Chapter 6
Discussion of Findings, Conclusions & Recommendations
CHAPTER 6
DISCUSSION OF FINDINGS, CONCLUSIONS & RECOMMENDATIONS

Present study highlights the importance accorded to Human Resource Development Mechanisms in organisations. It also validates the same, by relating the banker’s perceptions of HRD mechanisms to Perceived Organisational Performance, Perceived Market Performance and Job Satisfaction. These, in turn, are the ‘Warp and Weft’ of the HRD Mechanisms prevalent in the selected banks of Indian banking Industry. The present chapter discusses the major findings, conclusions and recommendations. The investigator has succeeded to draw certain logical findings of the present study on the strength of the analysis and interpretation; and comparison of results in the previous chapter. The researcher has sensibly attempted to discuss results in the light of the past researchers in the present chapter. The major findings which have emerged from the study are presented in the light of the various objectives and subsequently appropriate recommendations are made, the same is elaborated in the successive paragraphs.

6.1 Prologue

This research study set out to investigate the Holy Grail of establishing a causal link between HR and Organisational Performance. In the last 20 years, research has shown that the strategic use of HR is likely to be one of the most important determinants of organisational performance. Researchers have built evidence that link HR practices with organisational performance (Schuler and Macmillan 1984; Schuler and Jackson 1987,2005; Storey, 1992; Arthur, 1994; Dyers and Reeves, 1995; Huselid, 1995; Purcell, 1995; Delaney and Huselid, 1996; Huselid and Becker, 1996; Ichniowski,Shaw and Prennushi, 1997; Delery, 1998; Pfeffer, 1998; Wright and Snell, 1998; Gratton, Hope and Hailey, Stiles and Truss, 1999; Truss, 2001; Guest, Michie, Conway and Sheehan, 2003; Paauwe, 2004; Paauwe and Boselie, 2005; Wright, Snell and Dyer, 2005). Despite this outpouring of empirical researches, the HRD-OP
paradigm is still unexposed by researchers leaving a few exceptions by Katou, (2008), Hassan (2007), Hassan et. al (2006) moreover such researches have largely conducted in the context of developed economies where HR practices have some amount of stagnancy, very few researches have attempted to explore this HR-OP link also known by different metaphors’ such as “Black Box”, “Russian Doll” and “Rubik Cube” from the perspective of HRD Mechanisms and that too in the context of emerging as well as developing economies like India.

Banking Industry has witnessed a great deal of transformations since last two decades. The industry has been characterised by changes in the areas of ownership, structure system, process, market place, delivery channel, product, technology etc. The reasons of such changes could be: Level playing field for both public and private sector banks; increased dependence on sound mechanisation and advanced information technology; large scale downsizing/rightsizing; increased equity participation by the public and reduction in government stake; breath-taking competition among the banks; heightened transparency in accounting practices. Banking in our country is no longer the same as it used to be a couple of years ago, nor is it expected to remain the same a couple of years after. Today industry is having 27 public sector banks, 22 private sector banks, 44 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. The industry which is having CAGR of approx. 11.71 %. In the present times, the public sector particularly feels the heat of the competition. Reduced interest rates, narrower and unstable margins, increased number of players have all added to the woes of the banking industry. Industry is vastly becoming customer centric and large-scale customisation of banking products to suit the customers’ tastes and preferences. Such a scenario has forced the banks to come out of their comfort zones to be able to grapple with changed dynamics which necessitates a serious reengineering of all resources more specifically human resources.

In light of the above discussion, the researcher has attempted to unearth this Holy Grail by examining their relational dynamics in the context of Indian Banking Industry considering both public as well as private sector and subsequently inspect whether HRD Mechanisms has any relationship with the Subjective/Perceptual measures of
Organisational Performance. In light of this discussion, research problem is quite rightly framed as “HRD and Organisational Performance in Indian Banking Sector”

6.2 Discussion of Findings

6.2.1 HRD Mechanisms

In the light of achieving the very first objective ‘To study, understand and compare the employee perceptions towards HRD in general and HRD mechanisms in particular, further analyse the differences, if any, among selected public and private sector banks understudy’, the researcher has made use of statistical techniques of Mean, SD and ANOVA to derive appropriate inferences. For analysing, HRD in general, an HRD Index (Average of all eight HRD Mechanisms) has been calculated which was used to find out the relationship between the HRD Mechanisms with OP Outcomes. It was found that HRD Index in the selected organisations understudy was significantly different collectively as well as factor-wise. A further examination revealed that among Private Sector Banks category it is ICICI Bank having better HRD Index than HDFC Bank, and in Public Sector bank category it is SBI which is performing better on HRD Index than PNB Bank.

While analysing the results on the basis of eight selected HRD mechanisms, it has been observed that on account of Training & Development mechanism, it was banking professionals of ICICI Bank which hold more positive perceptions towards training function, followed by PNB, SBI and HDFC respectively. On Performance Appraisal front, it was SBI Bankers who are found to be more satisfied with the means as well as ways of conducting appraisals and for diagnosing potentials followed by ICICI Bank, PNB Bank and HDFC Bank.

