CHAPTER 1

HUMAN RESOURCE DEVELOPMENT AND KNOWLEDGE WORKERS- AN INTRODUCTION

The word Knowledge is regarded as the main source for creating organizational competitive performance. That is why it is being added as a prefix to every economic aspect – Knowledge Workers, Knowledge Organization, Knowledge Management and above all the Knowledge Economy. The only resource in the business that possesses this knowledge is popularly called knowledge workers. The performance of any organization depends upon the capacity and contribution of its knowledge workers as they compete through their know-how. The knowledge worker, by virtue of his position or knowledge, is responsible for a contribution that materially affects the capacity of the organization to perform and to obtain results (Drucker, 1966). The contribution of these workers depends much upon how their potential is being cultivated by the organization. So, for the effective performance of these knowledge workers, organizations require approaches to people management to provide these workers with higher levels of skills and motivations to unlock their hidden potential. For this, human resource development policies and practices of the organization are considered to be the major contributory factor to meet the challenges existing in the industry. The experts and academics in the field have long asserted that the way an organization manages, develop and stimulate this special category of people can influence its performance (Peters and Waterman’s 1982; Pfeffer, 1994).

However doubts still remains as to how these human resource development practices affect employee level outcomes or if some practices have more effects than others. So, it becomes important to study the effect of these practices on the performance of knowledge workers and to ascertain their contribution towards up-gradation of human capital of the firm. Keeping this in mind, the present research work is a humble attempt to study the diversified nature, role, contribution and impact of contemporary HRD practices on knowledge workers performance in the banking sector.

“It is certain that the emergence of knowledge workers and their productivity as a competence, within a few decades, will bring about fundamental changes in the structure and nature of the economic system”.

-Peter F Drucker in his book, Management Challenges for the 21st Century
1.1 HUMAN RESOURCE

The term “human resource” refers to the knowledge, skills, creative abilities, talents, aptitude, values and beliefs of the work force of an organization (Leone C. Megginson, 1977).

Among the different types of resources used by organizations such as men, money, material, machinery, methods; the human resource is the only alive and valuable resource of the organization whose workings affect the working of the other non-alive factors. Drucker (1966) believed that employees are assets and furthermore non-depreciable assets i.e., their value appreciates with time. Drucker taught that knowledgeable workers are the essential ingredients of the modern economy whose better utilization can result in better performance in almost all of the functional areas which breathe, act, and react through human resources only. To perform and to fight competitive potential, organizations require approaches to people management that provide workers with higher levels of skills and the ability to unlock their hidden potential. Management of people is not child’s play. As one size does not fit all, similarly single set of policy cannot be used to manage the entire team. Management of human resources is more complicated than management of any other resource. The expectations, hopes and perceptions of the people have to be rightly perceived to achieve organizational goals and objectives. Japan, the only non western developed country, has emerged as the leading nation with its unique style of management- just because of its overwhelming reliance on the use of a major asset, viz., the human resource. Even the research has shown over time that by efficiently managing this key resource we can motivate this resource for better performance and organization’s success (Schuler, 1992).

It is generally said that the difference between two organizations in terms of competencies is due to the difference in the capabilities of their human resources. This is reflected in the European Union’s 2020 Strategy, which aspires to achieve ‘smart growth’ based on competitive strategies founded on continuous development of knowledge & innovation, reviewing the current skill situation and a commitment to improving competitiveness through higher productivity.
Imai (1986) says “The three building blocks of a business are hardware, software, and human ware. Only after human ware is squarely in place should the hardware and software aspect be considered.”

1.2 KNOWLEDGE WORKERS

Knowledge Workers- ‘People who use their brains more than their hands to earn a living. Their job requires more brain power than muscle power.’- Peter F Drucker

Knowledge work and knowledge workers are not new concepts (Davenport, 2005; p. 4). What is new is the fact that knowledge work and knowledge workers are rapidly becoming crucial factors in productivity, growth and economic development. Knowledge is being regarded as a resource/capital in itself. Knowledge is a critical asset for organizations. As we move from a traditional manufacturing to a service/knowledge community, it is recognized that knowledge is a primary source of competitive advantage (Nonaka, 2000), particularly because it is so difficult to emulate.

Today’s knowledge-driven economy witnesses an increasing number of knowledge workers in the workplace and warrants a new approach to managing knowledge workers as it constituted more than 80 percent of the world’s workforce by 2010 (Drucker, 1998). This trend is evident in most nations of the world, including India.

1.2.1 Knowledge Worker- Meaning and Definition

Knowledge worker is a term coined by none other than the management guru Peter F Drucker (1959), in his book, “Landmarks of tomorrow: A report on the new “Post Modern World”. A Knowledge worker is an employee who works for a living at the task of developing and/or using knowledge. These tasks may include planning, acquiring, searching, analyzing, organizing, storing, programming, distributing, marketing and using information.

At the most generic level the term “Knowledge Worker” refers to an individual who possesses high level of education and/or expertise in a particular area and who uses his/her cognitive skills in solving complex problems. A Knowledge worker in today’s workforce is an individual who is valued for his ability to interpret information within a specific subject area. He will often advance the overall understanding of the subject
through focused analysis, design and/or development. He uses research skills to define problems and to identify alternatives. Fueled by his expertise and insight, he works to solve those problems, in an effort to influence company’s decisions, priorities and strategies.

Wikipedia defines a knowledge worker as “someone who works primarily with information or one who develops and uses knowledge in the work place”.

1.2.2 Historical Evolution of the Concept

Peter F Drucker (1959) defined Knowledge Worker as one who works primarily with information or one who develops and uses knowledge in the workplace. This term was first coined by Peter Drucker in the year 1959.

Weiss (1960) said that knowledge grows like organisms, with data serving as food to be assimilated rather than merely stored.

Popper (1963) stated that there is always an increasing need for knowledge to grow and progress continually, whether tacit (Polanyi, 1976) or explicit.

According to Churchman (1971) a knowledge worker is an asset that appreciates over time. He has tried to differentiate between the tacit knowledge and explicit knowledge i.e. knowledge that exist in the mind of the knowledge worker or knowledge that exist in the knowledge management system. Tacit knowledge means that exist in the mind of the knowledge worker and explicit knowledge means that exists within a organization or firm in the form of data or work product. Accordingly, the tacit uncodified knowledge of the knowledge worker remains the property of the knowledge worker. During his tenure he is prohibited from sharing his knowledge with competitors but as soon as he leaves that knowledge and its intrinsic value moves out of the organization. It emphasizes the role of organisations in disseminating the information possessed by employees.

Toffler (1990) observed that typical knowledge workers (especially R&D scientists and engineers in the age of knowledge economy must have some system at their disposal to create, process and enhance their own knowledge. In some cases they would also need to manage the knowledge of their co-workers.
Nonaka (1991) described knowledge as the fuel for innovation, but was concerned that many managers failed to understand how knowledge could be leveraged. Nonaka advocated a view of knowledge as renewable and changing, and that knowledge workers were the agents for that change. Knowledge-creating companies, he believed, should be focused primarily on the task of innovation.

Savage (1995) describes a knowledge-focus as the third wave of human socio-economic development. The first wave being Agricultural Age with wealth defined as ownership of land. In the second wave, the industrial age, wealth was based on ownership of Capital. In the Knowledge Age, wealth is based upon the ownership of knowledge and the ability to use that knowledge to create or improve goods and services.

Thomas Davenport (1998:43) defined Knowledge Workers as “people with high degree of education or expertise whose primary job function involves some activity related to knowledge”. Their primary task involves the manipulation of the knowledge and information as well as creation of new knowledge.

And this very broad definition encompass almost all forms of meaningful work from barber, hair stylist or assembly line worker who has some specialized knowledge about what he or she must do effectively depending on an individual’s knowledge and expertise. So, Knowledge Worker includes:-

(i) Individuals in traditional professions like doctors, lawyers, chartered accountants etc.
(ii) Individuals who work in senior positions in marketing, advertising, consulting, finance, insurance and strategy development.
(iii) Individuals in specialized knowledge based jobs like airline pilots, musicians, senior business executives and even government officials.

Knowledge workers are found across with a variety of information technology roles, but also among professionals like teachers, lawyers, architects, doctors, nurses, engineers and scientists. As businesses increase their dependence on information technology, numbers of fields in which knowledge workers must operate have expanded dramatically. According to Davenport (2005), they are usually considered as of distinctly different breed than their less skilled white collar counterparts such as
bank tellers, book keepers, call centre specialists or clerks who perform routine work in highly structured and procedure constrained ways.

The term knowledge worker is being used in this study as employees with professional or functional expertise necessary to deliver the product or services of the bank or to the effective running of the enterprise. They are the main deliverer of the core service organization.

