Chapter -2

2.1 Human Resource Development and its significance.

Today, more importance is being given to “people” in organizations. This is mainly because organizations are realizing that human assets are the most important of all assets. In the past, people working in organizations were given attention merely in administering the necessary conditions of work. The traditional concept of personnel management was based on a very narrow view of human motivation. The basic assumption underlying with view that human beings are primarily motivated by comforts and salary, and necessary attention may be given to rationalize these, so that people do not get dissatisfied. It is now being increasingly realized that people have their own needs, motivation and expectations, and that their contribution to the organization is much more than that of any other resource being used.

The origin of HRD is indistinct but may be traced back to the 1960’s in the United States. It is gaining popularity and is widely practiced these days. Nadler used the term HRD for the first time in the George Washington University in 1968. It was 25 years ago that our countries observed the emergence of a new HRD culture in our nation with Prof Udai Pareek and Prof T.V.Rao leading the movement. What started as a "Review Exercise of the Performance Appraisal System" for L&T by two consultants, Prof Udai Pareek and Prof T.V. Rao from the Indian Institute Of Management, Ahmedabad (IIMA), resulted in the improvement of a new function – “The HRD Function.”

In 1974, the consultants studied the organization and prepared a new integrated system called Human Resource Development (HRD) System. This was probably the first of its kind in India. The new system clearly established the linkages between the various personnel related aspects such as performance appraisal, employee counseling, potential appraisal, training etc.
According to Prof. Udai Pareek, as far as India is concerned, the term HRD was introduced for the first time in the State Bank of India in 1972. It is believed that the concept of HRD has not been imported in India. It is a philosophical value concept developed by Dr. Udai Pareek and Dr. T. V. Rao at the Indian Institute of Management, Ahmadabad. By the late seventies, this professional outlook on HRD spread to a few other public sector organizations, such as BHEL, SAIL, Maruti Udyog Ltd., Indian Air Lines and Air India; and the private sector organizations, like L & T Ltd. and TISCO.

For the success of a corporation, it is necessary to be dynamic and to cope with the changing world and it is equally necessary to change the approach of working. In this context, it is necessary to understand the basic philosophy of HRD.

HRD philosophy represents all those basic beliefs, ideals, principles and views which are held by the management with respect to the development and growth of its employees. A well established HRD philosophy plays two important functions. First, it gives rise to what one may call 'style of management'. A manager develops his practices on the basis of his philosophy. Second, it makes organizational goals more explicit. It has very rightly described that the following beliefs are essential for the success of any HRD Programme. In 1987, the organization stated its beliefs about HRD as under:

- Human potential intrinsic in every employee is enormous; it can be further enhanced by diverse interventions, like, training, job rotation, counseling, organizational action, etc.

- That people are chief assets and that an organization can promote full realization of individual capability by providing a developmental environment and opportunities, by propagating and rewarding innovativeness, etc.
• Such people who are not capable to add to the organization fully due to reasons beyond their control can also provide the best if they are taken care of proper surroundings and conditions are provided.

• Competencies can be developed in people at any position of time, as a model employer it is desirable that we promote competency enrichment.

• HRD provides for higher quality of work-life through opportunities for a significant career, job satisfaction and professional progress.

• HRD philosophy emphasis’s human well-being and organizational development, that HRD policies are relationship centered and the extent of relationships under HRD domain is lifelong and not merely for 8 hours.

• As a model-employer, the business must provide for employee growth, if an employee perceives a nurturing environment, there would be a positive response to matching individual aspirations with organizational needs. In order to be effective, HRD processes have to be planned and constant.

Human Resource Development (HRD) is a procedure by which the employees of an organization are helped, in a continuous, planned way, to:

• Obtain or sharpen capabilities required to perform various functions associated with their present or expected future roles,

• Develop their general cap-abilities as individuals and find out and make use of their potentials for their own and/or organizational development purposes, and

• Develop an organizational culture in which supervisor-subordinate relationships, cooperation, and collaboration among sub-units are strong and contribute to the professional well being, motivation, and pride of employees. (Rao, 1985).
HRD believes that individuals in the organization have unlimited potentials for development and improvement and that their potentials can be developed and multiplied through appropriate and systematic efforts. Given the opportunities and by providing the right type of environment in the organization, individuals can be helped to give full expression of their potentials, contributing to the accomplishment of the goals of the organization and, thereby, ensuring optimization of human resources. Investment in human beings is another underlying concept of the human resource system.

