Chapter II
Human Resource Development and Management

2.1 Introduction

The chapter gives the overview of the concept of Human resource management (HRM), Human resource development (HRD) and Human Development Index (HDI). The Chapter highlights the different functions of the HRM and HRD.

The significance and need of the HRM and HRD is also noted in the chapter.

The Chapter also provides the information on the parameters of the HDI and Methodology adopted for calculation globally and at the Maharashtra Level.


HR spawned in the early 20th century and was influenced by Frederick Taylor (1856-1915). Taylor explored what he termed "scientific management" (later referred to by others as "Taylorism"), striving to improve economic efficiency in manufacturing jobs. He eventually keyed in on one of the principal inputs into the manufacturing process—labor—sparking inquiry into workforce productivity.

The human relations movement grew from the research of Elton Mayo and others, whose Hawthorne studies (1924-1932) serendipitously documented how stimuli, unrelated to financial compensation and working conditions, yielded more productive workers. Contemporaneous work by Abraham Maslow, Kurt Lewin, Max Weber (1864-1920), Frederick Herzberg, and David McClelland (1917-1998) formed the basis for studies in industrial
and organizational psychology, organizational behavior and organizational theory, giving room for an applied discipline.

By the time enough theoretical evidence existed to make a business case for strategic workforce management, changes in the business landscape (à la Andrew Carnegie, John Rockefeller) and in public policy (à la Sidney and Beatrice Webb, Franklin D. Roosevelt and the New Deal) had transformed the employer-employee relationship, and the discipline was formalized as "industrial and labor relations". In 1913, one of the oldest known professional HR associations—the Chartered Institute of Personnel and Development—was founded in England as the Welfare Workers' Association, then changed its name a decade later to the Institute of Industrial Welfare Workers, and again the next decade to Institute of Labour Management before settling upon its current name. Likewise in the United States, the world's first institution of higher education dedicated to workplace studies—the School of Industrial and Labor Relations—was formed at Cornell University in 1945.

During the latter half of the 20th century, union membership declined significantly, while workforce management continued to expand its influence within organizations. "Industrial and labor relations" began being used to refer specifically to issues concerning collective representation, and many companies began referring to the profession as "personnel administration". In 1948, what would later become the largest professional HR association—the Society for Human Resource Management (SHRM)—was founded as the American Society for Personnel Administration (ASPA).

Nearing the 21st century, advances in transportation and communications greatly facilitated workforce mobility and collaboration. Corporations began viewing employees as assets rather than as cogs in a machine. "Human resources management", consequently, became the dominant term for the function—the ASPA even changing its name to SHRM in 1998.\[9\] "Human
capital management" is sometimes used synonymously with HR, although human capital typically refers to a more narrow view of human resources; i.e., the knowledge the individuals embody and can contribute to an organization. Likewise, other terms sometimes used to describe the field include "organizational management", "manpower management", "talent management", "personnel management", and simply "people management".

2.3 Meaning of Human Resource Management

Behind the production of every product or service there is human mind, effort and man hours (working hours). No product or service can be produced without help of human being. Human being is the fundamental resource for making or constructing anything. Today many experts claim that machines and technology are replacing human resource and minimising their role or effort. But even machines and technology have been build by the human aid and besides companies have been continuously in search for talented, skilled and qualified professionals to further develop latest machines and technology, which again have to be controlled or used by humans to bring out products.

While Miller (1987) suggests that HRM relates to:

"......those decisions and actions which concern the management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage".

Edwin Flippo defines- HRM as “planning, organizing, directing, controlling of procurement, development, compensation, integration , maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”
The National Institute of Personal Management (NIPM) of India has defined human resources – personal management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”.

According to Decenzo and Robbins, “HRM is concerned with the people dimension” in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization is essential to achieve organisational objectives. This is true, regardless of the type of organization – government, business, education, health or social action”

2.4 Objectives of HRM

Societal objective. To be socially responsible to the needs and challenges of society while minimizing the negative impact of such demands upon the organization. The failure of organizations to use their resources for society's benefit may result in restrictions. For example, societies may pass laws that limit human resource decisions.

Organizational objective. To recognize that HRM exists to contribute to organizational effectiveness. HRM is not an end in itself; it is only a means to assist the organization with its primary objectives. Simply stated, the department exists to serve the rest of the organization.

Functional objective. To maintain the department's contribution at a level appropriate to the organisation's needs. Resources are wasted when HRM is
more or less sophisticated than the organisation demands. A department's level of service must be appropriate for the organisation it serves.

**Personal objective.** To assist employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline, and employees may leave the organisation.

### 2.5 Nature of Human Resource Management

Human Resource Management involves management functions like planning, organizing, directing and controlling

- It involves procurement, development, maintenance of human resource
- It helps to achieve individual, organizational and social objectives
- Human Resource Management is a multidisciplinary subject. It includes the study of management, psychology, communication, economics and sociology.
- It involves team spirit and team work.
- It is a continuous process.

Why Is Human Resource Management Important to All Managers? Why are these concepts and techniques important to all managers? Perhaps it's easier to answer this by listing some of the personnel mistakes you don't want to make while managing. For example, you don't want to:
- Hire the wrong person for the job
- Experience high turnover
- Have your people not doing their best
- Waste time with useless interviews
• Have your company taken to court because of discriminatory actions
• Have your company cited under federal occupational safety laws for unsafe practices
• Have some employees think their salaries are unfair and inequitable relative to others in the organization
• Allow a lack of training to undermine your department's effectiveness
• Commit any unfair labor practices.

