Chapter – 1

Introduction
Human resource is the most important and ingredient factor in an organization. This is one of the most vital resources of a nation. Human resources both as a producer and consumer use the product for comfortably living. They also determine the rate of growth and pace of industrial growth. In this context Human Resource Development (HRD) has gained increasing attention in the last decade from human resource specialists, training and development professionals, chief executives, and line managers. Thus, HRD has become main sub-system of human resource management.

1.0 EVOLUTION OF HRD

The greatest assets of any nation are its human resources. If human resources of the nation are not competent enough to achieve the desired targets, the nation will not be able to get the best out of
its prime resources viz.; capital, technology and human being. In the beginning of civilization, the thrust of human endeavor was in the direction of spiritual development, but now it is in the direction of material development.

After independence, India set for itself the goal of being a welfare state, the economic development was given the prime importance, obviously in view of the rampant poverty and in keeping with the philosophy of the 'Father of the Nation', who had always advocated the point that the political independence without economic independence is devoid of all meaning and content. Therefore, the 5-year plan system was introduced in early 50s to have planned economic development of the country in a shorter time as possible. The difference in the level of economic development of the country is largely a reflection of the differences in the quality of their human resources. The key element in this proportion is that the values, attitudes, general orientation and quality of people of a country that determines, is economic development. Further involvement of human resources is highly mandatory for the nation's growth and prosperity, has been a shift form automatic manufacturing to computerization and further shift form manual to personalized service.

All the activities of any enterprise are initiated and determined by the persons who make up the institution. Plants, computers, automate equipment and all else, that a modern firm uses are unproductive except for human wants and direction. Of all the task of management, managing of human components is the central and most important task, because all else depends on how well it is done.

Human resource management approach can also be illustrated in mathematical models. Output is an outcome of the
manpower utilization. Capable and incompetent workforce makes much of the wastage of the other factor of production\(^5\). This can be depicted mathematically as follows.

\[
\text{Out-put} = \text{MP}[C*R*M..........N] \\
\text{MP} = \text{Manpower} \\
\text{C} = \text{Capital} \\
\text{R} = \text{Raw material} \\
\text{M} = \text{Machineries} \\
\text{N} = \text{Any factor that contribute to the output}
\]

The equation shows that the mere presence of capital, raw material and machineries, cannot guarantee that the output would be achieved. There is another factor operating in the situation namely "Manpower" which finally determines the best utilization of remaining factors. Manpower would put forth its best effort to utilize capital, raw material and machinery.

Human Resource Development is a perdurable activity. Human Resource Development, for higher degree of Excellency approaching perfection, requires an awareness to utilize the manpower resources efficiently, gives assurance for a study, source of capable people who can contribute their efforts to the success of business organization\(^4\).

In India, Larsen and Turbo Ltd. was the first to introduce this concept in 1975 among private sector companies with the object of facilitating growth of employees. Among the public sector government companies, it was Bharat Heavy Electricals Limited which introduced this concept.\(^5\)

Larsen & Turbo Company conceptualized system and decided to separate it from personnel. Since then, in the last 25 years most organizations have started new Human Resource Departments or
redesignated their personnel and other departments as HRD Departments. Today, there are high expectations from HRD. Good HRD requires well structured function and appropriately identified HRD Systems, and competent staff to implement and facilitate the change process.

The consultants who were appointed by Larsen & Turbo differentiated the HRD from other components of Human Resource Function (HRF) and also integrated structurally and system-wise. Structurally, the HRD is to be a subsystem of Human Resource Management (HRM) and integration of this with the other two subsystems (personnel administration and worker affairs) to be done by the director level person (for example Vice-President Personnel & HRD) through task forces and sub-system linkages. Inter system linkages were outlined between various HRD subsystems to have an integrated system. Pareek and Rao also outlined a philosophy for the new Human Resource system. They outlined some of the principles to be kept in mind in designing the HRD System. These principles deal with both the purpose of HRD system and the process of their implementation.

