Chapter 2

Ideational And Theoretical Framework
2.1 INTRODUCTION

'Personnel', in a broader sense of the term, are the workers that an employer obtains, develops, utilizes, evaluates, maintains and retains in right numbers and types, to serve the purpose of the organization. Hence, "Personnel Management" is defined as being "concerned with planning, organizing, directing and controlling the procurement, development, compensation and integration of people for the purpose of contributing to organizational and social goals".¹ The definition, by implication, treats 'personnel' on par with the organization's physical and financial resources. Physical and financial resources respond directly to the managerial action; on the other hand, personnel interpret their work environment through a web of sentiments and feelings and hence, their response to the managerial action is governed by innumerable intervening variables. This is on account of certain unique human characteristics the personnel possess, namely, Capability for improving, Understanding of the situation and Modifying performance accordingly, versatility that no other animal being or inanimate object possesses; Ability to be a prime mover in diverse situations; Capability to go beyond set structures of thinking and acting; Being innovative and exploring new possibilities; Ability to adapt to a situation, if needed.²

Humankind indeed has taken a long time, from prehistoric hunting-gathering era to well past the industrial revolution, to recognize the unique 'resource value' of the human being in the order of the things. Historians point out those pre-industrial revolution economists like Adam Smith (1723-1790), David Ricardo (1772-1823) and John Stuart Mill (1806-1873) who dealt with only the non-human factors of productive economic processes. Two French economists J.B.Say (1767-1832) and Saint Simon (1760-1823) acknowledged the role of 'enterprise' (the faculty of directing resources from less productive to more productive purposes for creating wealth) but not of the human element associated with it. Alfred Marshall (1842-1924) added the word 'management', calling it 'organization', to the factors of production, namely, land, labour and
capital, but still treated it as an extraneous factor. Hence human labour contributing to the creation of wealth was treated merely as an economic-mechanistic quantity and a cost-item on par with land and capital.

A beginning of the modern-day management practices was made in the middle age Europe when discoveries of new lands were made and trade and commerce between countries started in a small way. With the passage of time and the corresponding flourishing of trade, commerce and industry, the inadequacy of treating the human labour merely as a commodity in the productive economic processes became increasingly evident. Cotton planters in USA found that it was possible to secure more work from the slaves if they were treated humanely. Dutch and English manufacturer - exporters found that output of poorhouse inmates went up corresponding to the improvement in their skill through training. Primitive Human Resource Development (HRD) efforts indeed! Slowly employers began to realize that for pursuing monetary profits, securing friendly cooperation from the employees was a far more effective strategy than treating them exploitively. Robert Owen, the well known English textile magnate-philanthropist-social reformer, was foresighted enough to urge Manchester textile mill superintendents as early as 1813 that, "If due care of the state of your machines can produce beneficial results, what may not be expected if you devote equal attention to your vital machines (the human resources) far more wonderfully constructed?". By mid 1800's, a few industrialists started appointing a 'welfare secretary' in their textile mills, foundries and mines. These secretaries helped workers with their personal problems of education, housing and health. Yet another motive behind welfare secretaries' appointment was to prevent unionization of workers over their work place-related problems, then an emerging phenomenon.

Pragmatic translation of Owen's sage advice through a deliberate organizational effort at skill refinement, however, had to await for the arrival of F.W. Taylor, the Father of Scientific Management, on the scene nearly a century later. His Time and Motion Study Method [The 'Best Method', in brief can be
summarized as "work or tasks must be systematically and meticulously analyzed and broken down into the smallest mechanical elements and then reorganized into their most efficient combinations" proposed that through systematic analysis of any production process, it was possible to discover one 'best method' for performing a particular operation in the most productive manner. He also proposed that employers should share with workers the extra profits accrued consequent to the adoption of the 'best method'. This extra payment was called 'incentive'. By 1920's many incentive schemes were discovered and implemented by European and American manufacturers. A remarkable feature of the incentive system is that it links compensation with performance by paying for actual results, not for seniority or hours worked.8

From 1927 to 1932 Elton Mayo and his team conducted their now famous Hawthorne Experiments at the Western Electric Company of USA and conclusively demonstrated the importance of treating employees as human beings for improvement in productivity. It was the turning point in the Management's thinking about the interrelationship between the humans employed in the organization and other resources such as land, raw materials, machines and finance at its dispositions. The Scientific Management Movement begun with F.W. Taylor, showed that systematic and scientific study of work could lead to improved efficiency. The arguments for specialization and improved training of workers, which rose from this approach, furthered the need for a separate personnel function within the management. The personnel departments that came into existence consequently contributed to improve the organizational effectiveness by maintaining wage-levels, screening job applicants and handling grievances. They also assumed the welfare secretary's role of monitoring working conditions, dealing with unions and meeting other employee needs. The Industrial Revolution begun in 1760 thus revolutionized not only the 'technology' and 'management', but also the 'human relations' at the work place and significantly influenced the workplace in favour of humans; although in early years, production, finance and marketing functions overshadowed the personnel function.
‘Human resources’, conceptually distinct from ‘personnel’, are the “people who are ready, willing and able to contribute to organizational goals”. The underlying conceptual difference between the Personnel Management and the Human Resource Management is that Personnel Management assumes that personnel are motivated mainly by the salary and rewards of employment, Human Resource Management assumes that, people are motivated primarily by the opportunities that organization offers for their self-development and realization of potential. Successful corporate leaders recognize that their competitive edge in today’s market place is their people. They also acknowledge that few organizations know how to manage human resources effectively, primarily because traditional management models are inappropriate in our dynamic work environment. In the eighties, personnel management was replaced by the term ‘Human Resource Management’ as it is a more proactive approach to the management of people as it emphasizes both material and non-material needs of the employees in an organization and treats workers as human beings and treats investment in them as an asset for the organization as compared to personnel management where workers were treated on par with other factors of production.