SBI Bank has been interpreted as quite successful in terms of satisfying Career Planning and Development needs of their employees as compared to other banks. This mechanisms was observed at its lowest in HDFC Bank.

On Employee Involvement and Empowerment front, SBI bank is commendably satisfying the employee needs of empowerment as well as keeping them involved with their work as reflected from results. This phenomena was least observed in HDFC Bank.
On Compensation & Reward System mechanism it was again SBI Bank where employees were more satisfied with emoluments and other components of reward system they are getting, followed by ICICI Bank, HDFC Bank and PNB Bank.

In terms of Quality of Work Life it was PNB Bank employees holding more favourable perceptions about their life at work and facilities provided by their bank to ease them in their job followed by ICICI Bank.

On Role Analysis & Development dimension it was ICICI Bank which is quite successful in clarify the role requirements to its employees simultaneously focusing on their development orientations for optimised performances, this was least seen in HDFC Bank.

Organisational Culture here reflects ethos and values purused by the organisations like openness, confrontation, trust, collaboration, praactivity, authenticity, collaboration, autonomy, experimentations. On this front, almost all organisations are quite successful in creating a culture characterised by such ethos and values, but still public sector banks are able to ensure better organisational culture as compared to private sector banks.

In nutshell, the researcher concluded that SBI Bank is successfully executing the HRD Mechanisms and their higher scores are also indicative of their employees positive perceptions.

In order to test the significance of the difference among the sample means obtained on all the eight HRD Mechanisms in particular as well as HRD in general i.e HRD Index, ANOVA was performed, the statistical results revealed significant differences in between the selected organisations both individually as well as sector wise.

In the light of these results, regarding Hypothesis 1, the researcher understands that bankers perceptions on account of HRD in general (i.e. HRD Index) and HRD Mechanisms in particular are observed to be significantly different in between the selected banks understudy and this difference is not by sampling or by chance. Moreover it was also observed that Public Sector banks are seen better in terms of their HRD orientations as compared to private sector banks understudy. Therefore, the
Null Hypothesis (H₀) stands rejected and it is established that there were significant differences in between the banks understudy on their orientation towards HRD in general and HRD Mechanisms in particular.

6.2.2 Organisational Performance

After discussing HRD Index and HRD Mechanisms, the second most important variable of the present study was Organisational Performance. To understand this metaphor, the researcher has selected Perceptual/Subjective measures being less pursued in HRD -OP researches with an intention to make the study more relevant in the contemporary times. The variables were Perceived Organisational Performance, Perceived Market Performance and Job Satisfaction. In Perceived Organisational Performance (adapted from Delaney & Huselid 1996), researcher has attempted to cover its sub-components such as Quality of Products, Services or Programs, Development of New Products, Services or Programs, Ability to attract essential employees, Ability to retain essential employees, Relations between management and other employees (RELME), Relations among employees in general. In Perceived Market Performance (adapted from Delaney & Huselid 1996) sub-components are Marketing of Goods & Services, Customer Satisfaction, Market Share, and Growth in Sales. Job Satisfaction is measured using the Brayfield and Rothe, 1951 questionnaire containing 5 statement seeking responses on a five-point scale.

The investigations reveal that on account of Perceived Organisational Performance (POP) variable bankers perception towards selected parameter of organisational performance were more positive in SBI Bank followed by ICICI Bank, PNB Bank and HDFC bank respectively. On Perceived Market Performance (POP) variable, analysis suggested that bankers of SBI were having more positive perceptions towards market performance than the other three organisations.

It was also inferred that bankers of SBI are more contented in comparison to the employees of the rest of three organisations with different aspects of Job Satisfaction followed by HDFC, PNB and ICICI. While considering Overall Organisational Performance (POP + PMP + JOB SATISFATION) organisations were again found to
be statistically significantly different in between. All the above mentioned findings led the researcher to conclude that both of the Public sector banks i.e. SBI & PNB have better bankers perceptions towards selected subjective measures of Organisational Performance in comparison to Private sector banks i.e. HDFC & ICICI.

Accordingly null Hypothesis $H_02$ stands rejected and alternatively it is established that significant differences do exist on account of perceived measures of Organisational Performance in between the sampled banking organisations.

6.2.3 Relationship of HRD Index (HRDI) & Its Mechanisms with Perceived Organisational Performance (POP), Perceived Market Performance(PMP)

In the light of the third and fourth objective, the researcher has made an effort to analyse the Relationship and subsequently the Impact of HRD Index and Its Mechanisms on Perceived Organisational Performance (POP) and Perceived Market Performance (PMP). In lieu of the same, Statistical techniques of Pearson Product Moment method of Correlation, Simple Linear Regression and Multiple Regression Analysis using backward method has been applied to derive inferences. On performing Correlation it is found that HRD Climate is positively correlated with both POP ($r = .248$) as well as PMP ($r = 0.242$) in a significant manner. While reviewing the components of HRD Index i.e HRD Mechanisms, only Training & Development ($r = 0.168$), Career Planning & Development ($r = 0.222$), Employee Involvement & Empowerment ($r = 0.266$), Quality of work life ($r = 0.165$) and Organisational Culture ($r = 0.178$) share a significant positive correlation with POP that too at 99% level of significance. Similarly only Training & Development ($r = 0.202$), Career Planning & Development ($r = 0.211$), Employee Involvement & Empowerment ($r = 0.261$), Quality of work life ($r = 0.152$) and Organisational Culture ($r = 0.133$) share a significant positive correlation with PMP that too at 99% level of significance.