1.2.3 Knowledge Worker and Productivity
Organizations are actually not managing knowledge workers. What these organizations do is HSPALTA: Hire Smart People and Leave Them Alone (Davenport, 1998). The productivity of knowledge worker can be activated and accentuated only by proper management of knowledge workers as a part of organisation’s business strategy. Drucker (1999: 142) describes six major factors determining knowledge worker productivity.

1. Defining the task of knowledge worker.
2. Fixing the responsibility for the productivity on the individual knowledge worker and giving them autonomy.
3. Continuing innovation has to be part of the work, task and responsibility of knowledge workers.
4. Continuous learning on the part of the knowledge worker.
5. Productivity of the knowledge worker is defined by quantity as well as the quality.
6. Finally, knowledge worker productivity requires knowledge worker to be treated as an 'asset' rather than a 'cost'. It requires that knowledge workers want to work for the organization in preference to all other opportunities.

So, the knowledge worker needs to possess the required ability to perform in a particular area. This calls for proper management of these workers through supportive HRD practices. The supportive HR practices should be such that can attract, motivate and satisfy these valued workers and thereby create the necessary competitive advantage for the firm. It is rightly said that managing today’s knowledge workers throws up a new set of HR challenges (Thomas Davenport, 2005).
1.3 HUMAN RESOURCE DEVELOPMENT

“If you wish to plan for a year, sow seeds,
If you wish to plan for a decade, plant trees,
If you wish to plan for a lifetime, develop men.”

(Kuan Chungtz)

Human resource development (HRD) has gained increasing importance in the last decade. Our increasing dependence on knowledge workers has necessitated our reliance on Human Resource Development which is a people oriented concept. No organization can sustain, thrive and excel by neglecting its human resources (Economist Intelligence Unit, 2009). The human resource is a sum total of all those factors that people bring into the organization, such as experience, training, competencies, cultural values and attitude. Human resources respond to their climate, their organizational policies, their developmental programs, and motivational strategies. So, HR policies and their relational climate have to be considered together to influence employees’ behavior (Collins & Smith, 2006).

HRD as differentiated from personnel management requires the matching of organizational needs with individual needs for career growth and development. It is a people oriented approach designed to produce behavioral changes in human beings in such a way that they acquire desired level of competence for present or future role. As human resource is one of the important factors of production, it requires HRD to develop competencies of individual employees through its various interventions.

According to Prof. T.V. Rao, the best known Indian HRD expert who is regarded as the Father of Indian HRD, define it as a process in which the employees of an organization are continually helped in a planned way to:

(a) Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles.

(b) Develop their general capabilities so that they may be able to discover their own inner potentialities and exploit them to full for their own and organizational development purpose, and

(c) To develop an organizational culture where superior subordinate relationships, teamwork and collaboration among different sub-units are strong and contribute to organizational wealth (or professional well-being) and motivation and pride of the employees.
On the basis of this definition, the following features of HRD may be identified as:

(i) Human resource development is a planned and systematic approach to the development of people. It is a total *system of interacting elements* designed to improve the total personality.

(ii) Human resource development is a continuous process of developing the competencies, motivation, dynamism and effectiveness of employees. It is based on the belief that there is no end to the development of an individual and learning continues throughout life.

(iii) Human resource development is an interdisciplinary concept involving confluence of ideas from many sciences like Sociology, Psychology (in terms of perception, motivation, morale, etc), Anthropology (focusing on traditions, kinship, culture conflict management, intercultural relationships, etc), Political (defining power, status, politics), Economics and Management that also contribute to HRD in their own ways. So HRD involves all management decisions and practices that direct, affect or influence the human resource in the organization.

The various key functions of Human Resource Development as defined by Rao are:

(i) Performance Appraisal

(ii) Potential Appraisal

(iii) Career Planning

(iv) Training and Employee Development

(v) Organization Development

(vi) Rewards and Recognition

In short, Human Resource Development aims at helping people to acquire competencies required to perform all their functions effectively and make their organization do well. “Any practice that deals with enhancing competencies, commitment and career building can be constituted as HR practice. Good HR practices are those that contribute to one or more of the three C’s: Competencies, Commitment and Culture. These practices need to be identified and implemented cost effectively, reviewing and revising them from time to time to enhance their effectiveness and appropriateness”*(Rao, 1999)*.
1.3.1 HRD - Meaning and Definition

Following definitions prescribed will present a review of the literature on the numerous definitions of HRD from different perspectives. Review of literature will also help to understand the meaning of HRD and its different dimensions influencing the diversified nature and scope of contemporary HRD. The study has attempted to present the various characteristics that are perceived to be the most significant dimensions of HRD.

The first definition of HRD was offered by Harbison and Myers (1964) as “the process of increasing the knowledge, the skills and the capacities of all the people in a society. In economic terms, it could be described as the accumulation of human capital and its effective investment in the development of an economy. In political terms, HRD prepares people for adult participation in the political process, particularly as citizens in a democracy. From the social and cultural points of view, the development of human resource helps people lead fuller and richer lives, less bound to tradition. In short, the processes of HRD unlock the door to modernization”. This very first definition defines HRD in relation to culture, the economy and social and political contexts rather than individuals and organizations.

Len Nadler (1969) is supposed to have introduced this concept of Human Resources Development. HRD is defined as a series of organized activities, conducted within a specified period of time, and designed to produce behavioral change. Some of the common activities he identified within HRD are training, education and development. He identified training as those activities intended to improve performance on the job, education as those activities intended to develop competencies not specific to any one job, and development is preparation to help the employee move with the organization as it develops. In a revised definition, Nadler (1984) redefined it as “organized learning experiences in a definite time period to increase the possibility of job performance and growth”.

HRD as suggested by Watkins (1991) focused on learning. Swanson (1995) focused on performance aspect at the individual, process, and organizational levels. HRD increases performance by enhancing the employee expertise and by offering sustainable competitive advantage which arises due to an organizational culture, its systems, work procedures and processes.
Sphr (1990) suggested that HRD strongly influence organization culture because HRD could offer rewards with performance to create achievement culture.

According to Mahajan (1996), “Human resource being the most vital factor of production and labour productivity and a positive, forward looking, human resource development policy is a sine-qua-non for the efficiency and effectiveness of public sector employees.

Gilley and Maycunich (2000) defined HRD as “the process of facilitating organizational learning, performance, and change through organized interventions and initiatives and management actions for enhancing an organization’s performance capacity, capability, competitive readiness, and renewal”.

Rao (2000) in ‘Future of HRD’ has defined HRD in the organizational context as Human Resource Development is the framework for helping employees and stakeholders develop their personal and organizational skills, knowledge, attitude and abilities. HRD includes various opportunities such as employee training, employee career development, performance development and management, core skill coaching, successor planning, further study assistance, experiential learning through visits and observation, mentoring to support various aspects of the professional development. The HRD aims to develop the most superior workforce with skill set mastery so that quality work can be accomplished well in time and satisfy all concerned.

Holton (2000) defined HRD as to focus on the learning versus performance perspectives. Thus learning, performance and change are three important elements that define HRD.

The following is a sample of definitions in (McLean and McLean, 2001) cited in a book by (T V Rao, 2000):

China: “A planned and organized education and learning process provided by organizations to improve employees’ knowledge and skills as well as change their job attitudes and behaviors. The process helps unleash the employees’ expertise for the purpose of enhancing the individual performance and achieving effective organizational functioning” (The China Training Center for Senior Civil Servants).
McLean observes that in China there is no difference between HR, HRD and Personnel.

**France**: HRD covers all practices that contribute to enhance the contribution of people to the organizational objectives: competence development, satisfaction to the human requirements of organization development, training, internal career paths etc. The term 'development social' is often used synonymous with HRD.

**Germany**: There is no field defined as HRD. Personnel specialists in Management Schools do some research.

**Japan**: The concept of HRD can be identified by three terms: *Noryoku kathatu* (development of individual abilities); *Jinzai keisei* (formulation of a mastery level of human resources through the work system and training), and *Jinzai ikusei* (fostering of development of human resources through management of human resource process. Individual development, career development and organization development are the three major components of HRD in Japan.

**Korea**: Most Korean staff treats it as equivalent to Training and Development. OD, CD and T&D are included some times.

**United Kingdom**: HRD is relatively a new concept which has yet to become fully established and accepted, within professional practice. Key elements include: Activities and processes which are intended to have impact on organizational and individual learning; planned interventions in individual and organizational learning; interventions that are intended to change organizational behavior; strategic, long term, cultural and organizational changes.