2.6 Functions of Human Resource Management

Although each human resource function can be assigned to one of the four areas of personnel responsibility, some functions serve a variety of purposes. For example, performance appraisal measures serve to stimulate and guide employee development as well as salary administration purposes. The compensation function facilitates retention of employees and also serves to attract potential employees to the organization. A brief description of usual human resource functions are given below:

**Human Resource Planning:** In the human resource planning function, the number and type of employees needed to accomplish organizational goals are determined. Research is an important part of this function because planning requires the collection and analysis of information in order to forecast human resources supplies and to predict future human resources needs. The basic human resource planning strategy is staffing and employee development.

**Job Analysis:** Job analysis is the process of describing the nature of a job and specifying the human requirements, such as skills, and experience needed to perform it. The end product of the job analysis process is the job description. A job description spells out work duties and activities of employees. Job
descriptions are a vital source of information to employees, managers, and personnel people because job content has a great influence on personnel programmes and practices.

**Staffing:** Staffing emphasises the recruitment and selection of the human resources for an organisation. Human resources planning and recruiting precede the actual selection of people for positions in an organisation. Recruiting is the personnel function that attracts qualified applicants to fill job vacancies. In the selection function, the most qualified applicants are selected for hiring from among those attracted to the organisation by the recruiting function. On selection, human resource functionaries are involved in developing and administering methods that enable managers to decide which applicants to select and which to reject for the given jobs.

**Orientation:** Orientation is the first step toward helping a new employee adjust himself to the new job and the employer. It is a method to acquaint new employees with particular aspects of their new job, including pay and benefit programmes, working hours, and company rules and expectations.

**Training and Development:** The training and development function gives employees the skills and knowledge to perform their jobs effectively. In addition to providing training for new or inexperienced employees, organisations often provide training programmes for experienced employees whose jobs are undergoing change. Large organisations often have development programmes which prepare employees for higher level responsibilities within the organisation. Training and development programmes provide useful means of assuring that employees are capable of performing their jobs at acceptable levels.

**Performance Appraisal:** Performance appraisal function monitors employee performance to ensure that it is at acceptable levels. Human resource professionals are usually responsible for developing and administering
performance appraisal systems, although the actual appraisal of employee performance is the responsibility of supervisors and managers. Besides providing a basis for pay, promotion, and disciplinary action, performance appraisal information is essential for employee development since knowledge of results (feedback) is necessary to motivate and guide performance improvements.

**Career Planning:** Career planning has developed partly as a result of the desire of many employees to grow in their jobs and to advance in their career. Career planning activities include assessing an individual employee’s potential for growth and advancement in the organisation.

**Compensation:** Human resource personnel provide a rational method for determining how much employees should be paid for performing certain jobs. Pay is obviously related to the maintenance of human resources. Since compensation is a major cost to many organisations, it is a major consideration in human resource planning. Compensation affects staffing in that people are generally attracted to organisations offering a higher level of pay in exchange for the work performed. It is related to employee development in that it provides an important incentive in motivating employees to higher levels of job performance and to higher paying jobs in the organisation.

**Benefits:** Benefits are another form of compensation to employees other than direct pay for work performed. As such, the human resource function of administering employee benefits shares many characteristics of the compensation function. Benefits include both the legally required items and those offered at employer’s discretion. The cost of benefits has risen to such a point that they have become a major consideration in human resources planning. However, benefits are primarily related to the maintenance area, since they provide for many basic employee needs.
Labour Relations: The term “labour relations” refers to interaction with employees who are represented by a trade union. Unions are organisations of employees who join together to obtain more voice in decisions affecting wages, benefits, working conditions, and other aspects of employment. With regard to labour relations, the personnel responsibility primarily involves negotiating with the unions regarding wages, service conditions, and resolving disputes and grievances.

Record-keeping: The oldest and most basic personnel function is employee record-keeping. This function involves recording, maintaining, and retrieving employee related information for a variety of purposes. Records which must be maintained include application forms, health and medical records, employment history (jobs held, promotions, transfers, lay-offs), seniority lists, earnings and hours of work, absences, turnover, tardiness, and other employee data. Complete and up-to-date employee records are essential for most personnel functions. More than ever employees today have a great interest in their personnel records. They want to know what is in them, why certain statements have been made, and why records may or may not have been updated.

Personnel records provide the following:

- A store of up-to-date and accurate information about the company’s employees.
- A guide to the action to be taken regarding an employee, particularly by comparing him with other employees.
- A guide when recruiting a new employee, e.g. by showing the rates of pay received by comparable employees.
- A historical record of previous action taken regarding employees.
• The raw material for statistics which check and guide personnel policies.

• The means to comply with certain statutory requirements.

**Personnel Research:** All personnel people engage in some form of research activities. In a good research approach, the object is to get facts and information about personnel specifics in order to develop and maintain a programme that works. It is impossible to run a personnel programme without some pre-planning and post-reviewing. For that matter, any survey is, in a sense, research. There is a wide scope for research in the areas of recruitment, employee turnover, terminations, training, and so on. Through a well-designed attitude survey, employee opinions can be gathered on wages, promotions, welfare services, working conditions, job security, leadership, industrial relations, and the like. Inspite of its importance, however, in most companies, research is the most neglected area because personnel people are too busy putting out fires. Research is not done to put out fires but to prevent them.

