolve their own system and processes of HRD, which suit their culture and meet their requirements. It is worth noting that successful adoption and implementation of HRD programmes and practices are critical determinants of organisational success and effectiveness.

Anil K Khandelwal (2004) investigated the changing landscape of Indian Banking, competitive strength, issues in the realm of human capital, key problems in the area of HRM and issues in HR requiring attention at strategic levels. At a time when most banks were undergoing technology-driven transformation and M&A appearing inevitable, the CEO’s had crucial role in directing HR function to improve levels of productivity and performance.

Sridhar A V identified the challenges and diagnosed the problems in the area of HRD. The paper also highlighted some of the actions and innovations successfully carried out by the HRD professionals in SAIL. The

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123 Sridhar A V. “Role of HRD in Turn around and Transformation”. pp.19-31
main purpose was to document the experience for the benefit of HRD professionals. The author identified some of the challenges before HRD and innovations in HRD to strengthen knowledge management.

Swain B K (2004)\textsuperscript{124} attempted to visualize the Indian banks by 2010. He highlighted some of the major challenges and trends, which were likely to emerge in the next ten years. They were fierce competition, advanced technology, merger and acquisition, relationship banking, profitability thrust, corporate governance, customer service, NPA management, HR policies, product innovation, service delivery and diversified activities. In a service industry like banking, human resources would occupy the pivotal part for making the bank services enduring.

Rajen Gupta (1990)\textsuperscript{125} undertaken an action research mode to simultaneously improve the implementation process and develop theoretical understanding about the process of implementation. Hence, he reported on a large HRD programme in a large organisation, illustrated interventions, which could improve the implementation, as well as examined the relevance of existing theoretical knowledge. He finally proposed a model of Multi-level Action Research System (MARS) for effectively implementing HRD programmes in large organisations.

Anil K Khandelwal (1988)\textsuperscript{126} suggested that planned change in the culture, technology, and management of total organisation could help banks to manage growth problems. He advocated the use of organisation development interventions to improve problem-solving capabilities.


2.18 HRD OUTCOMES

The HRD tools if effectively used can create a conducive HRD culture and HRD learning processes. HRD culture and processes can result in more observable and quantifiable outcomes. The HRD outcomes may include a higher level of competencies of the employees (technological, managerial, human relations and conceptual), better utilization of human resources through better-developed roles, higher work commitment, work motivation, greater teamwork, and synergy. The HRD outcomes can influence the organisation’s business goals, which may be in terms of higher productivity, cost reduction, more profits, better image and more satisfied customers and stakeholders.

Rani Geetha Priyadarshini R & Venkatapathy R (2005)\textsuperscript{127} examined the extent to which HRD was practiced in the banking industry and if there could be any relevance to their performance. The major findings were:

- The HRD practiced in the banks has a strong influence on their performance.

- Private Banks have placed low emphasis on HRD practice in their organisations, which may be due to lack of adequate orientation and resource allocation towards developing their human factor.

- Top performing banks have higher extent of HRD practice in their organisations, which influences the effectiveness of their organisations.

Thus, it could be concluded that high extent of HRD practice and better performance go hand in hand and vice versa.

Suresh A M, Raja K G & Vijayalakshmi S (2004)\textsuperscript{128} examined the factors of job satisfaction i.e. work environment, goal setting, job security and monetary benefits, employees progress, career growth opportunities, need satisfaction, achievements, status and leadership. The objectives of the study were:

- To identify the influencing factors of job satisfaction of the public and private sector bank employees
- To understand the relationship between the factors influencing job satisfaction
- To make a comparative analysis of public and private sector bank employees regarding job satisfaction

This research paper focused on understanding the attitudes of employees’ towards job satisfaction. The researchers of the study identified 8 factors, which have significant impact on job satisfaction of the employees as detailed in the analysis. Based on the present study, the researchers recommend that the public and private sector banks should keep these identified influencing factors in mind while formulating and implementing HR policies to enhance the bank employees’ productivity levels in their respective organisations.

Singh H M P and Gupta G P\textsuperscript{129} emphasized that “Organisations need to develop concern for its growth as well as its health to prepare itself for facing newer challenges. Factors, which had affected organisation in the last decade, had been enumerated in the paper. HRD mechanism had been explained in detail to enhance capabilities of employees and re-energize an enterprise. Managers had to play an active role in moulding organisational


\textsuperscript{129} Singh H M P and Gupta G P. “HRD – Mechanism for Organizational Renewal”. pp.115-120
climate and culture to convert talent into superior performance. It had been suggested to integrate and reorient HRD in all our functioning in an organisation to change the mind-set of people and surmount challenges”. They concentrated on two issues i.e. HRD or organisational renewal and the various mechanisms used to enhance the capabilities of employees.

**Research Gaps**

This chapter provides a critical analysis of the literature on informal group, development of employees and illustrates how the perception, workers participation, workers performance, motivation and effectiveness are important to employees in all the departments. Questions have been raised about the efficacy of informal groups and their incidental effects over the reduction of constraints and impediment in their career pursuit. It can be noted that the researchers individually studied the various aspects of HRD elements at different perception levels. This thesis intense to look beyond the individual and organizational developmental elements and factors of successfulness of employees in various departments. It is clear in this review that specific development are relevant to the employees in private sector organization.

Therefore it stands to reason that, the employees with better competitive skills will create distinctive capabilities that may result in their success in organizational life. The perceptions of informal groups and their effectiveness, nature of work, commitment, work orientation and job involvement accelerate the opportunities and diminish the impediments of the employees. The negative aspects of workers, non–cooperation are likely to have large dimensional impact over the public and private organizations.

A short-coming of all reviews is that, none of these have acknowledged the powerful effects of the career development, organizational
development, namely quality improvement, nature of work, organizational commitment, skill orientation and support of informal groups. Informal groups contribute to organizational effectiveness and none of the studies directly contributed to this phenomenon. Hence, this study is unique and has filled-up the research gap and demonstrates how informal groups perception and their working contribute to the organizational effectiveness.