**Singapore**: In Singapore major public agencies describe HRD as the activities related to knowledge and skills development through organizational and community development through education, training and re-training, in a life long learning process for improving productivity at the personal, organizational and community levels.

**McLean and McLean (2001)** defined HRD from an international perspective as Human Resource Development is any process or activity that, either initially or over the longer-term, has the potential to develop adults’ work based knowledge, expertise,
productivity, and satisfaction, whether for personal or group/team gain, or for the benefit of an organization, community, nation, or, ultimately the whole humanity” (p.10).

Walton (2001) views the definition advanced by Patricia McLean of ASTD, as “the integrated use of training and development, organization development, and career development to improve individual, group and organizational effectiveness.

“Human Resource Development” comprises of the two terms “Human Resource” and “Development”. “Human Resources” can be perceived as a collection of knowledge, theories, skills, commitments, values and tendency of individuals in an organization, and “Development” is the outcome of abilities, capabilities and the energy required for carrying out current and future occupational requirements and improvements in performance (Singh and Jalan, 2001).

Yang (2004) noted, “HRD as a field of study has been viewed as being supported by three theoretical foundations of economic, psychological, and system theories”. The economic aspect of HRD is in support of organizational productivity, while the psychological foundation supports the importance of considering the emotional needs of people in organizations as potential determinants of performance. Systems theory supports the need to view organizations from a holistic perspective and to acknowledge the inter-organizational performance, economic gain, social networks and social needs of people within organizations.

Kar and Moharana (2005) stressed that performance improvement is a continuous ever evolving process of HRD that needs to be supplemented through training and retraining to improve the performance of the employees.

The above exhaustive literature reviewed HRD from Indian as well as International perspective. It brings out the various significant dimensions of HRD which will be the focus of our research. Initially, when the term HRD was conceptualized, it was conceptualized as mere ‘Training’ related to individual development only (Nadler, 1970) and that brings out the role of Training & Development. Therefore, the key characteristic for the success of any organization is its ability to learn where employee learning and their competency building is a prerequisite. The capacity of an employee is accentuated through learning and development focused cycle with the help of
organizational training. According to Nadler’s (2004) definition, Human Resource Development is more than just training and education as it includes developmental aspect also. The focus of learning is not to improve current performance only but extends to future potential also by producing desired behavioral changes. Another key purpose of HRD drawn out from this and various other definitions also is performance improvement as performance is one of the key functions of HRD (Singh and Jalan, 2001; Walton, 2001; Rao, 2000; Swanson, 1995; Kar and Moharana, 2005) that brings out the integrated role of Performance Appraisal and Management.

Performance improvements empower employees to climb career ladder and get promoted to higher positions. This brings out the importance of career planning. So provision of Training and Development (T&D) helps in developing key competencies required for career progression. Performance is used in present sense and potential in relation to future performance which leads to individual’s career progression (McLean and McLean, 2000; McLean, 1994; Walton, 2001; Holton, 2000).

Sphr (1990) focused on reward system for creating performance culture through performance linked Human Resource Policies. Thus, human resource development plays a significant role in employees’ motivation by linking performance with a system of rewards. Hence, HRD system included Individual Development, Career Development, Performance Management & Appraisal, and Rewards and Recognition which are interrelated and interdependent functions under HRD domain. Researches across the world have shown that the interdependence of these four aspects of human resource development strategies have practical consequences on performance of the employees especially in service industry. Even the HPWS i.e., High Performance Work System have included the practices; pay for performance and other incentive-based compensation plans, information sharing, rigorous performance appraisal processes, and training in both generic and company-specific skills (Datta et al., 2005; Huselid, 1995; Mitchell, 1978; Takeuchi, Chen and Lepal, 2009).

The scope of HRD construct in the present study will cover the following interrelated dimensions:-

(a) Training and Development (T&D)
(b) Performance Appraisal and Management (PAM)
(c) Career Planning (CP)
(d) Rewards and Recognition (R&R)

The study will measure the extent to which HRD policies are followed in the banking sector.

1.4 TRAINING AND DEVELOPMENT

“Nothing binds the entire workforce to the company as effectively as opportunities to be trained, especially on skills beyond their daily operations”.

Chaudhary, (2001)

Training is the component that fills the gap between recruitment and the skills required to perform on the job. Training through employee development is a joint and continuous effort on the part of an employee and the organization as well to upgrade and accentuate the employee's knowledge, skills, and abilities. Successful employee development requires a careful matching between an individual's career aspirations and the organization's need to meet the objective. Employee development programs make positive contributions to enhance and refresh the professional and technical skills as more highly-skilled workforce can accomplish more as employees gain in experience and knowledge.

1.4.1 Training and Development – Meaning and Definition

Manpower Services Commission and Abdullah (1982) defined it as a “planned process to modify attitude, knowledge or skills through learning experiences to achieve effective performance in an activity or range of activities”. Its purpose in the work situation is to develop the abilities of the individual and to satisfy the current and future needs of the organization.

Nadler and Nadler (1989) provided a definition of training and development in which training was defined as “learning provided by employers related to the present job” and development was defined as “learning for growth of the individual but not related to a specific present or future job”.

Cascio (1989) sees training as consisting of planned programs designed to improve performance at the individual, group and/or organizational levels. According to Cascio, improved performance implies that there have been measurable changes in knowledge, skills attitudes and/or social behaviour.
Wilson (1999) defined it as “the growth or realisation of a person’s ability through conscious or unconscious learning which usually includes elements of planned study and experience supported by coaching and counseling”

Thus, the above literature review indicates undisputedly that the goal of any training program is solely to enhance one's ability, capacity, capability and the resultant performance. Apart from the basic training, continuous training is required to maintain, upgrade and update skills throughout working life to improve present and future performance. Greater employee involvement, social dialogue and participation in team working might require workers to be trained to develop holistic thinking about their work process. Flexibility in work requires multi-skilling and team-working requires some form of formal training in inter-personal skills.

Training & Development programs includes basic skills, management development skills, professional skills, technical skills, supervisory skills, soft skills etc. Bratton and Gold (2007) stated that employees' training include not only basic knowledge and skill which are essential aspects of the training but also other aspects such as attitude, behavior, ethics and morality. And considering attitudes, maturity, belief, self confidence etc. are some of the challenging issues faced by the management during training and development.

| INPUT | THROUGHPUT | OUTPUT |

Employees’ Knowledge, Skills and Abilities (KSA’s) ➞ Employees’ Behavior ➞ Productivity and Performance

### 1.4.2 Basis of Training

**Need based** – It requires effective identification of the area where training is required. The T&D does not end with the imparting of the conceptual knowledge but continues till the concept is put to practical use and ends only when the trainee has developed the required skill.

Training and Development Need = Standard Performance - Actual Performance
**Cadre based** – Training activity is trainee focused and his/her level in the organizational hierarchy. That means, the trainees at that particular level can imbibe that skill through the activities undertaken. (*Aarti, 2011*)

The training investments generally vary according to different levels and the key position approach i.e., more stress need to be given to increase the performance of the 20 percent of positions that produce 80 percent of customer and shareholder value. This ratio may vary from organization to organization in a similar fashion as the individual’s approach in managing his finances for example; we do not allocate our funds equally in every shares and mutual funds and rationalize it on the basis of the expected return.

**1.4.3 System Approach to Training**

*Upadhyay and Mishra (2000)* used system approach to ensure the maximum impact of investment in training. This approach consists of four phases:

- **Phase I**  
  Training Need analysis,
- **Phase II**  
  Designing the training program,
- **Phase III**  
  Implementing the training program, and
- **Phase IV**  
  Evaluating the training program, and Action.

**Phase I: Training Need Analysis**

The training is provided in banks on the basis of KSA’s i.e., Knowledge, Skill and Attitudes. For assessing KSA’s, job analysis needs to be done (*Desimone, 2002*). An effective analysis results in three planning tools i.e., Job Competencies which are the broad statements of the factors needed to accomplish the job. Job Descriptions are the list of specific tasks, duties and responsibilities required to accomplish the goal. Job Specifications are the KSA’s necessary for successful performance of the essential job functions. This is where training need analysis comes into picture which is used to assess the employees’ training needs to improve the effectiveness of employees and thereby help the organization meet its business objectives. The root of the TNA is the identification of Knowledge, Skills and Attitudes gap analysis. KSA’s are the three criteria around which all the jobs are based. The performance deficiency is assessed by finding out the gap between the desired and the actual KSAs i.e., an assessment of the gap between the Knowledge, Skills and Attitudes that the people in the
organization currently possess and the Knowledge, Skills and Attitudes they require to meet the organization’s objectives. The problem of gap can be remedied by training. Job Competencies, Job Description and Job Specification helps in the analysis at three levels (Marianna Bodnarchuk, 2012): (i) Organizational Analysis, (ii) Task Analysis, and (iii) Person Analysis.