Simple Linear Regression is performed to further examine the impact of HRD Index on Perceived Organisational Performance and Perceived Market Performance, it is found that coefficient of determination ($r^2$) is 5.7% in POP and 5.4% in PMP.
respectively, which is not significantly higher in both the cases, it means that there might be certain other variables/factors which play an important role in influencing organisational performance, it is not HRD Index alone. Multiple Regression using backward method is also performed to analyse the impact of three factors/components of HRD Climate on POP and PMP respectively. It is detected from the various models/steps of regression analysis, that mechanisms which are perceived to have a maximum impact in the case of POP are Employee Involvement and Empowerment (EIE) and Organisational Culture (OC). Both are explaining variation to the extent of 9.2% in POP. Similarly the mechanisms which are perceived to have a maximum impact in case of PMP are Training & Development (TD) Employee Involvement and Empowerment (EIE) and Organisational Culture (OC). All three producing a combined impact of 8.6% in PMP.

Thus it is concluded that if organisations’ improves operation and functioning of above mentioned HRD Mechanisms i.e. Employee Involvement and Empowerment (EIE) and Organisational Culture (OC), Training & Development (TD) then the perceptions of managerial employees with respect to perceived organisational performance as well as perceived market performance will become more positive which in turn enhance organisational performance.

The findings of the present investigation are consistent with the prior work of Delaney and Huselid (1995). Here also, alike them, the results of regression coefficients is found positive in both the cases when collective effect of HRD i.e. through HRD Index on POP, PMP & JS was seen, as well as when effect of mechanisms of HRD on POP, PMP and JS is executed.

It has now become a widely accepted assertion that ‘human resources’ is the pre-eminent organisational resource and the key to achieving outstanding performance (Pfeffer, 1994). The results of the present study add to the available empirical evidence and suggest that such assertions are not just faith they have some credibility too (Arthur 1994; Huselid and Becker 1995; MacDuffie 1995; Huselid and Becker 1996; Youndt et al. 1996; Ichnioski, Shaw and Prennunshi 1997; Appelbaum et al. 2000). The results of the present study suggest that use of various HRD Mechanisms like training,
potential appraisal, performance management, career planning and development, employee participation, and quality of work life, self-renewal mechanisms, management/executive development, and compensation are positively related to perceived measures of firm performance. (See reviews of Dyer and Reeves 1995; Huselid 1995; Becker and Gerhart 1996; Guest 1997; Cully et al. 1999; Harel and Tzafrir 1999; Appelbaum et al. 2000; Guest et al. 2000a, 2000b, 2000.). Although many studies have reported a positive association between various HRM practices and objective and perceptual measures of firm performance, some authors (Levine & Tyson, 1990; Wagner, 1994) have expressed concern that results may be biased because of methodological problems. There is plenty of literature which highlights the importance of HRD mechanisms in producing positive firm performance. Indeed, research indicates that selectivity in staffing is positively related to firm performance (Becker & Huselid, 1992; Schimdt, Hunter, Mckenzie, & Muldrow, 1979). Organisations can improve the quality of current employees by providing comprehensive training & development activities after selection. Considerable evidence suggests that investment in training produce beneficial organisational outcomes (Bartel, 1994; Knoke & Kallebag, 1994; Russell, Terborg & Powers, 1985). There is a significant impact of incentive compensation and performance management systems on firm performance (Gerhart & Milkovich, 1992). Employee participation system (Wagner, 1994) provide an opportunity for employees to advance with in a firm, and team based production system, self-managed teams are all forms of work organisation that have been argued to positively affect firm performance.

6.2.4 Relationship of HRD Index (HRDI) & Its Mechanisms with Job Satisfaction (JS)

Job satisfaction is defined as an employee’s overall affective state resulting from an approval of all aspects of his/her job (Vroom, 1964). An employee’s level of satisfaction toward her/his job varies with specific aspects of the job (Gurbuz, 2008). These are the nature of the work, pay, promotion, co-workers and organisational context (procedures, working condition). Many studies have demonstrated that job satisfaction is one of the key factors of individual and organisational performance.
(Jauch, Glueck & Osborn, 1978), (Steers, 1977), (Pfeffe & Veiga, 1999), (Judge et al. 2001), (Nebekar et al. 2001), (Gurbuz et al. 2008). HRM/HRD practices and job satisfaction are interrelated. Both HRD/HRM practices and HRD climate have been found to be related to the job satisfaction in the business organisations (Ahuja, 2002; Mufeed, 2006; Mishra, 1995; Kahn and Robertson, 1992 and Biswas, 2006)

In view of pursuing the fifth objective of examining the relationship between HRD Index and Job Satisfaction and subsequently the impact of HRD on the JS, the researcher has carried out the correlation using Pearson Product Moment method and the results (r = .108) suggested that there exist a positive association between them and that too of significant nature. It is also inferred that among the components of HRD Index i.e. HRD Mechanisms, only the Training & Development (r = 0.168), Employee Involvement & Empowerment (r = 0.136), and Quality of Work life (r = 0.138) were having positive correlations with job satisfaction phenomenon.