1.1. **Principles of Human Resource Development**

Some of these principles include:

- HRD systems should help the company to increase enabling capabilities. The capabilities outlined in their report include. Development of human resources in all aspects. Organizational health, improvements in problem solving capabilities, diagnostic skills, capabilities to support all the other system in the company etc.
• HRD system should help individuals to recognize their potential and help them to contribute their best towards the various organizational roles they are expected to perform;

• HRD systems should help maximize individual autonomy through increased responsibility;

• HRD Systems should facilitate decentralization through delegation and shared responsibility,

• HRD systems should facilitate participative decision making;

• HRD system should attempt to balance the current organizational culture with changing culture; and

• There should be a continuous review and renewal of the function.

In sum, the integrated HRD systems approach of Pareek and Rao (1975) has the following elements:

• a separate and differentiated HRD department with full time HRD staff;

• six HRD subsystems including organizational development;

• inter linkages between the various subsystems;

• designed with 14 principles in mind; and

• linked to other subsystems of human resource function.

After L&T accepted these recommendations in full and started implementing the State Bank of India the single largest Indian Bank
and its associates have decided to use the integrated HRD systems approach and decided to create new HRD Department. Since then by mid eighties a large number of organizations in India have established HRD Departments.\textsuperscript{6}

2.0 THE CONCEPT OF HUMAN RESOURCE DEVELOPMENT

Human Resources Development (HRD) has become a major function of Human Resources Management. This effort will entail more than the expenditure of money. It will require radical changes in our system of values in the way to evaluate human resources in their working environment, regardless of the type of organization and in the way view the management function itself, regardless of the product or service.\textsuperscript{7}

According to Lippitt\textsuperscript{8} HRD system depends on various factors like:

- work itself which generates a high degree of responsibility for the employees;
- the individual’s personal and professional growth;
- the improved quality output as a result of increased responsibility; and
- organization as an open system.

The concept of HRD has been enjoying high reputation since a couple of decades in India. The concept has very wide scope as it involves not only employees, government and also the society at large. HRD aims at developing and taping newer/hidden qualities in people to make them accomplish new and emerging challenges and functions leading to organizational, individual and social goals and it is very critical and vital part of human resources.
The concept was first introduced by Len Nadier at the American Society for Training and Development in USA in 1969. Since a couple of decades, it has been gaining importance in India. Prof. Len Nadier defines HRD as "an organized learning experience within a given period of time with the objective of producing the possibility of performance of change". At present the economy of India is undergoing several drastic changes. The ongoing reforms throw many challenges to organizations and their workforce to build up competitiveness, quality and productivity. This in turn, demands new skills among them, so that HRD survives and makes healthy partnership in the economy.

2.1. Definitions of Human Resource Development

Few definitions of Human Resource Development are given below:

HRD includes the activities and process undertaken to promote the intellectual, moral, psychological, cultural, social and economic development of the individuals in an organization in order to help them to achieve highest human potential as a resource for the community.

In 1987, Patricia Mc Lagan proposed the following narrative definition of Human Resource Development.

HRD is the integrated use of training and development, career development and organizational development to improve individual effectiveness.

HRD provided a conceptual umbrella under which the field began to unify, using the three-fold notion of training, education, and development.
HRD uses organization development as a focus for assuring healthy inters and intra-unit relationships and helping groups initiate and manage change by facilitating individuals and groups to effectively impact on organizations a system.\(^{13}\)

HRD had been defined by Daftur as a system and process concerned with an organized series of learning activities within specified time limits, designed to produce behavioural changes in the learner in such a way that it requires desired level of competence for present or future role.\(^{14}\)

HRD is a continuous planned process by which employees are helped in a continuous planned way to acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles; develop their general capabilities as individuals and discover and exploit their own potentials for their own and or organizational development purposes; and develop an organizational culture in which supervisor–subordinate relationships, team work, and collaboration among sub-units are strong and contribute to the professional well-being motivation, and pride of employees.\(^{15}\)