(i) Organizational Analysis: It is the analysis of organization’s internal and external environment, its short term and long term objectives, each and every departmental goal and the analysis of organizational culture and climate. This will identify the core areas where emphasis needs to be placed. It will identify organizational needs and will aid in bridging the gap between organization and the external world. (Arthur Jr et al., 2003)

(ii) Task Analysis: It is a process used to identify the important tasks of a job and the essential competencies an individual should possess to satisfactorily perform the job” (State of Colorado, 2002). Job analysis comprises of job description and job specification, and helps in identifying the key activities to be performed in a job. This will finally decide the content of the training programme.

(iii) Person Analysis: It is an analysis of the current capabilities of those to be trained. One size does not fit all- is the purpose of the need assessment. The various sources of information like performance appraisal records, administrative tests, interviews with supervisors help in deciding the performance gap of an individual. This gap actually answer the important questions as to who, what, why and when. Who needs the training? Why does he need training? What skills need to be imparted? When will he need the new skills? It will help in providing a productive link between employees’ need, training provision and organizational goals.

Outcome of Training Needs Assessment (TNA):
According to Joan Strohauer (2001), the increase in performance is the direct result of Training, Education and Development that helps in identification and closure of performance gaps of the employees, increased understanding of the level of technical literacy and better appreciation of the employing organization’s vision and goals. It also identifies the performance areas whose solution is not the training needs. A job performance is an outcome of so many variables and not every job performance problem has a training solution. The answer may lie in other human resource
practices, quality of work life or incentive system that may be related to employee’s motivation and not the skill gap that training can solve.

Basically, the result of HRD is identification of problematic areas to seek performance improvement solutions through training need identification or improvement in other areas.

**Phase II: Designing the Training Program**

The training programs are designed to fill the skill gap. The training program has to be aligned with business strategy.

**Donald Kirkpatrick (1959)** gave PIE to proceed with the training i.e., the training programme has to be a Practical, Interesting, and Enjoyable Program. And something that everybody understands. Practical means something that people use in their daily lives and be applicable. Interesting means it must stir our curiosity i.e., better than old way of doing the things and strong enough to get us out of our comfort zone. The last, enjoyable, means it should be fun and done with love and care. The teaching has to appeal our head, heart and hands.

This phase comprises of (i) Instructional Objectives, (ii) Trainees’ Readiness and Motivation (iii) Principles of Learning and (iv) Characteristics of Trainer.

(i) **Instructional Objectives**: It describes the skills and knowledge to be acquired. It will give details as to the content of the training program as to hard and soft skills to be acquired in specific areas and in general areas. By controlling the curriculum, the firm can focus training on specific skills that compliment its strategy. This will help in reducing the skill shortage in key positions and continuous grading of internal knowledge. Training content has to be aligned with key success factors (KSF) of the organization that will be derived from assessing the requirement and needs of the customers.

(ii) **Trainees’ Readiness and Motivation**: Two preconditions are required to be fulfilled i.e., trainees readiness and motivation. Readiness will depend upon the fact that prospective employee should have the necessary knowledge and skills to absorb what will be presented to them. Training motivation depend upon the fact that individuals are likely to receive a link between the effort they put in training and the resulting performance
reward. Prospective employee should be ready to learn, relearn and unlearn; and learn to keep on learning.

(iii) **Principles of Learning**: Success of any training program depends upon the principles of learning i.e., employee motivation, recognition of individual differences, knowledge of results, goal setting, training techniques, training methods, training aids, and location and schedule of training.

(iv) **Characteristics of Trainers**: Trainer must have the necessary training and should be capable of delivering the knowledge. He must have the authority on the subject to be taught and enthusiasm to teach. A trainer must know his stuff, he must know the pupil he intends to stuff, and he must stuff them artistically.

**Phase III: Implementing the Training Program**

The training has to be given to new employees regarding the skills needed to perform the task and regarding new skills, new ideas and principles to the existing employees. This phase consists of selection of (i) training facilities, (ii) trainer selection, (iii) training records, and (iv) scheduling of training program.

Training methods have to be decided that could be categorized as (i) On the job training (ii) Off the job training. On the job training is to meet the performance standard of the job; acquiring skills to specified standards is imperative. It includes apprenticeship training, coaching, job rotation, regional transfers, task force assignment, and action learning based program. Off the job training is resorted to imparting knowledge, information about procedures and processes. It includes lecture-cum-discussion method, case study method role playing computer based open learning.

**Phase IV: Evaluating the Training Program and Action**

The evaluation levels can be assessed through various sources like self assessment questionnaire, informal comments of the employees and interviews with managers. There has to be organized follow up which actively uses and reinforces what has been learnt.

In the present scenario, the provision of training is more of a rule or tradition in many of the organizations. Training is no longer the issue but rather the development of
appropriate skills versus inappropriate skills. It needs to pinpoint the problematic areas to ensure the success of training program.

1.4.4 Training Evaluation Models

Review of the literature has indicated the following models and approaches which are frequently mentioned:

First, that traditional training evaluation approach by (Kirkpatrick 1995; Warr et al., 1970) introduced a four level framework for assessing effectiveness where evaluation begins with level one, and then, as per time and budget, move through subsequent levels. The levels are:

1 - Reactions: Measures how participants have reacted to the training.
2 - Learning: Measures what participants have learnt from training?
3 - Behavior: Measures whether what was learnt is being applied on the job.
4 - Results: Measures whether the application of training is achieving results.

An evaluation at each level answers whether a fundamental requirement of the training program was met. All levels of evaluation are important. In fact, the Kirkpatrick model explains the importance of performing training evaluations at each level. Each level renders a diagnostic checkpoint for problems at the succeeding level. So, if participants did not learn (Level 2), participant reactions gathered at Level 1 (Reaction) will reveal the barriers to learning. Now moving up to the next level, if participants did not use the skills once back in the workplace (Level 3), perhaps they did not learn the required skills in the first place (Level 2).

A second approach is introduced by Kraiger et al (1993) and is based on psychological theory. It has suggested multi-dimensional categorization within each level of the Four-Level Evaluation. The theory has proposed a classification scheme for individual learning outcomes (cognitive, skill-based or affective) based on psychological theory. Kraiger et al (1993) questioned whether the Four-level Evaluation Model differentiates between skills and facts, since the model measures them with the same assessment tools. This is problematic, as skills represent the “how” of knowledge, whereas facts reflect the “what” of knowledge. Knowing a fact does not always mean that the person has the skills to demonstrate it. Therefore, different types of assessments are required to measure different types of knowledge.
This study applied the **Revised Bloom’s Taxonomy** to create subcategories in the level 2 learning of the Four-level Evaluation Model. The four subcategories were remember-procedural, understand-procedural, apply-procedural, and evaluate-procedural. As compared to the original Four-level Evaluation Model, which does not have subcategories within the learning criterion, there are benefits to applying the Revised Bloom’s Taxonomy to categorize learning outcomes. This approach only focuses on learning outcomes, but it needs to be incorporated into the wider frameworks offered by **Kirkpatrick (1995) and Warr et al (1970)**.

A third approach is introduced by **(Benson et al., 2004; Maurer et al., 2002)** has suggested employee development outcomes from different types of learning and development activities. The findings indicates that such activities can lead to changes in a variety of areas such as changing employees’ status, relationship to colleagues or even health (**contextual aspect of job**). This requires a broader perspective on types of outcomes beyond individual learning of knowledge and skills, work behavior and organizational performance which is therefore needed if training and development effectiveness is to be accurately assessed.

A fourth approach is introduced by **Kamal Birdi (2010)** who has suggested TOTADO model of training evaluation. TOTADO has integrated previous evaluation approaches to describe the diverse range of outcomes experienced from participation in both training and other development activities. The previous researches have stressed upon individual level outcomes though they have mentioned the impact of development activities at differing level. Kirkpatrick’s model of evaluation has considered the individual level analysis at different Levels from 1 to 3. **Kraiger et al (1993)** considers solely individual level learning outcomes; and employee development literatures have assessed the impact of training and development activities on other participants. The other level of outcomes has been given equal importance by measuring the outcomes at four basic levels: individual, team (or work group), organizational and societal.

So, nobody can deny the importance of training to any economic unit. Organizations need to spend on comprehensive, need based, systematic, and continuous training which is linked closely to the objectives of the organization. This study is designed to investigate the Training and Development Practice of the selected banks, the
knowledge workers satisfaction with Training and Development Practice of their bank, behavioral outcome of training and its link to other HRD practices.