In search of assessing the impact of HRD Index on Job Satisfaction, simple linear regression method is used and the coefficient of determination (r² =1.2%) indicated that though the variance in the dependent variable due to independent variable is quite low but it is statistically significant. Multiple Regression is performed using backward method for analysing the impact of HRD Mechanisms on Job satisfaction. It is inferred from the various models/steps of multiple regression that mechanisms which are influencing Job satisfaction significantly to the extent of 4.7 % are Training and Development (TD), Quality of Work Life (QWL) and RAD (Role Analysis and Development). Thus it is concluded that if organisations understudy concentrate their resources on the above mentioned development oriented mechanisms then employees’ satisfaction with various aspects of job will be higher.

The suppositions articulated in the form of null hypotheses H₀.5 and H₀.5a are rejected and it is established that HRD Index and its components share a statistically significant relationship with Job satisfaction of employees of selected banks. It is further settled that if any positive change is made towards the improvement of HRD Index and HRD Mechanisms then the level of satisfaction of managerial employees with their job will increase substantially.
Locke (1976) summarized a large amount of literatures on job satisfaction, which gives a view that the job satisfaction is resultant of favourable HR practices.

It is also observed that Job Satisfaction follows perception of HRD i.e. if perception towards HRD in general and HRD Mechanisms in particular are more positive then job satisfaction is also higher. This was found in the present study in case of SBI Bank. This finding is in line with Freeman and Kleiner (2000); Freeman, Kleiner and Ostroff (2000); Bailey, Berg and Sandy (2001); Godard (2001); Harmon, Scotti and Behson (2003), and Bauer (2004).

Training and development facilities offered to employees go a long way in generating high levels of job satisfaction (Rangaswamy and Markhandeyar, 1998). Joshi and Sharma (1997) measured their responses on 15 job and organisation-related variables. Of all the variables, job contents and training facilities were found to the best predictors of job satisfaction. Poor perception of working conditions created dissatisfaction with the job (Shantamani, 1988).

In nutshell, the present research conducted about the HRD Climate revealed that participation (Griffeth, 1985) (Wagner, 1994), (Scott et al., 2003), (Harmon et al.,2003), employee empowerment (Spreitzer,1995), (Kizilos el al., 1997), (Liden et al., 2000),(Seibert et al., 2004), Job Rotation (Appelbaum et al.,2000), (Freeman & Kliener, 2000), (Godard, 2001), (Harmon et al.,2003), (Bauer, 2004), and being involved in team work (Frey & Benz, 2002), (Scott et al.,2003), (Bauer, 2004) have significant impacts on job satisfaction. By and large, the results of this research study corroborate with earlier studies.

6.3 Rationale of Study & Its Contribution in Augmenting the Horizon of Existing Literature

Over the years, HRM is used as an overarching term that includes (1) explicit human resource practices such as hiring, training, and performance evaluation; (2) official organisational human resource policies, which are used as guidelines in the development of operational practices; and (3) organisational culture, which indicates the core values, policies and procedures which govern a firm (Jackson & Schuler,
1995). According to Pareek (1997), Kuchinke (2003) Katou (2008), Bartlett, (2001) Wimbuscus(1995) HRD as a discipline lack its theoretical underpinnings, research linkages, verified perspectives, unifying models, no attempt has been made to evaluate the extent of human resources development function or its components or practices in a systematic way, its expected impact on the organisation, its internal working and the support provided to it by the top management. To fill the gap, the present study was undertaken to explore the relationship between HRD Mechanisms and firm level outcomes in Indian Organisations. The following points justify the significance of the study.

- **Dearth of Research Studies on HR-OP Relationship in Indian Context:** Most of the work on HRM and performance has been undertaken in the US and recently in the last decade in UK. The question which arises, though, is whether US and UK- oriented models, however appropriate they might be for the US, hold in other contexts (Reference to the debate in special issue of the International Journal of Human Resource Management 12, 7, 2001). Numerous researchers outside the US have built upon this foundation over the past few years to add to this literature. (Harel & Tzafrir, 1999; Lee & Chee, 1996; Bae & Lawler, 2000; Lee & Miller, 1999; Bae et al., 2003; Morishima, 1998; Ngo et al. 1998; Tessema & Soeters, 2006; Tsai, 2006; Zheng et al., 2006 Gerhart, 2005; Wright, et al.,2005).