HRD includes all activities aimed to improve people's abilities to achieve defined objectives and targets.\(^{16}\)

HRD is organized learning activity arranged within an organization in order to improve the performance of personal growth and for the purpose of improving the job, the individual, and for the organization.\(^{17}\)

HRD is concerned with providing learning and development opportunities, making training interventions and planning to conduct training programs. It is essentially a strategic process
which is concerned with meeting both business and individual needs.\textsuperscript{18}

HRD can be defined by Mc Intosh in two ways:

- Practical way
- General way

In practical terms, the core practice of HRD consists of two major areas that is training and development and organizational development.

In general terms, HRD is helpful to improve the performance of the organization by maximizing the efficiency and performance of people by developing the knowledge and skills, actions and standards, motivation, incentives, attitudes and work environment of human factor in organization.\textsuperscript{19}

3.0 HRD PROCESS

When HRD is viewed as a process and is thought of in terms of input, process, output, and feedback within a dynamic environment, then potential terms for these elements. In that HRD needs to engage others in the organizational system to support and carry out portions of HRD work, it is best to have the process view as the dominant view.

3.1 Process Phases of HRD

HRD can be defined as a five–phase process that is essentially a problem–defining and problem–solving method. HRD and its two primary components–training and development (T&D) and organization development (OD)–are each five–phase process. Variations in the wording for the HRD, T&D, and OD process phases have a common thread with varying terminology. All three variations are depicted in Figure 1.1\textsuperscript{20}. 
4.0 OBJECTIVES OF HUMAN RESOURCE DEVELOPMENT

The HRD represents intervention strategy with, interlaid the following overall objectives, namely:

- Arresting obsolescence, both individual and organizational (preventive)
- Bridging pre-active insufficiencies of knowledge and professional skills (curative)
- Shaping adjustments with socio-technological, environmental changes (adaptive)
- Developing new outlook in an ethological version of quality excellence and accomplishment (promotive)
- Making a total man with new cultural attributes (transformative).²¹

5.0 SIGNIFICANCE OF HUMAN RESOURCE DEVELOPMENT

As all machines require continuous lubrication and other maintenance, as it has to be ensured that material is stored
properly and is rotated regularly so that it does not deteriorate, similarly human resource should also be looked after properly and continuously regarding various aspects like development, economic, social and psychological aspects. It gradually depends upon the managements, that human resource is the most expensive and delicate resources which require a very gentle handling.

The saying "people themselves take care of the organization, if they are taken care of", is true only when the people posses required resources from time to time. HRD aims at developing the people based on the requirement of the job, organization and environment. The developed human resources can contribute effectively to fulfill the goals of an organization. Thus, HRD plays a major role in attaining the objective of the human resources management.

HRD is a vital subsystem of HRM system, as any changes in the HRD affects the HRM about the attainment of its goals in particular and organizational goals in general.

Workforce must necessarily improve their knowledge, talents and skills from time to time in order to meet the changing organizational requirements. This has been the task of every organization, irrespective of nature and size of business, "HRD is a specialized function and is one of the fundamental operative functions of personnel management, though, the responsibility of training and development of people rests with the line management".22

5.1. Benefits of Human Resource Development

HRD gives the following benefits to an organization as well employees:

- It helps in the integrated growth of employees.
• Helps to employees to know their strengths and weaknesses and thus enable them to improve their performance and that of the organization.

• Helps in creation of an enabling organization where opportunities available for fuller utilization of the known potentials of the employees. The climate of such an organization is one of the mutuality, trust, collaboration and openness.

• Helps in generating valid data about employees for personnel functions like training, placement, selection and promotion.

• Creates provision of feedback and guidance by the superior to the employees for the improvement of their performance.