Research is not the sole responsibility of any one particular group or department in an organisation. The initial responsibility is that of the human resource department, which however should be assisted by line supervisors and executives at all levels of management. The assistance that can be rendered by trade unions and other organisations should not be ignored, but should be properly made use of.

Apart from the above, the HR function involves managing change, technology, innovation, and diversity. It is no longer confined to the culture or ethos of any single organisation; its keynote is a cross-fertilisation of ideas from different organisations. Periodic social audits of HR functions are considered essential.
HR professionals have an all-encompassing role. They are required to have a thorough knowledge of the organisation and its intricacies and complexities. The ultimate goal of every HR person should be to develop a linkage between the employee and the organisation because the employee’s commitment to the organisation is crucial. The first and foremost role of HR functionary is to impart continuous education to employees about the changes and challenges facing the country in general, and their organisation in particular. The employees should know about their balance sheet, sales progress, diversification plans, restructuring plans, sharp price movements, turnover and all such details. The HR professionals should impart education to all employees through small booklets, video films, and lectures.

2.7 Changing role of HRM

To truly understand the field of Human Resources Management, one must consider and accept the four basic roles of the HR function, no matter how it's defined. Some of these are already understood and others less so. These are:

1. Compliance and enforcement
2. Management advocacy
3. Strategic partner
4. Employee advocacy

The first two we've got down pat. We've just begun making inroads on the third and still can't seem to get a handle on the fourth.

**The Enforcer:** Most HR practitioners will agree that the role as the employer's compliance officer is well established. But, it's increasingly difficult to keep track of changes in state, federal and local laws and regulations. These must then be translated into effective policies and practices. A greater emphasis is also placed today on taking preventative measures to
forestall, or at least mitigate, the effects of employee complaints of harassment, wrongful discharge, or discrimination. Though generally perceived of as a reactive function, HR professionals will have to increasingly rely on proactive solutions.

**Management Representative:** This is the other traditional HRM role. As part of the management staff, the HR department is the point of interface between management policies and its employees. It's charged with communicating and interpreting management dicta. These responsibilities are also considered an extension of the compliance and enforcement roles. What is not communicated, can seldom be enforced.

The "open-book management" movement furthers a trend toward greater employee empowerment and is based on a greater sharing of information; much of which is coordinated through human resource procedures.

**Strategic Partner:** HR has begun stepping from its historical reactive function - like the guy who follows a parade of elephants with a shovel on his shoulder. A complaint is filed, react to it. Jobs open up, fill 'em. Absenteeism's on the rise, step up the discipline. The movement to include human resources management in the strategic decision-making process is a relatively new phenomenon. Only a relatively small number of organizations have yet to grant this recognition. This new role does bring with it additional burdens and responsibilities; to be aware of changes in the external environment that will impact the organization; offer appropriate strategies and procedures to anticipate change; and provide regular feedback that helps steer strategic planning. A whole new set of skills and perspectives will be required of HR practitioners.
**Employee Advocate:** This is not so much a new role as much as it's practically nonexistent. It's actually frowned upon in many organizations and is the most difficult of the four to realize. After all, it does seem to be a direct contradiction to serving as an advocate for management. It's an uncomfortable conflict that many practitioners either choose, or are encouraged, to avoid. Still, it's a role that must be accepted since it directly impacts the other three. Employee advocacy fosters trust and credibility in the relationship. If employees need someone to speak for them, and if it's not Human Resources, then who? You guess! Like the overlapping of HRM and OD, the four basic roles for Human Resources management are interrelated and mutually supportive. Success rests in fully accepting all four and striking the proper balance among them. Most HR functions already have the basics of the first two. The organization must shift its culture to accept the third. Both management and the HR professionals must recognize the need for the fourth. But none can be fully actualized absent the other three.

**2.8 History of Human Resource Development (HRD)**

Leonard Nadler, professor emeritus George Washington University, is credited by many with coining the term, "Human Resource Development." In 1970 Len Nadler was published his now-classic book Developing Human Resources, in which he coined the term "Human Resource Development" (HRD). The term HRD provided a conceptual umbrella under which the field began to unify, using the three-fold notion of training, education, and development. HRD provided purpose and direction for the continued growth of the field: organized learning to provide the possibility of performance change. It further identified a core discipline from which a field of study could develop: adult learning in the workplace. McLagans HRD studies in 1983 and 1989 reflected a shift taking place in HRD work. Patricia McLagan is
Chairman of McLagan International, Inc., Washington D.C. In 1983 the assumptions in the competency models focused on change in technology. Patricia McLagan (1987) proposed the following narrative definition of HRD:

*HRD is the integrated use of training and development, career development, and organization development to improve individual effectiveness*

1989 there were signs of an emerging concern for economic impact. The field began to move from focusing to what is performed to what is produced. One of the forces in 1989 was an increased use of systems approaches in HRD. Another shift in the field that took place was that the focus on individual learning was shifting to organizational learning as the primary activity and goal of the field. Patricia McLagan’s role and competency study Models for HRD Practice described in 1989 a broadened scope of various roles in the competency models. The definition of HRD expanded beyond training and organization development. The move was toward HRD responsiveness and relevance.

Arriving at the final countdown to the 21st century HRD remains an important force for the future.