2.2 **HRD Climate & its Components.**

HRD climate is the perception that the employees have about the policies, procedures, practices, and conditions which exist in the working environment. **HRD Climate** in an organization is characterized by the following tendencies, which has been prescribed by T.V Rao in “HR Missionary”-

- A tendency at all levels and specially the top management to treat people as the most important resource.

- A perception that developing the competencies in the employee is the job of every manager/supervisor.

- Openness in communications and a general climate of trust.

- Helping employees to recognize their strengths and weaknesses.

- An approach on the part of employees to be generally helpful to each other and collaborate.

- A tendency to discourage favoritism and biases.
• Supportive personnel policies.

• Development-oriented appraisals, training, rewards, job-rotation, and career planning.

A healthy HRD climate certainly bolsters the overall internal environment of the organization, fosters employee commitment, involvement and satisfaction with the job.

2.3 OCTAPACE culture.

HRD Climate survey instrument developed by T.V. Rao and E. Abraham has conceptualized HRD Climate under three dimensions of general climate, OCTAPACE culture and implementation of HRD mechanisms. The general climate deals with the importance given to human resources development in general by the top management and line managers. The OCTAPACE items deal with the extent to which openness, confrontation, trust, autonomy, Proactivity, authenticity and collaboration are valued and promoted in the organization.

a) Openness – is considered where people feel free to express their ideas, opinions and feelings to each other irrespective of their level or designation etc. The comparative openness in the system influences the design of Human resources systems. Organizations can be termed as either completely open to completely close. It is not possible to find an organization at the two extreme ends. The organizations tend to be towards one or the other end. The amount of openness of the organization will be an important factor in determining the nature of the various dimensions of Human resources systems.
b) **Collaboration** – is the culture in which people are keen to help each other. They are ready to put their interest in the background for the larger interest of the organization. Team spirit is the key and people are directed by the broad organizational objectives than the individual interest. People are willing to help each other in order to achieve the organizational goals. Organizations interests are above all and individual or departmental loyalties take the back seat. There are no interdepartmental or inter-personal conflicts and the spirit of cooperation and collaboration is present.

c) **Trust and trustworthiness** - it is a situation in which there is mutual trust and respect for each other. Members work in an informal atmosphere by having full faith and trust. The members are self disciplined hence there is no need for any supervisory control or monitoring. The people respect and value each other. To create a culture of mutual trust it is essential to have a culture of trustworthiness in which the members have proven themselves to over a period of time. If every members of the organization becomes trustworthy and is reliable, mutual trust gets built up automatically.

d) **Authenticity** – is the value underlying trust. It is the willingness of a person to acknowledge the feelings he/she has, and accept himself/herself as well as other who relate to him/her as persons. Authenticity is talking about the truth without any fear and keeping the promises made. It is higher than the trust or trustworthiness. The members entrust and meet the commitments without giving false promises. The members always commit and deliver as per commitment.

e) **Proactive** – being a proactive culture means taking initiatives and explore the alternatives well in advance. Instead of reacting to any particular situation, planning is done in order to take care of eventualities and anticipated situations. This culture encourages the members to take initiatives for new activities, new processes. This can be in all the areas of
for overall process efficiency. Like wok processes, reduction in cost, quality improvement and other areas in which improvement can be done.

f) **Autonomy** – This culture of autonomy is when members enjoy a great degree for freedom in their activities. They are the decision makers in their areas. Autonomy is very important to bring out the best in areas where individuals need freedom to work the way they want to work. It is very relevant in creating academic excellence, knowledge industry, information technology, research and development etc.

g) **Confrontation** – This term is used in relation to a culture of facing problems upfront. In this culture, the problem is put in front rather than the back to escaping the problems. A better term would be confrontation exploration that implies facing a problem and working jointly with other concerned to find its solution. If an organization encourages people to recognize a problem, bring it to people concerned, explore with them to understand and search possible ways of dealing with it. Members confront the problems as areas needing improvement rather than finding fault with anybody. This culture helps in building problem solving abilities of the organizations.