6.0 THEORY OF HUMAN RESOURCE DEVELOPMENT

The bias of HRD has been the belief that organization, work process, group and individual performance are mediated through human expertise and effort. In contrast to this belief, the performance scorecards available to organizational decision makers generally ignore the human element. The most evident example is the short-term financial view of company performance as judged by daily stock market date.

HRD as a discipline is broader than any single theory. Reflecting the reality that most successful strategies for system and subsystem improvement require multifaceted interventions, HRD draws from multiple theories and integrates them in a unique manner for the purposes of HRD.
The theories have been visually presented as a three-legged stool in Figure 1.2, with the three legs providing great stability for HRD as discipline and field of practice required to function in the midst of uneven and changing conditions.

Figure 1.2

THEORETICAL FOUNDATIONS OF HUMAN RESOURCE DEVELOPMENT

The core theory of HRD is proposed to be the fusion of psychological, economic and systems theories while being filtered by a filter of ethical beliefs. This integrative state is central to securing HRD as a discipline, not in just knowing the elements. The journey to this disciplinary fusion results in the organizing concepts, codified knowledge, underpinning theories, particular methodologies and the unique technical jargon of HRD. The core of an integrated HRD theory will be larger than the sum of the parts and unique to HRD. On their own, psychological theory, economic theory, or systems theory are inadequate for understanding HRD and for producing reliable results.24
A more recent conception of HRD views that field as including learning, performance and change. This recent view of HRD as the process of facilitating organizational learning, performance and change through organized interventions and initiatives and management actions for the purpose of enhancing an organization's performance, capacity, capability, competitive readiness and renewal forms the bases of understanding HRD.

6.1. HRD at Macro Level

At macro level, HRD is concerned with the development of people for nations well being. It deals with health capabilities, skills, and attitudes of people which are more useful for the development of the nation. While calculating the national income and economic growth, prospective HRD concept examines the individual potentialities, their attitudes, aspirations, skill and knowledge and establishes concrete base for the economic planning and measures and to control inflation. However, HRD's contribution at MACRO LEVEL has not been popularized.

6.2. HRD at Micro Level

HRD has great concern for grass-root development in the organization. More so, it is well received by the management of companies as they realized its importance and foresaw its future contribution for the individual and organizational development. Basically HRD at micro level deals with the performance appraisal, potential appraisal, training and development, career planning and organizational development. However effective HRD depends on the essential orientation towards the functions of HRM like manpower planning, job analysis, recruitment, selection and compensation. HRD's involvement in all these areas is mainly with an objective to develop certain capabilities in people concerned to equip them to meet the present job challenges and to meet future job
requirements. The employees of an organization are helped in a continuous and planned way to:

- Acquire or sharpen capabilities require to perform various functions associated with their present or expected further roles;

- develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and/or organizational developments purposes;

- develop an organization culture in which superior subordinate relationships, team work and collaboration amount sub-units are strong and contribute to professional well being, motivated and pride of employees. In short, HRD aims at helping the people to acquire competence required to perform all their functions effectively and make their organizations do well.\textsuperscript{26}

7.0 SUB-SYSTEMS OF HUMAN RESOURCE DEVELOPMENT

HRD sub-systems are outlined below:

- Performance appraisal
- Potential appraisal
- Training and development
- Career planning development
- Promotions, transfers and reward system
- Quality of work life
- Human resource information system. (HRIS)
- Employee welfare.\textsuperscript{27}
7.1. **Performance Appraisal**

Performance appraisal is an interview between manager and subordinate, during which the subordinate’s strengths and weaknesses are discussed and concerns are shared and the subordinates given opportunity to defend or improve any deficits in his or her performance.\(^\text{28}\)

Douglass and Newstrom were explained performance appraisal as follows:

According to Douglass, Performance appraisal is a method of acquiring and processing the information needed to improve an individual employee’s performance and accomplishments.