In the 21st Century, the importance of learning and how the lack of learning skills will denote illiteracy is defined as:

"The illiterate of the 21st century will not be those who cannot read and write but those who cannot learn, unlearn and relearn." (Toffler- Author of Future Shock and Third Wave).

1.5 PERFORMANCE APPRAISAL AND MANAGEMENT

“Appraisals are an excellent opportunity to reinforce the solid performers and redirect the poor ones.” Rebecca Knight, (2011)

Evolution of Performance Appraisal

The evolution of performance appraisal can be traced back to the reign of second Caliph of Islam, Hazrat Umar (634- 644 A.D /13-23 AH). Hazrat Umar laid the foundations of many state institutions and enunciated several administrative laws that are being followed and adopted by many nations of the world till today as a role model of true administration. Hazrat Umar, before appointing an officer for any duty, would thoroughly investigate his potentials and capabilities for the assignment. Prime importance would be given to the honesty and integrity of the officer/ official. But, when an officer of any status, was found to have demonstrated any kind of negligence or dereliction from his duty, or if his unsuitability for the job in question would come to light, no expediency could prevent his removal from the post. Only men of sterling character, honesty and integrity were to be chosen for this responsible job.

Systematic performance appraisal techniques came into prominence during and immediately after the World War I in USA. The New York City Civil Service introduced a formal evaluation program for evaluating the performance of US Military Officers. During the 1920’s & 1930’s, industrial concerns began installing rational wage structures for their hourly employees. They established the policy that all grade wage increases would be based upon merit. The early employee appraisal plans were called merit-rating programs. Most of the merit rating plans from 1920 to the mid1940s were of the rating scale type with factors, degrees and points. During 1950s, great interest developed in the performance appraisal of technical, professional
and managerial personnel. It was recognized that appraisal, on systematic basis, was an integral part of a well-designed development programs. With the passage of time, interest in the rating of hourly paid workers has somewhat declined. Accompanying this change in emphasis has been a change in terminology. The newer terms “Employee Appraisal” & “Performance Appraisal” have the connotation of emphasis upon development of the individual (as cited in Ayaz Khan, 2000). Performance appraisal is one of the most important human resource (HR) practices (Ferris, 1993).

In the recent years, Appraisal scope has been widened to include other Human Resource practices and a more integrated approach has come to the fore. This practice is popularly called Appraisal and Performance Management/ Performance Appraisal and Management. The term ‘Appraisal and Performance Management’ breaks these down in terms of the nature of appraisal and the context in which it operates. The effectiveness of any HRM practice is dependent on its relationship with other HRM practices; they cannot be used as stand-alone practices (Truss, 2001). Expectations sharing, discussion on critical matters and reviewing is the most important part of performance management (Mehdi, 2008). As performance comes from people, performance management system focuses on the way of improving the performance of individuals through performance appraisal and development planning, and integrating it with Career planning.

1.5.1 Performance Appraisal – Meaning and Definition
Performance appraisal is the corner stone of an effective HRD system as it provides valuable information to make important departmental decisions. It aims at improving the performance of an individual by identifying the barriers to performance. It should not put the management and the individuals on different sides with blame game becoming its main objective. This will help to implement effectively the appraisal.

Performance appraisal system is meant to serve different functions like identifying present needs, potential for performance, employee feedback, assessing training needs, and allocation of rewards, career progression etc. The basic objective is to use it for administrative decisions and some objectives are meant for the development of employees and (Cumming and Schwab, 1973).
Performance appraisal has been defined as the process of identifying, evaluating and developing the work performance of employees in the organization, so that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance (Lansbury, 1988).

An effective performance appraisal system will not only evaluate employees’ abilities, but also opportunities or those elements in the work system that contribute to employees’ performance (Organ & Ryan, 1995).

Performance appraisal system is an evaluation process where quantitative scores are often assigned based on the judged level of the employees’ job performance on the dimensions or criteria used, and the scores are shared with the employee being evaluated (Angelo S. DeNisi and Robert D. Pritchard, 2006).

So, performance appraisal can be defined as the periodic evaluation of an employees’ performance measured against the job’s stated or presumed requirements. For performance appraisal to be effective, employees of the organization should be aware of what is expected of them, and the criteria by which their performance and results will be measured (Maund, 2001). This data can also be used for making sound administrative and business decisions to direct the business towards its stated objective and helps in identifying areas of strength and weakness.

“If we don't measure knowledge work, why do you think there's a room to improve knowledge worker productivity and performance?” (Davenport, 1998).

For assessing employee productivity, the importance of self appraisal cannot be undermined. Knowledge worker must assess their own productivity apart from the formal appraisal done by supervisor, otherwise knowledge worker will feel alienated, dissatisfied and non achieving (Drucker, 1985). Bandura (1977) stated that “self appraisal of performance set the occasion for self - produced consequences”. This signifies the importance of self-appraisal in the appraisal system.

Feedback communication is another area that needs considerable attention to make appraisal effective. Feedback could be secretive or open and trends of feedback may differ from sector to sector where either no feedback or negative feedback are loathed or leaves a negative psychological reaction. The role of instructive, open and
supportive feedback cannot be undermined here. Organizations need to examine their feedback for clues indicating poor job satisfaction. Feedback in the form of exit interview will help in evaluating the justification for ending of the employer employee relationship. This will aid in ensuring employee commitment and credibility of the organisation. Feedback is also found to be an important link in job performance and satisfaction (Ibid).

Organisations must design appraisal linked reward system to increase the acceptance of the appraisal process and to translate employee knowledge into improved productivity and superior quality (Bannister & Balkin, 1990). Reward issues need to be discussed at the time of appraising the performance to increase the effectiveness of managerial employees.

Appraisal rating must ensure meritocracy and objectivity, reliability and transparency. Recency Error (Rosa, Cintrón) could also cloud the rating as most recent ratings are taken into account rather than longer evaluation period. An employee’s entire year’s good performance can have a reverse impact by a single fault-finding event occurring recently just before the performance evaluation is completed. On the contrary, a mediocre performance over the course of a year can be overshadowed by one very recent success.

Investors in People, UK, (2001) gave different measures that are popular amongst specific industry sectors. In manufacturing sector, it is the quality of goods produced that is common within the manufacturing sector. Sales targets are popular with hotels and restaurants, wholesale, retail & utilities; timesheets are used in the transport sector and performance review are most popular within the hotels and restaurants sector, services sector and financial services.

1.5.2 Methods of Performance Appraisal

1) Job Results or Outcome
2) Essay Method
3) Ranking
4) Forced Distribution
5) Graphic Rating Scale
6) Behavioral Checklist
The most commonly used appraisal methods are Rating Scales method and MBO.

1.5.3 Link to Performance Improvement

The information related to employees’ performance can lead to HRD activities. The primary purpose of appraisal is basically for carrying out administrative decisions like: promotions, firing, lay-offs and pay increases. For example, the present job performance of an employee is the main consideration for taking decisions like whether or not to promote the person or give him an increase in salary or not. The criteria used for appraising the employees actually reveal the strategy of the organization. The other important purpose for which HRD exists is improvement in the on the job performance of the person (Swanson, 1996). For example: a person with low rating is put on a continuous cycle of training provision, setting performance goals, assessment of performance and then setting and resetting new and higher goals (Khan, 2001). Research has reported that linkage of performance appraisal with other HRD processes of Rewards, Advancement in Career and Training makes it more acceptable to appraisee and increase their motivation to perform (Mohram et al, 1989). It suggests the following course of action to be followed:

a) Assessment of current performance - Where are we now?

b) Identify performance gaps - Improving performance by identifying deficit areas and creating training provision.

c) Where do we want to be? This requires the evaluator and the person being evaluated to mutually agree on the areas that can and should be improved. Performance improvement plan is required at this step. The appraiser and appraisee must consent to the specific steps to be taken. These steps include training the employee so as to improve his or her deficiencies and weaknesses for improving performance.

d) Managing and setting career ladder

e) Setting levels of rewards – Performance appraisal data can determine employee rewards as performance is linked to rewards so as to reward good performers and encourage poor performers.
f) Performance reporting for productivity and efficiency of human resource has informational content for other human resource management functions as well. Performance appraisal data act as a predictor in the human resource planning, recruitment and selection processes.