With reference to India, it was year 1974 India witnessed the emergence of a new HRD culture. T. V. Rao, is regarded as "The Father of Indian HRD². A new Human Resource Development system emerged in India in 1974 with Dr. T.V. Rao and Dr. Udai Pareek heading the movement. It was 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 development of a new function - The HRD Function.

In the early seventies, this company, in association with IIMA reviewed all aspects of its operations. 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. Prof Pareek and Prof. Rao presented an approach paper to the top management on the new ideas and this was accepted.

The Company wanted the implementation also to be done by the consultants, as it was not sure that enough expertise was available on the human process within the organization. The consultants however felt that L&T managers had enough competence and insisted that an internal team undertake this task. Thus, the work was undertaken by an internal team with the help of the consultants and this was very satisfying.

Based on the recommendations of the approach paper, a very high level role was created at the Board level to give a greater thrust to the new system. A separate HRD Department was created. A high level internal team headed by a General Manager, monitored the progress of implementation of the new system initially, which was subsequently handed over to the HRD Department.

The HRD system has since then been reviewed from time to time and improvements made, retaining the basic philosophy. The original consultancy reports of Dr. Udai Pareek and Dr. T.V.Rao have sown the seeds for this new function and new profession. This pioneering work of Dr. Rao and Dr. Pareek lead later top the establishment of HRD Departments in the State Bank of India and its Associates, and Bharat Earth Movers Limited in Bangalore in 1976 and 1978 respectively.

The first HRD workshop to discuss HRD concepts and issues was held at IIMA in 1979. Several chapters of the book which was later published by Oxford & IBH as "Designing and Managing Human Resource Systems" were
distributed in this workshop. This workshop was the beginning of spreading
the HRD message.

In subsequent years beginning 1980 a series of workshops were held to
develop HRD Facilitators, both at IIMA and in the Indian Society for Applied
Behavioural Sciences (ISABS). IIMA workshops focused in the conceptual
parts and ISABS on experimental part. As HRD started growing Larsen &
Toubro instituted a HRD Chair Professorship at XLRI, Jamshedpur. Dr.
T.V.Rao moved to XLRI as L&T Professor in 1983 to set up the Centre for
HRD.

Subsequently, a National Seminar was organized in Bombay during
February 1985 jointly by XLRI Centre for HRD and the HRD Department of
Larsen & Toubro. The National HRD Network was conceived during this
seminar. The first HRD Newsletter was started consequent to this seminar by
the Centre for HRD for XLRI and was sponsored by L&T. the National HRD
Network took shape and became a large body with about 20 chapters in the
subsequent five year period.

The National HRD Network was nurtured by IIMA and XLRI on the
one hand and by the corporate sector on the other. The National HRD
Network later gave birth to the Academy of Human Resources Development
in year 1990. This is the first family tree of HRD in India.

After liberalization in year 1991 HRD concept gained momentum to
remain competitive in changing market scenario. Most of the organizations
developed full fledge HRM departments. But still HRD in Indian corporate
sector need more creativity and innovation\(^3\).
2.9 Concept of HRD

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, succession planning, key employee identification, tuition assistance, and organization development.

Nadler (1970) defined HRD 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.

In a revised definition Nadler (1984) defined it as organized learning experiences in a definite time period to increase the possibility of job performance and growth.

T.V.Rao(1985) defines HRD in the organization context is a process by which employees of an organization are helped in a continuous, planned way to:

1. Sharpen their capabilities required to perform various functions associated with their present or expected future roles
2. Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and/or organizational development purposes and
3. 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 the employees
2.10 HRD Systems/Interventions

HRD functions are carried out through its systems and sub systems. The following systems framework of HRD has five major systems and each of the systems has sub systems(Interventions) as elaborated below: the first three systems viz., Career system, Work system and Development system, are individual and team oriented while the fourth and the fifth systems viz. Self renewal system and Culture Systems are organization based.

1. Career system: As an HRD system, career system ensures attraction and retention of human resources through the following sub-systems.
   - Manpower planning
   - Recruitment
   - Career planning
   - Succession planning
   - Retention

2. Work system: Work-planning system ensures that the attracted and retained human resources are utilized in the best possible way to obtain organizational objectives. Following are the sub systems of the work planning system.
   - Role analysis
   - Role efficacy
   - Performance plan
   - Performance feedback and guidance
   - Performance appraisal
   - Promotion
   - Job rotation
   - Reward
3. Development system: The environmental situation and the business scenario is fast changing. The human resources within the organization have to raise up to the occasion and change accordingly if the organization wants to be in business. The development system ensures that the retained (career system) and utilized (work system) human resources are also continuously developed so that they are in a position to meet the emerging needs of the hour. Following are some of the developmental sub-systems of HRD that make sure that human resources in the organization are continuously developed.

- Induction
- Training
- Job enrichment
- Self-learning mechanisms
- Potential appraisal
- Succession Development
- Counseling
- Mentor system

4. Self-renewal system: It is not enough to develop individuals and teams in the organizations but occasionally there is a need to renew and re-juvenate the organization itself. Following are some of the sub-systems that can be utilized to renew the organization.