According to Newstrom, Performance appraisal is the process of evaluating the performance of employees, sharing that information with them and searching for ways to improve their performance.\(^\text{29}\)

The purpose of performance appraisal must be clearly communicated both to raters and rates, because their reactions to the appraisal process are significantly different depending on the intended purpose. Failure to inform about the purpose or misleading information about the purpose may result in inaccurate and biased appraisal reports.\(^\text{30}\)

According to Flippo, a prominent personality in the field of human resources, “performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in the matters pertaining to his present job and his potential for a better job and it is a systematic way of reviewing and assessing the performance of an employee during a given period of time and planning for his future.\(^\text{31}\)
The above definition captures the essential components of what the process of performance appraisal should ideally entail:

- **identification** refers to the rational and legally defensible determination of the performance dimensions to be examined;

- **observation** indicates that all appraisal aspects should be observed sufficiently for accurate and fair judgments to be made;

- **measurement** refers to the appraiser’s translation of the observations into value judgments about how “good” or “bad” the employees performance was;

- **recording** concerns the documentation of the performance appraisal process outcomes; and

- the **development** component indicates that appraisal is not simply an assessment of the past that it should also focus on the future and on the improvement of individual performance.\(^{32}\)

Dale Yoder defined performance appraisal as, performance appraisal includes all formal procedures used to evaluate personalities and contributions and potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees.\(^{33}\)

### 7.2. Potential Appraisal

In most Indian organizations, people earn promotions on the basis of their past performance. The past performance is considered a good indicator of future job success. This could be true, if the job to be played by the promoter is similar. However, in actual practice,
the roles that a role holder played in the past may not be the same he is expected to play if he assumes a different job after his transfer or promotion to a new position. Past performance, therefore, may not be a good indicator of the suitability of an indicator for a higher role.

Potential appraisal is nothing but an assessment of the extent to which a given individual has the potential to perform the new task or new job.\textsuperscript{34}

Potential Appraisal is the process in which employee potential or capabilities to perform the functions are examined and methods skills are also evolved. The main components in the potential appraisal are:

- Identification of functions in the organization and qualities
- Method and investment to measure this qualities
- Continuous assessment potentiality of the each employee to perform as per land roles.\textsuperscript{35}

The potential appraisal refers to the appraisal i.e. identification of the hidden talents and skills of a person. The person might or might not be aware of them. Potential appraisal is a future -oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy.\textsuperscript{36}

Potential appraisal is meant for evaluating employee's unused capabilities but can be used in future. It helps an organization to assess an employee in terms of the highest level of work the employee will be able to handle comfortably and successfully in the future without being over-stretched.\textsuperscript{37}
7.3. **Training and Development**

Edwin B. Flippo defined training as, Training is the act of increasing the knowledge and skills of an employee for doing particular job.38

In the field of human resource management, training and development is the field concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including employee development, human resource development, and learning and development.39

Training and development can refer to the imparting of specific skills, abilities and knowledge to an employee. A formal definition of training and development is ... “it is any attempt to improve current or future employee performance by increasing an employee’s ability to perform through learning, usually by changing the employee’s attitude or increasing his or her skills and knowledge. The need for training and development is determined by the employee’s performance deficiency, this can be computed as follows:

Training and development need = SP - AP

Standard Performance (SP)
Actual Performance (AP)

So, it can be understood that, training and development is the process whereby people acquire capabilities to perform jobs. It provides employees its specific, identifiable knowledge and skills for use in their present jobs.40
7.4. Career Planning and Development

The traditional definition of career planning and development is focused on the goal of preparing for the world of work. It is seen as encompassing the development of the whole person, but places a critical emphasis on gaining the skills and experience for work in order to find one's vocation in life. The primary goal of this approach is directed to improving one's employability for obtaining meaningful work.

The second view of career development defines it as a lifelong process of becoming aware of, exploring and experiencing factors that influence various aspects of a person's life. The knowledge, skills and attitudes that evolve through this path of discovery enable planning and decision making not only about work exploration and related employment and vocational choices but also about personal management and life/work skills. Career development is part of lifelong learning, in that personal and vocational skills constantly change and expand during a lifetime in response to career changes and emerging opportunities.