1.5.4 Performance Management

Performance management is a process that enables employees to perform their best roles to the best of their ability with the aim of achieving targets or exceeding standards that are directly linked with organizational objectives (Costello, 1994). The performance plans shoot from organizational objectives, broken into departmental and individual goals and then continuously measured, monitored at each stage and linked with development activities such as – on the job training, coaching, mentoring, career counseling, management development plans to fill the performance gaps. These development activities are interrelated as the effectiveness of a training program can be enhanced when combined with appraisals. Continuous learning climate becomes imperative to attain organizational objectives. This effort should not be considered as capital investment on human resource but as an investment and plans to increase productivity through people. The policies of the organization need to be employee pro and the involvement of the employee is the foremost condition to reach at jointly agreed goals and objectives.

A performance management process is the one that links employee satisfaction, productivity, performance and customer satisfaction, and enables leaders, teams and employees to perform more effectively.

Philosophy of Performance Management System

1. Ensure transparency, objectivity & credibility to the process.
2. Reward system to be linked to performance measurements. Performance management also plays a key role in the reward system. According to Wilson (1994), the process of performance management is one among the key elements of total reward system.
3. Performance measurement systems should be positive and remedial one and not punitive and destructive (Baron, 1988).
4. Support employees by providing timely, open and consistent results and progress toward program commitments. Continuous feedback about skill
framework helps them to fulfill their roles and do a better job when they know their efforts are being evaluated.

5. It must take both qualitative and quantitative aspects into account. Quantitative targets are purely targets or performance based. The actual performance is measured against the standard ones. The qualitative targets actually verify the authenticity and accuracy aspects. It includes operational accuracy, complaints and deviation free, competency skills (includes Leadership qualities, Teamwork, Behavior towards others, Communication skills, Time management, Crisis management and so on).

6. Relate career prospects on the performance of the job (Bhattacharyya, 2009).

1.5.5 Performance Appraisal and Satisfaction
Satisfaction with HR practices is essential for their successful implementation. Employee satisfaction is interpreted in various different aspects and dimensions in appraisal. Integrated Performance Management Systems (IPMS) (Kurt Vurwie, et,al, 2004) comes with its own challenge i.e. satisfaction with appraisal. As lack of employee satisfaction with performance appraisal can adversely affect employees’ relationship with their seniors. Only after employers implement complex appraisal programs, they realize the hurdles associated with it because of “fear and loathing (Thomas and Bretz, 1994) or negative psychological responses (Drenth, 1984). It requires the skill and sensitivity to handle difficult situation and should rather aim at improving the performance. It should also assist in building mutual trust and confidence between management and individuals by identifying the barriers to performance in the areas identified in performance appraisal. This will definitely help in eliminating the fear of appraisal (Derven, 1990). Appraisal system needs to support employees to get back to their seniors whenever they are confronted with job related problems rather than blame game and faulty assumptions becoming its main objective. To promote employees satisfaction with appraisal, employers can also conduct survey method, employee feedback and supervisor review, informal and regular discussion with employees to define the existence of the problems and the solution that exist within both job satisfaction and performance appraisals. For ensuring satisfaction, integrated approach in performance management needs to be followed. Higher levels of employee satisfaction contribute to their higher productivity and better performance (Miljaksic, 2012). All the above issues are considered within the scope of human resource development (HRD) function. The Human Relations School (1930-mid 1950s) made the assumption that if employees
were happy and satisfied, they would naturally work harder and thus increase their productivity (Maund, 2001). Because of this premise, the movement encouraged a wider appreciation of the importance of worker participation within the organization—not least with their own Employee Development and Career Progression (Sterlington, 2009).

1.5.6 Appraisal System Used in Banks

As the study is conducted in banks, so it becomes important to know the general appraisal system used in such organisations.

Source: Training Booklet of ICICI Bank

**Fig. 1:** Appraisal system used in banks

As Expectations sharing, discussion on critical matters and reviewing is the most important part of performance management (Maund, 2001, Mehdii, 2008), so the following issues are addressed in the present research work under the practice ‘Performance Appraisal and Management’. The issues are: Whether appraisal facilitates effective communication and sharing between superior and subordinate managers and provides clarity on four main components; clarity of targets, the criteria for adjudging the achievements, transparency in rating, the feedback mechanism on target setting and achievements. The study has also analyzed its linkage with other HRD practices and the level of employee satisfaction with the process.
1.6 CAREER PLANNING

Although a professional degree might prepare students for their first job, they will need to gain knowledge and skills through education and experience as they progress through their career. The term career has a number of meanings in its popular usage; it can mean advancement in a profession or sequence of jobs throughout one’s employable years. A basic assumption of the role of human resource management is that the employer has an obligation to utilize its employee’s abilities to the fullest and to give all employees a chance to grow and to realize their full potential and to develop successful careers.

1.6.1 Career Planning – Meaning and Definition

A career is a sequence of positions occupied by a person during the course of a lifetime. It is a sequence of separate but related work activities that provides continuity, order and meaning to a person’s life, which is shaped by many factors, including heredity, culture, parents, age level and actual experiences in one or more organizations. Therefore, any work, paid or unpaid, pursued over an extended period, can constitute a career. Employees’ career planning needs to be carried out systematically and regularly, as it provides valuable information regarding the current and potential utilization of human resources and is an important input to human resource planning process. Career development issues are often a priority to knowledge workers. Research conducted across the globe indicate that the career planning process is designed to help individuals examine their careers; evaluate their training and educational needs; and develop some specific action plans to maintain, enhance, and reevaluate the relevance of their professional and managerial skills in a work environment that values rapid change and adaptation. At different stages of their careers, employees need different kinds of training and different kinds of development experiences (Peters, 2006).

The term “career” refers to devotion of an employee to a job or especially in an organization throughout one’s employable years whereas, “career planning” refers to the planning on the part of organization to make best use of the capabilities of an employee. The term career has a number of meanings in its popular usage; it can mean advancement in a profession or sequence of jobs throughout one’s employable years. A basic assumption of the role of human resource management is that the
employer has an obligation to utilize its employee’s abilities to the fullest and to give all employees a chance to grow and to realize their full potential and to develop successful careers. Career Planning involves matching an individual’s career aspirations with the opportunities available in the organization. Career Planning offers a set of tools and techniques of productive resolution of this conflict between the individual and the organization. Career Planning is a good management technique for promoting organizational growth and development and effective utilization of human resources. Planning the careers for lifetime may not be feasible due to rapid changes in business environment but for a period of five to ten years, it is possible. Career Planning essentially means helping the employees plan his career in terms of his capabilities within the context of organizational needs.

Hall and Associates (1986) define career development as the outcomes emanating from the interaction of individual career planning and institutional career management processes. Career development as an HR intervention program is not about promoting linear career progression upwards through a layered hierarchy of increasing responsibilities, financial rewards and more time spent at work. It is about increasing employability that broadens the range of potential job roles open to the individual and extends the value of their staying with this employer.

Gutteridge (1986) agrees that career management involves specific HR activities, such as job rotation, potential appraisal, career counseling, and training and education designed to help match employee interests and capabilities with organizational opportunities.

Developmental behavior and activities (e.g. attending courses, reading journals, or initiating new projects) are designed to enhance personal and professional growth (London, 1989).

According to McDaniels and Gysbers (1992) career development is the total constellation of psychological, sociological, educational, physical, economic, and chance factors that combine to shape the career of any given individual over the life span.

Baruch (1996) defined it as “a comprehensive approach to all activities and techniques facilitated by the organization which are concerned with the career
development of its employees. Lee (2000) claims that employees’ job satisfaction, organizational commitment, and morale levels are important in appropriate career decision frameworks. Career development has often been reported as an organisational initiative whereby organizations set up mechanisms, processes, structures, and systems to foster career development initiatives among individuals (McDaniels and Gysbers 1992; Herr 2001).

Greenhaus, Callanan and Godshalk (2000) suggests that career development is an ongoing process by which individuals progress through a series of stages, each of which is characterized by a relatively unique set of issues, themes, and tasks.

According to Mansfield (2001) “Career Development is a process in which personnel experience, concept and publicly observable aspect of career interact to precipitate each successive stage of occupational statuses”.

An effective career management practices will help promote employee insight, goal and strategy development and gather appropriate feedback and assist employees in using and developing skills and knowledge that will benefit the organization and the growth and self esteem of its employees (Greenhaus et al., 2000; Martin et al., 2001).

Further, in the words of Schuler (2002) “It is an activity to identify the individual needs, abilities, and goals and the organization’s job demands and job rewards and then through well designed program of career development matching abilities with demands and rewards”. From an individual perspective it focuses on assisting individuals to identify their major career goals and to determine what they need to do for achieving these goals. Here the focus of career planning is totally on the individual and includes his career inside and outside the organization.