2.2 HUMAN RESOURCE MANAGEMENT

People in work organization are endowed with a range of abilities, talents and attitudes to influence productivity, quality and profitability. People set overall strategies and goals, design work systems, produce goods and services, monitor quality, allocate financial resources, and market the products and services. Individuals therefore become ‘human resources’ by virtue of the roles they assume in the work organizations. In other words, employees differ from other resources because of their ability to evaluate and to question management’s actions, and their commitment and cooperation always has to be won. In addition, employees have the capacity to form groups and trade unions to defend or further their varied interests.
Hence, "Human Resources Management" can be defined as "the process of accomplishing organizational objectives by acquiring, retaining, developing and properly using the human resources in an organization". Human Resource Management also is a continuous process, defined as "the systematic control of a network of interrelated processes affecting and involving all the members of an organization". Human Resource Management believes that human development is a continuous process and that true organizational effectiveness can be achieved by matching the organizational and individual needs. Particularly from Human Resource Development's context, Human Resource Management may be viewed as "a process of inducting, managing and developing individuals for their journey towards the state of 'Self Actualization'- the highest need identified by Maslow".

Human Resource Management, together with production management, financial management and marketing management, aims at 'Organizational Development' which is defined as, "a top-management supported, long-range effort to improve organization's problem-solving and renewal processes, particularly through effective and collaborative diagnosis and management of organizational culture-with special emphasis on formal teamwork and inter-group culture". The basic objectives of Human Resource Management are to help in the accomplishment of organizational goals. The specific objectives may be stated as:

1. To ensure effective utilization of human resources so that all other organizational resources will be efficiently utilized by the human resources.
2. To establish and maintain an adequate organizational structure and a desirable working relationship among all the members of an organization by dividing organizational tasks into functions, positions, jobs and by defining its relation with other jobs in the organization.
3. To generate maximum development of human resources within the organization by offering opportunities for advancement to employees.
through training and education, or by effecting transfers or by offering retraining facilities.

4. To secure the integration of the individuals and groups within an organization by reconciling individual/group goals with those of the organization in such a manner that the employees feel a sense of involvement, commitment and loyalty towards it.

5. To identify and satisfy the needs of individuals by offering various monetary and non-monetary rewards.

6. To ensure respect for human beings by providing various services and welfare facilities to the personnel

7. To achieve and maintain high morale among employees in the organization by securing better human relations.

FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

Following are some of the important functions of human resource management.

1. Employment: It is concerned with securing and employing the people possessing the required kind and level of human resources necessary to achieve the organizational objectives. It has following as its sub-functions.

   (a) Job Analysis
   (b) Human Resources Planning
   (c) Recruitment
   (d) Selection
   (e) Placement
   (f) Induction
   (g) Internal Mobility
2. **Human Resources Development**: It is the process of improving, moulding and changing the skills, knowledge, creative ability, aptitude, attitude, values, commitment etc, based on present and future job and organizational requirements. It includes following sub-functions.

   (a) Performance and Potential Appraisal
   (b) Training
   (c) Management Development
   (d) Career Planning and Development
   (e) Internal Mobility
   (f) Transfer
   (g) Promotion/Demotion
   (h) Employee Welfare
   (i) Change and Organization Development

3. **Compensation**: It is the process of providing adequate, equitable and fair remuneration to the employees. It includes following sub-functions

   (a) Job Evaluation
   (b) Wage and Salary Administration
   (c) Incentives
   (d) Bonus
   (e) Fringe Benefits
   (f) Social Security Measures

4. **Human Relations**: This function tries to create a sense of relationship between the individual worker and management, among workers, trade unions and management, and organisation and consumers. It includes following activities.

   (a) Motivating Employees
   (b) Boosting Employee Morale
   (c) Developing Communication Skills
(d) Developing Leadership Skill
(e) Redressing Employees' Grievances
(f) Counseling Employees in solving their personal problems
(g) Recreational Facilities
(h) Providing Comfortable Work Environment
(i) Public relations

5. Industrial Relations: Industrial Relations refer to the study of relations among employees, employer, government and trade unions. It includes:

(a) Labour Market
(b) Trade Unionism
(c) Collective Bargaining
(d) Industrial Conflicts
(e) Workers' participation in management
(f) Quality Circles

In the context of Organization Development, Human Resource Management faces a peculiar two-pronged challenge, “How can the human resources and their energy be optimally mobilized to achieve the organization's mission and at the same time, how to maintain a viable organization of people whose personal needs for self-worth, growth and satisfaction are to be significantly met?”. In this situation, it is only the Human Resource Development that can offer a viable solution. Human Resource Development focuses on increasing the capabilities of employees for continuing growth and advancement in the organization.