Reaching consensus on a common definition of career development will be a challenge that needs to be addressed in any proposed career development strategy. This definition will need to be flexible enough to gain the support of all stakeholders.⁴¹

Career development is the lifelong series of activities that contribute to a person's career exploration, establishment, success, and fulfillment. For the organization, career development is an ongoing, formalized effort by an organization that focuses on developing and enriching the organization's human resources in light of both the employees and the organization's needs. Career planning is the deliberate process through which someone becomes
aware of personal skills, interests, knowledge, motivations, and other characteristics; acquires information about opportunities and choices; identifies career-related goals and establishes action plans to attain specific goals. Career development and career planning should reinforce each other. Career development looks at individual careers from the viewpoint of the organizations, whereas career planning looks at careers through the eyes of individual employees.42

Career planning the process of establishing short-or long-term career goals and objectives and defining the specific steps required to achieve them.43

The lifelong psychological and behavioral processes as well as contextual influences shaping one's career over the life span. As such, career development involves the person's creation of a career pattern, decision-making style, integration of life roles, values, expression, and life-role self concepts.44

7.5. Promotions, Transfers and Reward System

Promotion is the upward reassignment of an individual in an organizations' hierarchy, accompanied by increased responsibilities, enhanced status and usually with increased income, though not always so.45

Pigors and Myers view that a promotion is the advancement of an employee to a better job. Better in terms of greater responsibilities, more prestige or status, greater skill and especially increased rate of pay or salary.46

Yoder and associates have defined transfer as a lateral shift causing movement of individuals from one position to another
usually without involving any marked change in duties, responsibilities, skills needed or compensation.\textsuperscript{47}

Poul Pigors and Charles Myers viewed that transfer is used to place the employees in position where they may get greater job satisfaction and constitute their best efforts to the organization.\textsuperscript{48}

Appropriate rewards not only recognize and motivate employees, they also communicate the organization's values to the employees.

In HRD Systems, innovations and use of capabilities are rewarded in order to encourage the acquisition and application of positive attitudes and skills.\textsuperscript{49}

Rewards are the monetary and non-monetary benefits provided to employees in order to attract, motivate and retain them.\textsuperscript{50}

An Incentive or Reward can be anything that attracts an employee's attention and stimulates him to work.\textsuperscript{51}

\textbf{7.6. Quality of Work Life}

Quality of work life programmes generally focus on the environment within the organization and include basic physical concerns such as heating and air conditioning, lighting, and safety precautions; additional physical amenities such as food and beverage facilities, recreation, and aesthetics; and psychological and motivational factors such as flexible work hours, freedom to suggest changes or improvements, challenging work, and varying degrees of autonomy.\textsuperscript{52}

Quality of work life is refer to the favorableness or unfavorableness of a job environment for people. It is a large step
forward from the traditional job design of scientific management which focused solely on specialization and efficiency for the performance of narrow tasks, adopting division of labour, rigid hierarchy, and standardization of labour to reach its objective of efficiency.53

7.7. Human Resource Information System

Human resource information system can provide necessary information in a form which can be integrated with any other business data. With most database systems, there are facilities to pull out any of the data and present them in the required form.54

HRIS is a computerized system that helps human resource manager gather, organize, store, update and retrieve the information needed for the management of employees. These systems are necessary to give management the ability to make decisions relating to employee relations. The use of technology in the workplace also involves the management of people using human resource information systems. The main aim of using technology in organization is to increase the productivity of the employees and therefore make the organization more successful.55

A computerized system that provides current and accurate data for purpose of control and decision-making is known as human resource information system. Human Resource Management (HRM) is the attraction, selection, development, and utilization of labor resource in order to achieve both individual and organizational objectives. Human Resource Information Systems (HRIS) is an integration of HRM and Information Systems (IS). HRIS or Human Resource Information System helps to acquire, store, manipulate, analyse, retrieve and distribute pertinent information about an organization's human resources. The HRIS System is
usually a part of the organization's larger management information system (MIS) which would include accounting, production, and marketing functions, to name just a few. Human resource and line managers require good human resource information to facilitate decision-making.56