Promotion policy as defined in survey by Bossaer (2003) asserted that a promotion policy based on qualifications and the principle of merit with clear career opportunities and the prospect of accessing higher positions with greater responsibility is a prerequisite for an attractive career development system. He enlisted Key instruments for ensuring attractive career development such as: - Promotion policy, Mobility policy, and Career paths.
A well designed career development system enables an organisation to tap their wealth of in-house talent for staffing and promotion by matching the skills, experience, and aspirations of individuals. In addition, it enables them to make informed decisions around compensation and succession planning to attract, retain and motivate the employees, resulting in a more engaged and productive workforce (Kaye 2005).

1.6.2 Career Planning Linkage to Training

To maximize the effectiveness of training and development, organizations must constantly assess their employees present and future training needs to identify their differential needs for taking their next position in their career curve (Gutteridge, 1986). Career Planning needs to shift its focus from administrative responsibilities to more managerial side and the respective training of the employees. For this, the manager should have an understanding of the employee's personal goals and aspirations, and help them towards achieving them, either through training, coaching or providing them with hands-on experience on projects and task. The technical, professional, managerial, and interpersonal skills to successfully perform and succeed in this rapidly changing work environment are achieved through training and development programs. There is a very real and immediate threat that many of the professional skills that we have learned yesterday and today will become obsolete in the future. The career planning process is meant to re-evaluate the relevance of their professional and managerial skills in an ever changing work environment for rapid adaptation.

The present study is designed to investigate the present promotion policy of selected banks, the organizational efforts towards Career planning, and the mobility policy. The study has also analyzed the existence of its linkage with other HRD practices and the level of employee satisfaction with the process, in public and private sector banks.

1.7 REWARDS AND RECOGNITION

Motivation directs the behavior of the knowledge worker at work place as it is very important part of behavior besides attitude. According to Baron (1983: 123), motivation is an accumulation of different processes which influence and direct our behaviour to achieve some specific goal. Motivation can be connected to organisational performance (Purcell et al., 2003) and is especially crucial for
knowledge workers. Pay is money, compensation, reward, incentive and recognition. Incremental Pay or performance contingent pay is potentially strongly linked to motivation. There are a range of systems that have been used to link pay to performance in an effort to motivate employees, notably individual performance-related pay, group performance-related pay and forms of financial benefits. The performance based rewards in the shape of promotion; training and career focus may combine to help motivate our employees. In this study, only performance contingent rewards, recognitions and pay increments are taken into consideration so as to analyze the relation of these motivational factors with performance. Overall increments are determined on the basis of individual and group performance as well. As per the literature, incentive based reward system act as a bonus for employees that motivate the employees in directing their behavior at work place. This situation reminds me of the old adage —you get what you pay for. Salary is not a motivator for employees, but yes increment certainly is. Human capital is the most valuable asset of any organization. By creating a comprehensive appraisal process in alignment with good reward plan will ensure that organization keep to the best employees. These rewards need to be merit based and hence required to be appraised and linked to performance appraisal. Performance appraisal, if found exceptionally good or fairly good, means that the rewards are subsequently linked to it. Negative appraisal puts the employee back on training track.

Rewards can be:-

(i) Financial rewards
(ii) Non-Financial rewards

Money is not the only motivator. There are other incentives which can also serve as strong motivators. The top five non-monetary rewards and recognition motivating techniques according to Boswell, Wichita State University study is:

- Personally congratulating employees who do a good job;
- Writing personal notes about good performance;
- Using performance as the basis for promotion;
- Publicly recognizing employees for good performance; and
- Holding morale-building meetings to celebrate successes;
- Peer initiated recognition
Motivation can also be categorized as extrinsic and intrinsic, which can affect the job satisfaction of the employee. Intrinsic motivation factors are “inward,” “belonging to or lying within a given part” Extrinsic factors are “outside a thing, outward or external”; (Webster’s New Universal Unabridged Dictionary, 1994). There is also the third type of reward as suggested by William et al. (2009). According to him, the three main types that individuals seek from their organization i.e., extrinsic, intrinsic and social rewards. Extrinsic rewards are the physical benefits provided by the organization that are external to the task such as pay, bonus, fringe benefits and career development opportunities. Intrinsic rewards refer to the rewards that come from the content of the job itself (inherent in the job), and encompass motivational characteristics of the job such as autonomy, role clarity and training (Hackman and Oldham, 1976). Social rewards arise from the interaction with other people on the job and may include having supportive relationships with supervisor and co-workers. Deeply, all motivations depend on a fair interaction between external and internal factors—an extrinsic factor like pay will affect behavior only if individuals have some internal desire for it; an intrinsic factor like “doing something worthwhile” will affect behavior only if there is something in the external environment that individuals consider worthwhile.

1.7.1 Linking Rewards with Job Satisfaction

The literature proposes that there is a direct link between the reward system and job satisfaction of the employees.

Csikszentmihalyi (1990) posits a view that the state of satisfaction and happiness is achieved by the employees only when they maximally put their abilities in performing the activities and functions at work. In this way motivated employees are retained with the organizations thus reducing extra costs of hiring.

Luthans (1998) argues that motivation through effective reward system helps in stimulating people, which in turn makes workers more satisfied with their jobs. Absence of motivation cannot result in job satisfaction.

When employees engage in the activities just for their own sake, then they will feel intrinsic motivation (psychological motivation) as their activities will essentially be enjoyable and satisfactory (Vansteenkiste, 2005; 22).
1.7.2 Linking Rewards & Recognition with Performance Management

There is a direct link between employee achievements, the reward system and performance management. **Freedman (1978)** is of the view that when effective rewards and recognition are implemented within an organization, favourable working environment is produced which motivates employees to excel in their performance. Recognition also plays its role as the feelings of value and appreciation boosts up morale of employee which ultimately increases productivity of organizations.

**Baron (1983)** argued that when we recognize and acknowledge the employees in terms of their identification and working capacity, their performance outcome is very high. In today’s dynamic environment the highly motivated employees serve as a synergy for accomplishment of company's goals, business plans, high efficiency, growth and performance. The study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. Fair chances of promotion according to employee’s ability and skills make employee more loyal to their work and become a source of pertinent workability for the employee.

**Entwistle (1987)** is of the view that if an employee performs successfully, it leads to organizational rewards as motivational factor of employees lies in their performance.

**Deeprose (1994)** argued that the motivation of employees and their productivity can be enhanced through providing them effective recognition which ultimately results in improved performance of organizations.

According to **Wilson (1994)**, the process of performance management is one among the key elements of total reward system.

**La Motta (1995)** suggest that Job performance is the result of ability and motivation. Ability formulated through education, equipment, training, experience, ease in task and two types of capacities *i.e.* mental and physical. The performance evaluation and rewards are the factors that proved to be the bonding agents of the performance evaluation programs.

**Flynn (1998)** argued that rewards and recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. The basic purpose of recognition and reward program is
to define a pay system and communicate it to the employees so that they can link their reward to performance which ultimately leads to employee’s job satisfaction.

Oosthuizen (2001) asserts that it is among the function of managers to motivate the employees successfully and influence their behaviour to achieve greater organizational efficiency. Lawler (2003) argued that prosperity and survival of the organization is determined through their human resources and how they are treated, as most of organizations have gained the immense progress by fully complying with their business strategy through a well balanced reward and recognition programs for employee.

Bull (2005) posits a view that when employees experience success in mentally challenging occupations which allows them to exercise their skills and abilities, they experience greater levels of job satisfaction. Improving performance is about changing behavior and developing a culture that habitually practices the desired behavior. Reward and Recognition is an important and valuable tool for establishing that culture.

So, supportive HR practices are linked to organizational performance (Combs et al., 2006; Delery & Doty, 1996). The perception of the employees about HR practices initially affects their attitudes and behavior subsequently organizational outcomes are influenced (Dyer & Reeves, 1995; Bull, 2005). Nishii and Wright (2008) state that employees’ perceptions of HR practices are responsible for the way employees behave and thus HR practices precede their behaviour and performance. As behavior of the employees is the most proximal outcome of HRD practices prevalent in the organization, so behaviours leading to attainment of organisational goals have also been measured by incorporating questions covering behavioural aspect of performance in the HRD questionnaire itself, through data on five-point Likert scale.

1.8 EMPLOYEE JOB PERFORMANCE

After defining the HRD and its various dimensions, the definition of HRD uncovers the relationship between HRD and Performance i.e., Performance is the outcome of HRD. The scope of the study requires studying the construct of performance for evaluating the HRD contribution towards employees’ performance. The performance will be investigated from the standpoint of employees’ level of satisfaction on the
job. The various studies have provided support for the potential role of attitudes as a mediator in the HPWS (High Performance Work System) and Performance relationship. Countless research studies have investigated the factors affecting the employee performance where employee job satisfaction is found to be the most essential ingredient of the productive organizational set up (Wang, He, and Zeng, 2001; Nishi, et al., 2008). Job satisfaction is found to be a powerful indicator of job performance and that will be proved in theoretical conceptualization in the literature, reviewed by the researcher.