- **Few studies on HRD-OP using Subjective measures of OP:** In the field of HRM -OP research there is vide family of OP variables. Most of the studies on HRM-OP linkage have used objective measures of organisational performance like productivity, turnover, corporate financial performance, profitability, sales growth, quality. A subjective or perceptual measure of OP has been less explored in comparison to objective measures. But in case of HRD-OP, due to gaps in literature and unclear foundations there is no clarity regarding do’s or don’ts while selecting measures of OP.

- **Shortage of Research Studies explaining the Impact/Usage of Development-oriented/Progressive HR Activities on OP:** A considerable amount of interest has since gained ground on understanding the link between HRM and
performance in the Indian context also (Budhwar and Sparrow, 1997; Amba-Rao, et al. 2000; Singh, 2003; Paul and Anantharaman, 2003; Budhwar and Boyne, 2004). All these studies concluded that in the context of India’s post-liberalization scenario strategic HR practices may enhance, reinforce, and sustain organisational performance. However, almost no study considered whether changes in HRD Practices/Mechanisms due to various external and internal environmental forces, were associated with improved organisational performance. None of the previous studies tried to understand whether by practicing some of the developmental oriented HR practices, firms will outperform those who do not pursue such activities. These issues have been taken up in this study.

➢ Providing Evidence from ‘other-than’ Western Contexts: In this research work an attempt has been made to consider the impact of western Strategic HR framework and in lieu of that providing empirical evidence from India. This is in line with Erickson and Dyers (2005) and Wright et al. (2005) which strongly call for further empirical evidence from different contexts. The present research adds to the growing body of literature on HRM, HRD and Organisational Performance, in Indian Context (Lawler et al.,1995; Sparrow and Budhwar, 1997 ;Venkata Ratnam, 1998; Amba Rao et al., 2000; Ramaswamy and Schiphorst, 2000; Budhwar and Khatri, 2001; Budhwar and Sparrow, 2002; Paul and Anantharaman, 2003; Singh, 2003 ; Budhwar and Boyne, 2004; Bhatnagar and Sharma, 2005, Katou 2008).

➢ Providing Evidence from an Emerging/Developing Economy perspective: The present research also contributes in providing evidence from an emerging economy where the strategic role of HR as a key driver of firm/organisational performance has gained currency after the globalization and liberalization of Indian Economy in 1991.

➢ Providing Comparative Evidence from Indian Public & Private Sector Organisations on emerging HRD issues: Moreover this study also compares the practices of Public and Private Sector Organisations on account of HRD Practices and Organisational Performance which very few studies seldom performed.
During the literature survey the researcher have found very few studies which had measured the magnitude and impact of HRD/Work Climate on Organisational Performance with a comparative analysis in private and public sector. Therefore, in line with this justification the researcher is truly exploring a new area in HR field especially in context of developing economies like India.

- **Evidence from Indian Banking Industry:** This study also attempts to explain the HRD-OP relationship in the most transient industry in India i.e. Banking Industry which is witnessing a wide array of transformations posing a lot of challenges on HR Front. Therefore a study is well grounded.

### 6.4 Delimitations of the Present Study

The delimitations of the present study may require that some caution needs to be applied when interpreting the results.

- a. The study was confined to only four players of the banking industry. Though they are many types of banks and big number in each category of bank, some of them are having recognizable share of the whole banking industry, complete representation of the Indian Banking industry as a whole may be difficult work to execute with. Therefore, the results may not be as identical if all type of banking organisations is included in sample. This will necessitate suitable modification in the research model that may be derived from the present study.

- b. There is a possibility that the models/methods used for the estimation of impact of HRD Practices on Organisational performance or even the method of collecting data may have omitted some significant variables which cover with the HR Practices and also have influence over the organisational performance.

- c. There are also certain limitations regarding the use of survey methodology. Survey method has its own limitations. For instance, various respondents may have different perceptions of the usage of HR practices and firm performance. To overcome this, future research may make use of alternate methods like focus groups, case studies, etc. Finally, some HR practices may be appropriate under certain conditions and less appropriate under others. Future research can address this issue in detail also.
d. Random error in measurement of HR practices may have influenced the correlation and regression results of the present study.

e. There was also lack of complete information about the HRD Practices/mechanisms followed by the organisation as there may be certain other practices not covered by the study. Hence, it was not possible to gauge the potential impact of omitted information regarding the other practices on organisational performance.

f. The HRD practices were selected as the standardized tool entails. Though every care was taken while preparing questionnaire but still there might be some other practices which have not been included and show an equal degree of relationship with organisational performance. It is an undesirable fact that if some other practices were included in the study, the results might have revealed a higher contribution towards organisational performance. But this was found to be next to impossible to be attempted by an individual investigator in view of the constraints of time and other resources.

g. Large number of other organisational and managerial characteristics may be related to change the determinants of performance and present study limits itself to few variables to study these relationships under the selected organisations.

h. The general limitations exist from the angle of theories of Organisational Behaviour and Behavioural Sciences where one cannot provide absolute answers. It is a study of only a few factors from many factors of a complex system. Behavioural bias called Tunnel Vision might exist as pointed out by Keith Davis (1986) in such types of studies. The findings of these studies should be used to help the organisation purpose not to replace them.

i. Time is always a factor in a study of this type, getting the desired results with the available resources and within required time frame may prove daunting.