- Survey
- Action research
- Organizational Development interventions
- Organizational Retreats
5. Culture system:

Building a desired culture is of paramount importance in today’s changed business scenario. It is the culture that will give a sense of direction, purpose, togetherness, and teamwork. It is to be noted that whether an organization wants it or not along with the time common ways of doing things (culture) will emerge. If not planned carefully and built systematically such common traits may not help the business but may become a stumbling block. Hence it is very important to have cultural practices that facilitate business. Some of the culture building subsystems are given below:

- Vision, Mission and Goal
- Values
- Communication
- Get-togethers and celebrations
- Empowerments
- Rewards and recognition

2.11 Selection and designing of HRD Interventions

But the success on the HRD system depends on how you select the Particular HRD Intervention. It is important to recognize that the choice of an HRD intervention is itself a crucial decision. Knowledge about prevailing culture is the key for making the decision.

Following points outlined a philosophy for the new HRD system. They outlined 14 principles to be kept in mind in designing the HRD System. These principles deal with both the purpose of HRD systems and the process of their implementation. Some of these principles include:

1. 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 systems in the company, etc.

2. HRD systems should help individuals to recognize their potential and help them to contribute their best various organizational roles they are expected to perform;

3. HRD systems should help maximize individual autonomy through increased responsibility;

4. HRD systems should facilitate decentralization through delegation and shared responsibility;

5. HRD systems should facilitate participative decision making

6. HRD system should attempt to balance the current organizational culture along with changing the culture;

7. HRD should balance differentiation with integration

8. HRD should Balance specialization with diffusion of the function.

9. The HRD system should ensure responsibility

10. HRD should build feedback and reinforcement mechanisms.

11. HRD system should maintain a balance quantification and qualitative decisions

12. There should be balance between external and internal help

13. The HRD system should plan the evolution of the function

14. There should be a continuous review and renewal of the function.
2.12 Need for HRD

1. **HRD is needed to develop competencies:** No organization can survive, let alone make a mark, if its employees are not competent in terms of knowledge, skills and attitudes. Competent employees are as much the necessity of a non-profit organisation as of a profit-making organisation. Both types of organisations need competent employees for the success of their internal and external operations. A profit organization interested in growing, diversifying or improving its working (such as cost reduction, reduction in delays, increased customer satisfaction, improved quality, market image, etc.) must first think of developing its employees’ competencies. Similarly, a non-profit organisation, say a university or a hospital interested in improving its work culture, must first think of orienting its employees’ attitudes.

2. **HRD is needed to mitigate some of the evil consequences of industrialization.** It is common knowledge that the factory system has dehumanized and deskilled various jobs. By enriching workers’ roles HRD satisfies their needs of advancement, growth, self-respect, recognition, creativity and autonomy. Under career development plans workers are more or Jess assured about their future. Other HRD mechanisms such as counseling, monitoring, quality of work life, etc. enable workers to lead an integrated life which is mostly partitioned by the factory system into two lives: the organisational life and the personal life.

3. **HRD is needed to bring about system-wide changes:**

   Whereas traditional human resource development methods (such as training, job-rotation, etc.) have their relevance and usefulness, they are by themselves inadequate to bring about the kind of system-wide change which is visualised
in the concept of HRD. In traditional methods often top management personnel have the attitude that all is well with themselves, and it is only the lower level which needs to be trained and developed. Such attitude makes these programmes ineffective because by keeping the interdependent and interacting higher levels out, these levels continue to remain plagued by forces of mistrust, jealousy and authoritarianism. HRD programmes bring about a system-wide change. They gradually enrich the entire socio-technical system.

4. HRD is needed to develop a proper climate in the organization: No other traditional method can do this. Executives in most of the traditional organisations seem to hold the following values:

(i) The important human relationships are those which are related to achieving the organisation objectives, i.e., getting the job done.

(ii) For being effective in human relationships one needs to be more rational and logical in his behaviour rather than emotional.

(iii) Human relationships are most effectively motivated by carefully defined direction, authority and control as well as appropriate rewards and penalties that emphasis rational behaviour and achievement of the objective.

The above values when held by themselves lead to the following consequences:

Values are learned commands which, once internalized, coerce human behaviour in specific directions.

(a) Executives generally remain unaware of human problems of their subordinates because the latter suppress their emotions and disguise their feelings.
(b) Decision-making becomes less effective because there is dropping off of experimentation and risk-taking with new ideas.

(c) Conformity, mistrust, and dependence, specially on those who are in power, increase. HRD develops a new climate in the organisation. It replaces the old values by new ones.

People become more open, independent, authentic, creative and collaborative in their behaviour.

### 2.13 Role of HRD

As HRD practitioners create rather than just respond, they will seek leverage and ways to help managers, teams, and individuals take charge of their own human resource practices. HRD competencies and future trends identified nine important roles for HRD practitioners to perform. According to McLagan "HRD may be the only function in a clear position to represent human ethics and morality". It is in the following roles that the present HRD professionals are challenged to create new ways to address the human resource issues:

1. **HR strategic advisor**

   In this role the issues and trends concerning an organization's external and internal people are brought to the attention of the strategic decision makers

2. **HR systems designer and developer**

   This role involves designing and preparing HR systems for implementation so that HR systems and actions are mutually reinforcing and have maximum impact on organizational performance, development and endurance.
3. Organization change consultant

This role means facilitating the development and implementation of strategies for transforming organizations.

4. Organization design consultant

This role involves identifying the work required to fulfill organizational strategies. It also involves organizing the work so that it makes efficient and effective use of resources.

5. Learning program specialist

In this role learning needs are identified to design and develop structured learning programs and materials in a variety of media formats for self-study and workshop or electronic delivery.