h) **Experimentation** – helps to build a culture in which the members of the organization try out new experiments on their own and take decisions with respect of conducting the experiments. The culture of experimentation manifests the risk taking aspect of the organization. This developing newer ideas and simplifies things. There is an emphasis on value creation and importance is given to innovating and trying out new ways of dealing with problems in the organization.
OCTAPACE culture is essential for facilitating human resource development. Openness is present when employees feel free to discuss their ideas, activities, and feelings with each other. Confrontation involves bringing problems and issues into the limelight with a view to solving them, rather than hiding them for fear of hurting or getting hurt. Trust is taking people at face value and believing them. Autonomy is the freedom to allow people to work independently with responsibility. Proactivity is encouraging employees to take initiative and risks. Authenticity is the tendency of interdependencies, to be helpful to each other and work as teams. Collaboration is required so the employees can cope up with the changes and upcoming trends in an organization. Experimentation explains the culture to foster innovation and simplifying the things.

HRD mechanisms measure the extent to which HRD mechanisms are implemented seriously. These mechanisms include performance appraisal, potential appraisal, career planning, performance rewards, feedback and counseling, training, employee welfare for quality work-life and job rotation (Rao & Abraham 1986).

2.4 Impact of HRD Climate on Employees.

The data provided is an outcome of focus group interviews with members of the organization. The focus group discussions were conducted in order to understand the perception of the respondents with regards to human resources climate/culture in the selected organization. The data was also obtained through the questionnaire administered.

In Reliance Industries Limited, human resources climate which is development based. The employees are encouraged to experiment and learn. Lot of emphasis is given on personal initiatives and development aspect of employees. Reliance has an open human resources climate and believes in involving all the employees in major decisions. Though employees are encouraged to have a climate of learning and development, emphasis is given to productivity
enhancement more than the individual development. The organization is affected by the external factors as it has a union which is affiliated to local body.

In case of Blue Star, it has a learning environment and open human resources climate. The employees are encouraged to devise new and efficient methods to do their work. The organization also has systems to identify potential and talent of new employees. This open climate helps employee develop new competencies and provides motivation to all employees. The organization provides a very congenial and positive human resources climate for its employees. It also takes care of the need of family members of employees in order to bring overall satisfaction. There is team spirit and high morale among the employees.

Micro Inks Limited has an open culture which gives importance to learning. The culture facilitates identification of competencies of employees and provides them opportunities for development. The system is designed to help employees bring out their hidden potentialities by organizing various events in which employees can showcase their talents. The culture encourages giving more responsibility and helps employees take care of the responsibilities. Organization provides motivation to its employees by taking care of all the aspects such as health, education of children, career progression, succession planning etc. It has human resources initiatives to provide overall satisfaction and happiness to all the employees. The organization is proactive in understanding employee issues and addresses them. Overall a very open and positive culture.

Raymond Limited provides a positive and healthy work atmosphere to its employees. This has resulted in a positive and development oriented human resources climate. There are policies and practices to encourage learning in the organization. Learning and development is given lot of importance and is a part of the reward system. Employees are normally self motivated and take responsibilities on their own. There is a sense of ownership in the employees towards the organization. The employees seem to be a satisfied lot.
Hindustan UniLever Limited, the Company has a very strong learning environment and expects continuous learning from all the employees. As a result the human resources climate in the organization is open to learning and development. There are systems to facilitate identification of new competencies required with technological advancement and development of competencies in line with the changes. The organization has a very strong customer focus and does everything in line with customer expectations. The organization has aligned all the systems in line with the customer satisfaction requirements.

Paper Products Limited has a formal atmosphere, due to this human resources climate in the organization is also formal. There is limited scope for experimentation or innovation. The organization deals with the well established product range and provide learning opportunities to all the new employees and skill enhancement opportunities to all the existing employees. Overall the organization provides a learning culture with sufficient emphasis on development.

Human resources climate system consists of a set of measurable properties of the work environment, as apparently felt by the employees who work in it. The human resources climate has an influence on the motivation and behavior of the individual employee. Human resources climate system can significantly impact organization’s profitability and productivity. A good human resources climate is about flexibility, responsibility, standards, rewards, clarity and team commitment. In order to understand the perception of respondents in relation to human resources climate existing in their organizations the data collected and analyzed is presented here.