The Human Resource Information System (HRIS) is a software or online solution for the data entry, data tracking, and data information needs of the Human Resources, payroll, management, and accounting functions with a business. Normally packaged as a data base, hundreds of companies sell some form of HRIS and every HRIS has different capabilities.57

7.8 Employee Welfare

Welfare means faring or doing well. It is a comprehensive term, and refers to the physical, mental, moral and emotional well-being of an individual. Employee welfare, also referred to as betterment work for employees, relates to taking care of the well-being of workers by employers, trade unions, and government and non-governmental agencies.

Employee welfare in general; these are the benefits that an employee must receive from his or her company, like allowances, housing for those companies who provides, transportation, medical, insurances, food and some other way where the employee has rights to demand. Bonuses, sick leave, maternity leave and vacation are also part of this and even holidays for other companies.58

Organizations provide welfare facilities to their employees to keep their motivation levels high. The employee welfare schemes can be divided into two categories viz. statutory and non-statutory. Statutory schemes are those schemes that are compulsory to provide by an organization as health and safety. These include
provisions provided in industrial acts like Factories Act 1948, Dock Workers Act (safety, health and welfare) 1986, Mines Act 1962. The non statutory schemes differ from organization to organization and from industry to industry.59

8.0 HRD SYSTEM IN INDIAN BANKING SECTOR

The banking sector has been an instrument for the economic development of any nation and its role in a developing country like ours, is of vital importance. The banking activities worldwide are undergoing rapid diversification. Technological changes have become the very essence of the banking sector and the Indian Banking sector is also prone to these changes. In order to maintain their status in the competitive environment, banks have to concentrate in developing their human resources. In any organization, the quality and amount of productivity mainly depends on the skill and interest of its employees. Therefore, every business organization should take the lead for upgrading the skills and knowledge of its employees for the mutual benefit and progress. In this direction "Human Resource Development (HRD) is an essential process for every organization in order, to optimally utilize its human resource and in turn to attain its designed objectives.

Like any other industrial organization, banking sector is also highly dependent on the quality of HRD practices for the motivation of its employees. An effective implementation of HRD activities would result in excellent organizational climate for the people to be competent and productive. Nevertheless, it is not only the implementation of HRD practices but also their review from time to time helps the banking institutions maintain their status in the competitive environment.50.
8.1. Objectives of HRD in Banks

The objectives of HRD in banks can be listed as:

- creating a climate of openness and trust
- building a collaborative culture whereby everyone is an important member of an effective team
- preparing individuals for technological competence
- psychological preparedness for willing to participate in change-implementation
- promoting human capabilities and competencies in the organization
- facilitating to build a strong character of honesty and integrity in performance
- helping the individual to develop his potential, realize his power so that he will be able to achieve his self-goals while contributing to the success of organization and
- improving quality of work life.61

8.2 Importance of HRD in the Present Banking Environment

In India managing a commercial bank is unique challenging as compared to any other economic activity. Banking activities are highly regulated both by the social value systems and monetary considerations. It appears that the complexity of the task has increased manifold, making the management of banks more and more difficult and challenging in the years ahead, than over the past. The crucial factor in the management of commercial banks in human resource development it is very important for a bank to
develop their personnel in order to cope with increasing and changing demands in baking. It has become inevitable for the banks to concentrate seriously on setting up systems for suitable human resource development.