6. Instructor/facilitator

This is an increasingly difficult role. In it information is presented, structural learning experiences are lead and group discussions and group processes facilitated.

7. Individual development and career consultant

This role involves helping people assess their competencies, values and goals so they can identify, plan, and implement development actions.

8. Performance consultant

This role means assisting a group or individuals to add value in the workplace. It's a coaching and consulting role in which HRD people perform both analytical and systems-design work.

9. Researcher

This role involves assessing HRD practices and programs and their impact empirically. It also means communicating results so that the organization and its people accelerate their change and development.
2.14. HRD Climate and culture

HRD climate and culture is one that results from the beliefs of the top management initially and subsequently from the HRD system and practices. Organizational culture is defined as unwritten rules, practices, attitude and beliefs that affects the performance of the employees.

HRD deals with competence building, culture building and commitment building. HRD culture also termed as OCTAPACE, which is an acronym for openness, collaboration, trust and trustworthiness, authenticity, Proactive, autonomy, confrontation experimentation. Thus the characteristics of HRD culture are:

- **Openness**: where people free to express their ideas, opinions and feelings to each other irrespective of their level and designation.
- **Collaboration**: Culture where people are eager to help each other.
- **Trust and trustworthiness**: Culture of people believing each other and acting on the basis of verbal messages and instructions without having to wait for written instructions or explanations.
- **Authenticity**: people speak truth fearlessly and keep promises made
- **Proactive**: Promote initiative and exploration on the part of all employees
- **Autonomy**: employee has some scope to use discretion to job.
- **Confrontation**: It is culture of facing issues squarely. People discuss issues without hurting each other. Organizational climate describes the morale and perception of the organization and is quite subjective. Thus the climate is outcome of the culture. Thus suitable HRD culture is required to create the positive HRD climate. Thus the HRD climate at the individual level is a summary perception of the organization.
2.15 Features of Human Resource development

The essential features of human resource development can be listed as follows:

- Human resource development is a process in which employees of the organisations are recognized as its human resource. It believes that human resource is most valuable asset of the organisation.
- It stresses on development of human resources of the organisation. It helps the employees of the organisation to develop their general capabilities in relation to their present jobs and expected future role.
- It emphasise on the development and best utilization of the capabilities of individuals in the interest of the employees and organisation.
- It helps in establishing/developing better inter-personal relations. It stresses on developing relationship based on help, trust and confidence.
- It promotes team spirit among employees.
- It tries to develop competencies at the organisation level. It stresses on providing healthy climate for development in the organisation.
- HRD is a system. It has several sub-systems. All these sub-systems are inter-related and interwoven. It stresses on collaboration among all the sub-systems.
- It aims to develop an organisational culture in which there is good senior-subordinate relations, motivation, quality and sense of belonging.
- It tries to develop competence at individual, inter-personal, group and organisational level to meet organisational goal.
- It is an inter-disciplinary concept. It is based on the concepts, ideas and principles of sociology, psychology, economics etc.
• It forms on employee welfare and quality of work life. It tries to examine/identify employee needs and meeting them to the best possible extent.

• It is a continuous and systematic learning process. Development is a lifelong process, which never ends.

2.16 Benefits of Human Resource Development.

Human resource development now a days is considered as the key to higher productivity, better relations and greater profitability for any organisation. Appropriate HRD provides unlimited benefits to the concerned organisation. Some of the important benefits are being given here:

• HRD (Human Resource Development) makes people more competent. HRD develops new skill, knowledge and attitude of the people in the concern organisations.

• With appropriate HRD programme, people become more committed to their jobs. People are assessed on the basis of their performance by having a acceptable performance appraisal system.

• An environment of trust and respect can be created with the help of human resource development.

• Acceptability toward change can be created with the help of HRD. Employees found themselves better equipped with problem-solving capabilities.

• It improves the all round growth of the employees. HRD also improves team spirit in the organisation. They become more open in their behaviour. Thus, new values can be generated.
• It also helps to create the efficiency culture in the organisation. It leads to greater organisational effectiveness. Resources are properly utilised and goals are achieved in a better way.

• It improves the participation of worker in the organisation. This improve the role of worker and workers feel a sense of pride and achievement while performing their jobs.

• It also helps to collect useful and objective data on employees programmes and policies which further facilitate better human resource planning.

• Hence, it can be concluded that HRD provides a lot of benefits in every organisation. So, the importance of concept of HRD should be recognised and given a place of eminence, to face the present and future challenges in the organisation.

**Human Development Index (HDI)**

2.17 Origins of Human Development Index

The Human Development Index (HDI) is a composite statistic of life expectancy, education, and income indices used to rank countries into four tiers of human development. It was created by a Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen in 1990 and was published by the United Nations Development Programme.

The HDI are found in the annual Development Reports of the United Nations Development Programme (UNDP). These were devised and launched by Pakistani economist Mahbub ul Haq in 1990 and had the explicit purpose "to shift the focus of development economics from national income accounting to people-centered policies". To produce the Human Development Reports, Mahbub ul Haq brought together a group of well-known
development economists including: Paul Streeten, Frances Stewart, Gustav Ranis, Keith Griffin, Sudhir Anand and Meghnad Desai. Working along with Nobel laureate Amartya Sen, they worked on capabilities and functionings that provided the underlying conceptual framework. Haq was sure that a simple composite measure of human development was needed in order to convince the public, academics, and policy-makers that they can and should evaluate development not only by economic advances but also improvements in human well-being. Sen initially opposed this idea, but he soon went on to help Haq develop the Index in the future. Sen was worried that it was going to be difficult to capture the full complexity of human capabilities in a single index but Haq persuaded him that only a single number would shift the attention of policy-makers from concentration on economic to human well-being.