So, for measuring the performance, job satisfaction has been used as it has a performance Index and is found to be the most essential ingredient of the employee’s productivity.

1.8.1 Job Satisfaction

Job satisfaction refers to how well people like their jobs, or more formally, an emotional state emerging from a cognitive appraisal of job experiences (Fritzche & Parrish, 2005). Most definitions of job satisfaction focus on its affective component, although most measures of the construct place a greater emphasis on the cognitive aspects of the construct (Fisher, 2000).

1.8.1.1 Job Satisfaction- Meaning and Definition

It is the degree to which the employee experience the job as meaningful, valuable, and worthwhile (Hackman & Oldham, 1975: 162).

Locke (1976) defined it as a pleasurable and positive emotional state resulting from the appraisal of one’s job or job experience. It is defined by Greenberg (1979) as a person’s positive or negative feelings about their jobs.

Job satisfaction represents a combination of positive or negative feelings that workers have towards their work. When a worker is employed in a business organization, he brings with him the needs, desires and experiences which determine the expectations that he has dismissed. Job satisfaction represents the extent to which expectations of individual are matched with the real awards. Job satisfaction is closely linked to individual's behaviour in the work place (Davis et al., 1985).
Job satisfaction, according to McCormick and Ilgen (1985), is an association of attitudes held by an organization’s members. The way each employee responds towards their work is an indication of the commitment towards their employers.

Job satisfaction as defined by Ivancevich (2002) is an attitude that individuals have about their jobs and it is believed to be a result of the perception of individuals of their jobs.

Job satisfaction can be defined also as the extent to which a worker is content with the rewards he or she gets out of his or her job, particularly in terms of intrinsic motivation (Statt, 2004).

Job satisfaction is conceptualised as a general attitude toward an object or the job (Okpara, 2006).

1.8.1.2 Linking Job Satisfaction to Productivity

Job satisfaction is a worker's sense of achievement and success on the job. It is generally perceived to be directly linked to productivity as well as to personal well-being. Job satisfaction implies doing a job one enjoys, doing it well and being rewarded for one’s efforts. Job satisfaction further implies enthusiasm and happiness with one’s work. Job satisfaction is the key ingredient that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfillment (Kaliski, 2007). Spector (1997) explains how it helps in boosting employees’ performance by listing three important features of job satisfaction. First, organizations should be guided by human values. Such organizations will be oriented towards treating workers fairly and with respect. In such cases the assessment of job satisfaction may serve as a good indicator of employee effectiveness. High levels of job satisfaction may be sign of a good emotional and mental state of employees. Second, the behaviour of workers depending on their level of job satisfaction will affect the functioning and activities of the organization's business. So, it can be concluded that job satisfaction results in positive behaviour and vice versa, dissatisfaction from the work will result in negative behaviour of employees. Third, job satisfaction may serve as indicators of organizational activities. Through job satisfaction evaluation, different levels of satisfaction can serve as a good indicator to boost performance. Many studies have demonstrated an unusual large impact of the
job satisfaction on the motivation of workers, while the level of motivation has an impact on productivity, and hence on performance of business organizations. So, the instilling of job satisfaction within employees is one of the most important tasks of management (Tietjen and Myers, 1998).

1.8.1.3 Factors Affecting Job Satisfaction

Job satisfaction comes from various facets of work environment as follows:

- **Pay** – Monetary rewards play a very influential role in determining job satisfaction to satisfy one’s needs. Pay is one of the fundamental components of job satisfaction since it has a powerful effect in determining job satisfaction. Judge et al (2010) in a study used meta-analysis to estimate the population correlation between pay level and measures of pay and job satisfaction. This study provided the first meta-analytic evidence on the relationship of pay to job and job satisfaction. The results suggested that within studies, level of pay bears a positive, but quite modest relationship to job and pay satisfaction.

- **Work Itself** – Wegge et al., (2006) found that objective working conditions substantially correlated with subjective measures of work motivation.

- **Promotion** – Robbins (1989) maintains that employees seek promotion policies and practices that they perceive to be fair and unambiguous and in line with their expectations. Research indicates that employees who perceive that promotion decisions are made in a fair and just manner are most likely to experience job satisfaction. As compared to recognition, and achievement the degree of promotion has a stronger impact on job satisfaction (Locke, 1976).

- **Autonomy** - The satisfaction in work situation area constitutes as the most important component of job satisfaction that includes Job challenge, autonomy variety and scope (Fried and Ferris, 1987).

- **Relationship with Supervisors** - Effective managers know their employees need recognition and praise for their efforts and accomplishments. Employees also expect the motivation of supervisor to advance in their career. And the
supervisor’s concerns and efforts to enhance their ability to perform their assigned tasks effectively (Cranny et al., 1992).

- **Work Environment** - Work environment plays a vital role since it influences job satisfaction, as employees are concerned with a comfortable physical work environment that will ultimately render a more positive level of job satisfaction (Robbins, 2001). As employees spend so much time in their work environment each week, it’s important for companies to try to optimize working conditions. Such things as providing spacious work areas rather than cramped ones, adequate lighting and comfortable work stations contribute to favorable work condition.

1.8.1.4 Resultant Effects of Job Satisfaction

- **Organization Citizenship Behavior (OCB)** – According to Organ (1988), the definition of organizational citizenship behavior is individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate, promotes the effective functioning of the organization. Positive correlation between OCB and Job Satisfaction was seen (Organ, 1988; Organ and Ryan, 1995) which was seen to be the leading predictor of Organizational Citizenship Behavior. Smith (1983) found job satisfaction, as the best predictor of organizational citizenship behavior. Satisfaction creates confidence, loyalty and ultimately improved quality and employee citizenship behavior (Nishii et al., 2008).

- **Absenteeism** – Beverly (2005) study found a statistically significant relationship between job satisfaction and absenteeism. Absence is a phenomenon that can reduce an organisation’s effectiveness. Theories of absence hypothesise that job satisfaction plays a critical role in an employee’s decision to be absent (Spector, 1997).

- **Turnover** – Job satisfaction affects the decision of a person of staying in or leaving the organization. Aydogdu, (2011) in an empirical study of the relationship among job satisfaction, organizational commitment and turnover intention in Istanbul, Turkey investigated these variables to determine their statistically significant relationship. According to the study conducted,
organizational commitment and job satisfaction are important aspects of organizational effectiveness, productivity and job performance. Turnover intention has a significant and negative relationship with job satisfaction and organizational commitment. High satisfaction results in highly motivated, innovative, productive human resource, and it is obvious that high job satisfaction and organizational commitment will avoid turnover intention and actual turnover. And reversely absence of job satisfaction results in person leaving a job (Alexander, Litchtenstein, Hellmann, Jamal, Levinson and Moser, 1997).

- **Productivity** – Spector (1985) suggested that job satisfaction is an important motivator for employee’s performance and lead to miscellaneous behaviours that arise from motivation. Kottawatta, (2011) investigated three attitudinal variables i.e., job satisfaction, organizational commitment and job involvement and their effect on job performance of executive and non-executive employees in apparel industry in Sri Lanka. The findings of the study revealed that job satisfaction, organizational commitment, and job involvement were positively and strongly correlated with job performance of executive employees while job satisfaction was positively and strongly correlated with job performance of non-executive employees in this sector. Organizational commitment and job involvement were positively correlated with job performance of non-executive employees in this sector. A strong and positive significant relationship exists between job satisfaction and job performance in both categories of employees. Arham Abdullah et al., (2011) investigated job satisfaction and performance of employees and found that there is a positive relationship between the overall job satisfaction and job performance in small and medium sized firms.

- **Customer Satisfaction** – Hasan (2011) examined the relationship between employee performance recognition techniques and customer satisfaction(resulting in organisational performance and hence employee’s performance) in restaurants where employers are putting more time, money and efforts to satisfy their employees knowing that external customers can be satisfied only when their own internal employees are satisfied.
• **Cost Reduction** – Smith (1992) stated that job satisfaction can lead to cost reduction by reducing absences, task errors, and employee turnover.

• **Quality**- According to Seashore (1975), it is the individual’s own personal satisfaction or dissatisfaction that defines the quality of his or her own work rather than any objective criterion.

1.9 **CONCLUSION**

This chapter has provided a general idea about the HRD variables and job Performance. Where similar and related research based on the construct of the study was obtained, that will be integrated into the literature review in the next chapter. Research methodology will focus on the design used to execute the research.