Human resource development seeks to bring about overall development of employees by enabling them to improve their knowledge, skill and behaviour. It also helps them develop better awareness about their roles in the work situations and contribute to the process of integration of the employees with organization. Also the need of HRD is more in service organizations like banking sector. An efficient and effective commercial banking activity is the result of effectively motivated employees. A banking institution is said to be functioning efficiently, its objectives are achieved effectively. However, these objectives can be achieved fully, when the employees are trained, committed and motivated. Thus, the efficiency and effectiveness of commercial banking will depend upon how best the management has taken care of the development of their employees in these institutions. It has been widely recognized their human skills through well-tailored HRD programs can enhance the productivity of any organization.

HRD assumes significance in view of the fast changing organizational environments and need of the organization to adopt new techniques in order to respond to the environmental changes. The vitality of human resource to any industry including banking.

In the wake of deregulation, liberalization and globalization of the Indian economy, the banking system is also getting gradually internationalized. The process of globalization of Indian economy has become irreversible and will be further intensified. In such an environment, Indian commercial banks have to equip themselves to meet the challenges of competition within the country as well as
outside. And as they proceed to do this, they have to ensure that their human resource remain sound in order to face such challenges. The image of the bank and its overall effectiveness to a large extent depends upon the performance level of its employees. It is only through the implementation of HRD programs of employees is increased. The more the implementation of HRD programs the higher the performance of employees.

Banks are revamping their procedures and methods of work for economic and technological reasons. And also job designs are reviewed to suit automation and changing characteristics of new groups of recruits. Staff will need to learn new skills and knowledge to cope with changing work technology. In the period of rapidly changing technology and increasing competition, the banks should be conscious of the development of its human resource in order to achieve standards of excellence through the development of human resource. The foregoing discussion makes is clear that the banks need to concentrate more on HRD practices to sustain themselves in the competitive environment. It is assumed that there are threats to the banks from inside and from outside for which they are required to redefine and redesign the HRD systems to overcome those situations. Therefore, an attempt is made to undertake a comprehensive investigation to review the HRD policies and practices in the selected public sector bank.⁶²

8.3 Need for HRD in the Banking Sector

The need of HRD for an organization's growth arises mainly due to the following reasons.

- The dearth of capable managerial manpower and a greater need in the future increase the competition for available talent.
The continued growth and development of business, coupled with increased complexities such as the problems of size, technology and competition, and further pressures.

Similarly, the need of HRD is more in service oriented institutions like commercial banks. An efficient and effective banking system helps the process of economic development of any nation as per its priorities. It functions as catalytic agent for bringing economical, industrial and agricultural growth and prosperity of the country. A banking institution is said to be functioning efficiently, only when the objectives of sound banking system are achieved effectively. These objectives can be achieved only when the employees of the bank are trained, satisfied and motivated by the management for the contribution towards and effectiveness of commercial banking would depend upon how best the management has taken care of the development of its employees working in their institution.

The need of the HRD in the banking institutions has continuously grown because of the effective role they are called upon to play in the task of socio-economic development and rehabilitation of especially those people who were hitherto neglected and deprived. There are also high expectations of the society from the banking system, which cannot be met without the development of the integrity. Efficiency and behavioral pattern of those who are working in the banks. Besides, the clientele of banking is not only growing with large increase in population but also getting widely diversified.

Thus, HRD in the context of banking would mean not only the development of new knowledge and skills of the employees but also developing capabilities to meet the needs of both internal and
external environment. Attaining self-confidence and motivation for public service. HRD also aims at giving more and more thrust on the human resource to encourage creativity for the better customer service. HRD efforts in banks focus in building a strong character of honesty, integrity and truthfulness. Such efforts try to culminate in enhancing the banks' renewal capabilities through competitiveness, innovativeness and creativity. HRD efforts crystallize the values that are goal supportive and contribution oriented. It emphasizes the functional style, ethos, culture and work ethics, which are built around people, manifesting a concern, and is sensitive to the needs of the organization. The entire philosophy of developing an employee in banks rests on building a holistic person by framing his personality, character and way of life.

The HRD policy in the banks has to act as an effective instrument to encourage employees, to show creativity, to reach for excellence and finally to render better customer service.
REFERENCES


12. Ibid, P. 25


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