6.5 Recommendations

On the basis of the research findings certain suggestions and recommendations has been made to the organisations understudy who are as follows:
Primarily the researcher has considered eleven HRD Mechanisms in the questionnaire, but after opinions/reviews sought from experts as well as experienced bankers, it was narrowed down to eight HRD Mechanisms i.e. Training & Development, Performance Appraisal, Career Planning & Development, Employee Involvement & Empowerment, Compensation & Reward System, Quality of Work Life, Role Analysis & Development and Organisational Culture. Evidently it is suggested that HR department in the banks should focus on these eight HRD Mechanisms if the intention is to target organisational performance.

It was observed during regression analysis that three mechanisms: Employee Involvement and Empowerment (EIE), Organisational Culture (OC) and, Training & Development (TD) are the strong HRD Mechanisms which influence the perceptions of organisational performance in a positive manner which in turn have a significant impact on OP. Organisations understudy should promote concepts of Engagement, Involvement, Empowerment & self-management in order to improve the motivation and morale of the bank managers. The training systems should be reoriented to reflect dynamism. It should be kept in a state of readiness to meet the rapid transformations. Banks should work on online training system to spread knowledge to large mass of employee across the country. Organisation need to work on innovative approaches for creating a positive work culture/climate endorsing organisational ethics and value systems. Accordingly, if the organisations work on above mentioned HRD mechanisms it will certainly help them to capitalise and amplify their impact on OP.

Banks understudy should have a renewed focus on improving the quality of work life, clarifying individuals/groups role requirement, working on organisational development interventions and most importantly realise the growing importance of learning & development. It was observed during regression analysis that three mechanisms Quality of Work Life (QWL), RAD (Role Analysis and Development) and, Training & Development (TD) are the strong HRD Mechanisms which influence the job satisfaction phenomenon positively and have a definite impact on OP. Therefore, if the selected banks understudy genuinely
wants to improve the level of job satisfaction, then they consciously need to work on above three mechanisms. It was also observed in the study that Job Satisfaction was one such variable in the OP Measures where scores were less as compared to other selected variables (i.e. POP & PMP), the lowest score was of ICICI Bank in Private Sector Banks and of PNB bank from Public Sector. Accordingly, researcher suggests ICICI Bank as well as PNB bank to really work on this phenomenon.

➢ On HRD Mechanisms front, among the private sector banks category, HDFC Bank really needs to work on their HRD Orientation as the scores on most of the HRD Mechanisms were found quite lower. They need to rethink their HRD Philosophy and implement it with zero defects. More specifically HDFC bank should work on Career Planning & Development, Employee Involvement & Empowerment and Role Analysis & Development function in order to reposition its HRD function to harness the human potential in real terms. Among the Public Sector banks category, PNB Bank should give a rethink to their policies on Compensation and Reward Systems as well as Role Analysis & Development as the scores on these dimensions was found lower.

➢ It was also observed during analysis that Compensation & Reward System and Role Analysis & Development were two such areas where all the four banks understudy needs to seriously work on. The issue of compensation in banking sector presently is and remained a point of concern from quite some time. But these days pressure in terms of work load is surmounting high as compared to previous days. The effort-performance-reward relationship needs to be seriously corrected by the entire banks understudy in order to give a feel of equity to employees otherwise motivational and morale problems are bound to hamper the performance of the banks.

➢ Managers and decision makers should understand that it is not only HRD Climate which is considered the sole factor for producing significant variations in Organisational Performance, but there might be other factors also. So, HRD Climate should be combined with some other significant variables in organisation studies for generating increased organisational performance.
6.6 Results of Hypotheses