2.17 Concept of Human Development Index

The Human Development index is a measure of economic development and economic welfare. The Human Development Index examines three important criteria of economic development (life expectancy, education and income levels) and uses this to create an overall score between 0 and 1.1 indicates a high level of economic development, 0 a very low level.

The HDI give an overall index of economic development. It has some limitations and excludes several factors that might have been included, but it does give a rough ability to make comparisons on issues of economic welfare – much more than just using GDP statistics show.
Dimensions of the HDI

1. Life Expectancy Index. Average life expectancy compared to a global expected life expectancy.

2. Education Index
   1. mean years of schooling
   2. expected years of schooling

3. Income Index (GNI at PPP)

1. Life Expectancy Index

The long and healthy life dimension uses life expectancy at birth as its indicator. Life expectancy at birth is: “the number of years a newborn infant could expect to live if prevailing patterns of age-specific mortality rates at the time of birth were to stay the same throughout the child’s life” (UNDP. 2010. p. 224). The life expectancy index is calculated using a minimum value of 20 years and maximum value of 83.2 years (see section 3 for details on calculating each dimension index). The minimum value for life expectancy (20 years) is based on long-run historical evidence from Maddison (2010) and Riley (2005) which shows that if a society or a sub-group of society has a life expectancy below the typical age of reproduction, then that society would die out. The minimum level of 20 years is therefore the life expectancy needed for the subsistence of a society. The maximum value meanwhile is the observed maximum value of the indicator from countries in the time series 1980–2010, and corresponds to Japan in 2010. This time series (1980-2010) is used to determine maximum values for all HDI indicators, plus the minimum value for the standard of living indicator (see below).
2. Education Index

The education component of the HDI is measured by two indicators: mean years of schooling for adults aged 25 years and older, and the expected years of schooling for children of school-going age. Estimates for mean years of schooling are based on the duration of schooling at each level of education. Expected years of schooling estimates are based on two factors: enrolment by age at all levels of education and the number of children of school age in the population for each level of education. It is important to note that the duration of each level of education may differ from country to country and this is taken into account when calculating mean and expected years of schooling.

The two indicators are first normalized using a minimum value of 0 and maximum value of 13.2 for mean years of schooling (from the USA in 2000) and 20.6 for expected years of schooling (from Australia in 2002). As societies can subsist without formal education, the minimum value of 0 years is used for both education variables. The maximum values are set to the actual observed maximum values of the indicators from the countries in the time series 1980–2010. Both indicators are then combined to produce an education index, which is the geometric mean of the two equally-weighted sub-indices for each education indicator. The dimension specific index for education overall is re-normalized one last time using the minimum value of 0 and the maximum observed value for the 1980-2010 series (0.951 for New Zealand in 2010).

3. Income Index (GNI at PPP)

The decent standard of living component is measured by the natural logarithm of GNI per capita adjusted by PPP. For this component, the minimum value is PPP $163 which is the lowest value attained by any country between 1980-2010 (in Zimbabwe in 2008). This value was selected as a basic level of income necessary to ensure survival. The maximum value used is PPP...
$108,211, again observed during the time series 1980-2010 in the United Arab Emirates in 1980. The HDI uses the natural logarithm of income to reflect the diminishing importance of income with increasing GNI per capita. Thus the index is computed by normalizing the natural logarithm of GNI with respect to the natural logarithm of the minimum and maximum values.

### 2.18 Versions of the Human Development Index (HDI):

1. **Human Development Index (HDI):** Calculated using globally comparable data, the global HDI compares the situation of countries in the areas of health, knowledge and living standards. It was adapted in the 2010 *Human Development Report (HDR)*, and this primer reflects the newest method.

2. **Regional or national HDIs:** The HDI may be adapted to local realities, needs and the data available. Its purpose is to assess levels of human development in specific regions or countries in the dimensions most relevant and feasible locally.

### 2.19 Dimensions and calculation of HDI

**New method (2010 Report onwards)**

Published on 4 November 2010 (and updated on 10 June 2011), starting with the 2010 Human Development Report the HDI combines three dimensions:

- A long and healthy life: Life expectancy at birth
- Education index: Mean years of schooling and Expected years of schooling
- A decent standard of living: GNI per capita (PPP US$)
In its 2010 Human Development Report, the UNDP began using a new method of calculating the HDI. The following three indices are used:

1. \[ LE = \frac{LE - 20}{82.3 - 20} \]

2. (LEI) \[ = \sqrt{\text{MYSI} \cdot \text{EYSI}} \]

3. Income Index (II) \[ = \frac{\ln(GNIpc) - \ln(100)}{\ln(107,721) - \ln(100)} \]

Finally, the HDI is the geometric mean of the previous three normalized indices:

\[ \text{HDI} = \sqrt[3]{\text{LEI} \cdot \text{EI} \cdot \text{II}}. \]

LE: Life expectancy at birth

MYS: Mean years of schooling (Years that a 25-year-old person or older has spent in schools)

EYS: Expected years of schooling (Years that a 5-year-old child will spend with his education in his whole life)

GNIpc: Gross national income at purchasing power parity per capita
Old method (before 2010 Report)

The HDI combined three dimensions last used in its 2009 Report:

- Life expectancy at birth, as an index of population health and longevity
- Knowledge and education, as measured by the adult literacy rate (with two-thirds weighting) and the combined primary, secondary, and tertiary gross enrollment ratio (with one-third weighting).
- Standard of living, as indicated by the natural logarithm of gross domestic product per capita at purchasing power parity.