The following is the summarised picture of hypotheses presented with the help of a table.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_0^{1}$ There are no significant differences in between the selected public and private sector banks</td>
<td>Rejected</td>
</tr>
</tbody>
</table>
| understudy on account of HRD and its mechanisms ($Organisational
culture, Training Development, Potential Appraisal, Role Analysis & Development, Employee Involvement &
Empowerment, Compensation & Reward System, Career Planning & Development$)                         |             |
| $H_0^{2}$ There are no significant differences in between the selected public and private sector banks | Rejected    |
| understudy on account of employees’ perceptions of Organisational Performance ($Perceived
Organisational Performance, Perceived Market Performance, Job Satisfaction$).                        |             |
| $H_0^{3}$ There is no significant relationship between HRD and Perceived Organisational Performance    | Rejected    |
| in the selected banks understudy and subsequently no significant impact of HRD on Perceived Organisational Performance among selected banks understudy. |             |
| $H_0^{3a}$ There is no significant relationship between HRD mechanisms ($Organisational Culture,
Training Development, Potential Appraisal, Role Analysis & Development, Employee Involvement &
Empowerment, Compensation & Reward System, Career Planning & Development$) and Perceived Organisational Performance in the selected banks understudy and subsequently no significant impact of HRD Mechanisms on Perceived Organisational Performance among selected banks understudy. | Rejected    |
| $H_0^{4}$ There is no significant relationship between HRD and Perceived Market Performance in the    | Rejected    |
| selected banks understudy and subsequently no significant impact of HRD on Perceived Organisational Performance among selected banks understudy. |             |
| $H_0^{4a}$ There is no significant relationship between HRD mechanisms ($Organisational Culture,
Training Development, Potential Appraisal, Role Analysis & Development, Employee Involvement &
Empowerment, Compensation & Reward System, Career Planning & Development$) and Perceived Market Performance in the selected banks understudy and subsequently no significant impact of HRD Mechanisms on Perceived Organisational Performance among selected banks understudy. | Rejected    |
| $H_0^{5}$ There is no significant relationship between HRD and Job Satisfaction in the selected banks  | Rejected    |
| understudy and subsequently no significant impact of HRD Practices on Job Satisfaction among selected banks understudy. |             |
| $H_0^{5a}$ There is no significant relationship between HRD mechanisms ($Organisational Culture,
Training Development, Potential Appraisal, Role Analysis & Development, Employee Involvement &
Empowerment, Compensation & Reward System, Career Planning & Development$) and Job Satisfaction in the selected banks understudy and subsequently no significant impact of HRD Mechanisms on Job Satisfaction among selected banks understudy. | Rejected    |
| $H_0^{6}$ HRD in general, and Its Mechanisms in particular, if pursued appropriately, have an influence | Accepted    |
| as well as impact on Perceptions of Organisational Performance.                                      |             |

6.7 Managerial Implications

The study has certain implications for managers, decision makers, researchers and academicians. Notably the major implications of the present study are as follows.
a. **Strategic Importance of HRD in Enhancing Organisational Performance-a lesson for corporate world**: The findings of the study provide Indian HR managers evidence that investment in human resources of a firm for developing desired knowledge base, skills, attitudes and other behaviours results in higher performance of the firm. They need to realise that employees are not just a cost to be incurred; rather, as is maintained in the resource-based perspective, people and their management are emerging as critical sources of competitive advantage for firms (Barney 1991; Pfeffer, 1994; Ulrich, 1997; Bae and Lawler, 2000). Studies undertaken in India have shown a very low to moderate relationship between human resource practices and firm performance (Singh, 2000). After the recent liberalization of economic policies, the increased level of competition by overseas firms has put a lot of pressure on the human resources function in domestic firms to prepare and develop their employees, so that these firms are able to compete with overseas firms in skills, efficiency and effectiveness (Krishna and Monappa 1994; Venkata Ratnam 1995; Budhwar and Sparrow Ratnam 1997; Sparrow and Budhwar 1997).

b. **Need Enhanced focus on HRD Mechanisms for increased OP**: The organisations, HR managers, decision makers should realise the strategic pay-off of the investment made in HRD mechanisms in the longer runs. This investment should aim at constantly improve competencies levels of the workforce. The vital contribution of values and merit based recruitment and selection, innovative and need-based training and development, comprehensive, and fair performance evaluation, competency-based pay and reward, employee engagement, involvement and empowerment, foster satisfaction, quality of work life, role clarity and career planning initiatives are essential dimensions that have positive effects on superior performance for sustained competitive advantage that need to be capitalized by management at all level.

c. **HRD Department should act more comprehensively & painstakingly in the competitive Banking Industry**: With fast changes in global economic scenario, the Indian Banking system cannot remain unaffected. However, the change in the Indian banking system has been a bit too fast. There have been
some cross currents flowing to resist the change. Though such resistances are impulsive and can be countered. Resultantly, the HRD Departments in banks need to come in to play a far greater role in transforming the attitude and mind-sets of the banking professionals by taking a gear shift in their stride. It is pertinent to mention here that the role of HR department is not restricted to the design and evaluation of employee management policy and practices, but exhaustively, in the changing business environment in India it is also the one that has to implement the changes along with frontline managers. For this organisation should have fully functioning HRD department and it should be manned by responsive people, in addition to this they need to have considerable representation of these departments at the board level or so-called strategic level to create a sustained competitive advantage in this present age of information and knowledge based economy.

d. **Multiple measures of Operational performance should be used:** It is recommended that while studying organisational performance, researchers should use multiple measures of OP such as financial performance, productivity, sales turnover, employee turnover, absenteeism, profitability, market share, Market value of the company, Increase in sales, Product/service quality, Customer satisfaction, Development of products/services, Future investments as the multiplicity helps the researcher to understand the inter-dynamics between them and its relationship with HR practices.