Potential Innovations

The functional form of the HDI is highly flexible and allows the index to be used for multiple purposes. The global HDI is chiefly intended for international comparisons between countries and the rest of the world and thus its dimensions and indicators are fixed across countries. This is useful because it provides policy-relevant information for both national governments and the international community. National teams can also disaggregate the global HDI score for their country to compare different sub-populations or sub-regions within the country, if appropriate data at the level of disaggregation are available. Indeed, the HDI methodology has also highlighted internal disparities within countries, prompting constructive national policy debates.

Yet often HDI indicators (particularly GNI per capita and life expectancy at birth) are not available sub-nationally. Also, countries (or regions) may also want to assess context-specific aspects of human development. In such cases, the formula of the global HDI can be easily applied to an alternative set of indicators for national-level exercises or for regional analyses (to facilitate specific regional comparisons). In this way, the HDI is similar to other well-being, inequality or poverty measures. The methodology and formulae underpinning the index can easily incorporate
different (or additional) indicators and dimensions. These adaptations are possible if two important conditions are first met: if data are available and if calculations adhere to sound statistical principles.

Both kinds of exercises—international and national—are extremely valuable in obtaining different and complementary information. Thus, while national teams are encouraged to use the global HDI methodology for international comparisons, they are also urged to design national HDIs that use the indicators that are most relevant to their country’s specific needs and goals.

National-level exercises may, for instance, provide more accurate information in certain areas because the data limitations imposed by international comparability do not apply.

2.20 Limitations of Human Development Index

- Wide divergence within countries. For example, countries like China and Kenya have widely different HDI scores depending on the region in question. (e.g. north China poorer than south east)
- HDI reflect long-term changes (e.g. life expectancy) and may not respond to recent short-term changes.
- Higher National wealth GDI may not necessarily increase economic welfare, it depends how it is spent.
- Also higher GDI per capita may hide widespread inequality within a country. Some countries with higher real GDI per capita have high levels of inequality (e.g. Russia, Saudi Arabia)
- However, HDI can highlight countries with similar GDI per capita but different levels of economic development.
- Economic welfare depends on several other factors, such as – threat of war, levels of pollution, access to clean drinking water e.t.c.
2.21. Calculation of Human Development Index in Maharashtra

Maharashtra published its first HDR in 2002, which profiled the human development scenario in the state and set the context for discussions and debate on the subject.

It highlighted the prevailing levels of socioeconomic achievements and deprivation at the state and district levels along with the need for accurate policy directives on issues related to population, poverty, education, health,
nutrition and gender. The Report also highlighted the problems of data availability for human development indicators.

Here, we touch upon the main findings cited in the first MHDR on the various dimensions of human development, to benchmark the scenario prevailing in 2002. This will also facilitate a better understanding of whether the state has made any progress in promoting human development related issues which are studied and reported in detail in the various chapters of this report.

Maharashtra has fared in terms of HDI as well as its individual dimensions at the state level and disaggregated by districts. The estimation of district-level HDIs for the current study and analysis bristled with problems due to non-availability of data on two indicators for more recent years. For instance, as a measure of income, only estimates of income generated at the district level and not income net of transfers across district or state borders, were available.\(^1\) To facilitate the comparison of HDI at two points of time (2001 and 2011) the PCDDP at constant prices (1999–2000) of 2001 and 2008–09 are taken. Similarly, estimates of life expectancy at the district level for the relevant years were not available and thus estimates of the IMR were utilized to estimate its complement, namely, infant survival rate (ISR). As far as the education component is concerned, data for the total literacy rate was available, while Gross Enrolment Ratios (GERs) for primary, upper primary and secondary levels of schooling were calculated. By using data available for the period from 2001 to 2011, the HDIs for the state as well as the districts were computed for two points of time, namely, 2001 and 2011, and have been presented here. Also, it is worthwhile to note that the state has made substantial progress in IMR and income status after 2008. Hence the data available about rural IMR and the Per Capita Net District Domestic Product
(PCNDDP) at current prices is analysed to obtain the proper perspective of growth in these sectors and given after the discussion on HDI.

Thus following four parameters are used for calculation of HDI in Maharashtra

- Education Index: Literacy rate & Gross Enrollment Ration (GER)
- Health Index: Infant Mortality Rate (IMR)
- Income index

The education index has been calculated by allocating two-thirds weight to literacy and one-third weight to GER.

Income Index = \( \frac{\text{MPCE}(1-G) – \text{MPCE}_{\text{min}}(1-G))}{\text{MPCE}_{\text{max}}(1-G) – \text{MPCE}_{\text{min}}(1-G))} \)

Where MPCE = Monthly Per Capita Expenditure

G is the Gini coefficient of inequality of MPCE

Finally, an aggregate HDI for a given district has been calculated as a simple arithmetic mean of the normalized scores for the three dimensions.

HDI = Simple average of Health index, education index and Income index.