e. **Implementation of HRD Mechanisms/Practices as an Bundled/Integrated System rather than individually:** The present study also implies that management should be aware of the use of various HR/HRD/HRM practices in an integrated manner or bundled manner to realise the organisational objectives. Consistent with earlier researches (Ichniowski et al., 1994, Porter 1985; Schuster 1986; Kravetz 1988; Schuler 1989; Capelli and Singh 1992; Huselid 1995) the result indicate that as firms deploy a set of integrated/bundled HRD Mechanisms rather than a single HRD practice as a part of their overall HR strategy, these sets of HR practices are expected to complement each other bringing synergistic effects in enhancing an organisations' performance. Thus, it also implies that
evaluation of the effect of HR practices on organisational performance needs to be made at the system level, that is, HR practices as an integrated system and not the evaluation of individual HR practices because this is likely to show biased results (Schuster 1986; Kravetz 1988; Ichniowski et al. 1993; Huselid 1995). The results of the present study are consistent with these studies.

f. **HRD function should be considered as a Strategic Business Partner**: The result also implies that managements of all the organisations understudy irrespective of their type, should understand the importance of HRD function as a strategic partner and should incorporate HRD input in strategic decision making. This partnership provides more active role to HRD experts in the organisation to support the change in organisations through partnership of front-line managers. The managers should be well aware that a changed paradigm of people management is essential in changing business environment. The focus of this new approach should be to attract and retain the talents and leverage the talent to achieve competitive advantage through a proactive HRD related activities.

g. **General Guidelines for strengthening, streamlining and improving execution and operation of HRD systems in Banking Organisations**:

i. Training infrastructure in banks needs serious overhauling to meet the present innovative technological requirements of the customers. Senior managers need to be adequately trained to be able to use the state-of-the-art technology. Training programs should focus on personality development, interpersonal relationships, confidence building, stress management, pressure handling tactics, crisis management, diversity management, emotional intelligence etc to ensure inclusive development. HRD managers as well as employees in higher cadre need to update their KSA constantly, consciously.

ii. New performance measurement system needs to be institutionalised like balance scorecard, activity based costing which could provide real linkage between key performance variables and individual efforts so that a realistic, organised and predictable pattern is available for performance analysis and review.
iii. Banks should develop well thoughtfully designed career development strategy to retain career conscious talents. The career paths should be specified and indicate the degree of knowledge/skills required at different levels.

iv. HRD surveys should be conducted more frequently in the banks on shorter gaps. This will help in analysing the true orientation and perceptions of staff towards HRD polices and mechanisms of banks. This data can be used to update the HRD Policies.

v. To harness the benefits of HRD optimally, the HRD policy should be devised positively, motivating and transparent so that every employee feel that he is a part of the organisation as well as decision making process.

vi. The concept of engagement, involvement and empowerment should be dealt with utmost priority as these would improve the level of morale and motivate the front-line managers to a great extent.

i. The banks should try to compare and contrast their HRD policy with the world class processes and systems so that global quality standards in service delivery permeate Indian banking sector.

6.8 Scope for Further Research

a) A considerable amount of interest has since gained ground on understanding the link between HRM and performance in the Indian context (Budhwar and Sparrow 1997; Amba-Rao et al. 2000; Singh 2003; Paul and Anantharaman 2003; Budhwar and Boyne 2004). However, very few of the studies considered whether development-oriented HR practices were associated with improved organisational performance. None of the previous studies tried to understand dynamics of enhanced organisational performance from the perspective of hrd Mechanisms. These issues have been taken up in this study. More such research studies will make the picture clearer and lay down the philosophical groundwork for sound researches.

b) More studies should be conducted where both objective as well as subjective measures could be used to compare as well as see the combined impact on
organisational performance. Such a study would add value to the existing piece of literature.

c) The study makes significant contribution about understanding of HRD structure in most important industry of service sector i.e banking industry. Future research may include large scale sample in this industry in context of developing economy like India as there are many types of banks and that too in large numbers.

d) It would be ideal to take up a larger sample size so that methodological restrictions could be avoided. Further research should focus more on quantitative information rather than heavily focusing on subjective information of performance parameters. Future research should focus on generating and testing new models to arrive at more reliable causal linkages in various industry settings.

e) An analysis of prior research works has identified some immediate effects of HRD/HRM practices, known as HR outcomes. Such HR outcomes include knowledge, skill and abilities or competence (Schuler, 1989; Becker et al., 1997; Pfeffer, 1994; Barney, 1991; Lengnick-Hall and Lengnick-Hall, 1999; Sandberg, 2000; Beer et al., 1985; Lado and Wilson, 1994), motivation (Pfeffer, 1994; Schuster, 1998), organisational commitment (Beer et al., 1985; Beaumont, 1993; Ulrich, 1997; Putti et al., 1989; Storey, 1997; Yeung and Berman, 1997), behaviour (Schuler, 1989; Jackson et al., 1989; Rucci et al., 1998; Morrison, 1996), flexibility (Storey, 1997; Pfeffer, 1994; Beaumont, 1993), customer orientation (Storey, 1997), teamwork (Beaumont, 1993) and cost effectiveness (Beer et al., 1985). Such outcomes should be studied in relation to Organisational performance in context of emerging economies like India as there is less evidence from India to match the international literature.

f) The researcher is also of the view that more cross-cultural comparative research studies on HRD Practices and Organisational Performance may be conducted in which Indian HR Practices would be compared with work cultures in other economies of the world.