2.3 HUMAN RESOURCE DEVELOPMENT

Human Resources Development is a sub-function of Human Resource Management and aims at “training, educating, appraising and generally preparing the people in the organization for present or future jobs”. Human Resource Development is also defined as “the development of people by
providing them the required environment where they may grow to realize their fullest potential." Clearly, the aim of the Human Resource Development is to convert the organization's human resources into human assets, on par with its physical and financial assets. William Werther and Keith Davis visualize a dual role for Human Resource Development; firstly, it prepares individuals for future job responsibilities and secondly, it enables the organization to contend with employee obsolescence and turnover, workforce diversity as also technological and social changes.

Human Resource Development is a conscious and purpose-oriented effort through which enlightened organizations strive to continuously upgrade their human resources to compensate for its depreciating physical/financial assets, to avoid being overwhelmed by the changing situation, to stay viable and effective and to ultimately attain the organizational objectives. The organization's Human Resource Development effort, therefore, is sustained on two primary intramural considerations: Firstly, a person's craving for growth constitutes the intervening variable in his/her stimulus: response relationship with the environment; the sentiments generated consequent thereto reflect in his/her improved work performance in fulfilling the assigned organizational tasks: Secondly, the effort exerted by the person for performing the work, basically satisfying a hierarchy of personal needs, ultimately leads to the refinement of job skills; the faculties of innovation and resourcefulness developed during the process often offer solutions to the hindrances and/or impediments encountered in accomplishing the organizational goals.

The cascading effects of a person's self-development in an organizational setting ultimately benefit the person, the organization and the society around, particularly in the service organizations functioning in a continuously changing environment. Human Resource Development ought to become a way of life to improve the organizational effectiveness and a safeguard against falling into complacency-trap. But this is easier said than done, unless of course, the organization is committed to its self-development through the conversion of its
human resources into human assets through a purposive Human Resource Development effort. The organization's expectations from the Human Resource Development function are:

- That the availability of the right type of human resources for every job is ensured;
- That external recruitment be kept to minimum level to optimize the human resource costs;
- That labour problems and work stoppages are prevented;
- That the organization should have a motivated workforce;
- That the anticipation and management of change is facilitated so that the organization is able to cope with the rapid changes in future by being receptive to changes;
- That a feeling of commitment is inculcated in the employees;
- That employees are made effective team members;
- That values of quality and cost consciousness are inculcated
- That employees are motivated to behave amicably with the customers and other agencies;
- That expectations of employees are identified and brought to the notice of the top management supported by alternative strategies;
- That a good image of the organization is created both within and outside.27

The purposiveness of Human Resource Development effort presupposes a systematic practice of certain basic, or direct, processes, viz., (1) Human resource planning, recruitment and selection, (2) Training and Development, (3) Performance and Potential Appraisal, (4) Career Planning and Development, and (5) Compensation and Employee Welfare.28 In addition, there are certain other ancillary, or indirect, processes, namely, job analysis, job description, job
specialization and job evaluation, placement and induction, motivation, morale, attitude and job changes, human resource research, and human resource information, job satisfaction, discipline and grievance redressal, health and safety, communication and counseling, employee relations, organization development. All these form into a Human Resource Development system of the organization that enables the employees to:

❖ Acquire or sharpen capabilities required to perform various functions associated with their present or expected future role;

❖ Develop their general capabilities as individuals and discover and exploit their inner potentials for their own and organizational development purposes;

❖ Develop an organizational culture in which supervisor-subordinate relationships, teamwork and collaboration among sub-units are strong and contribute to professional well-being, motivation and pride of employees.29

2.3.1 EVOLUTION OF HUMAN RESOURCE DEVELOPMENT IN INDIA

Private sector organization, Larsen & Turbo Limited (L&T) introduced HRD as an organisational activity and a professional practice for the first time in India in 1974. In 1978, Bank of Baroda, and in 1979, the State Bank of India, adopted it. In 1980, Udai Pareek and T.V. Rao of the Indian Institute of Management, Ahmedabad published their pioneering work “Designing and Managing Human Resource Systems”, proposing an HRD model anchored in the Indian social and cultural values. The book took away some of the western aura around the HRD concepts and prepared ground for experimenting with the HRD in India. Encouraged by the successes reported by the L&T, Bank of Baroda and the State Bank of India, many public and private sector organizations designed and implemented HRD programs.

In 1985, National HRD Network was established. Soon afterwards, the Union Government of India also established HRD Ministry. Liberalization of the
Indian economy from 1991 onwards gave further fillip to the HRD movement in the country.

In the years since 1990, experimentation and intellectual discourse of the preceding decade began to influence and shape the HRD practices of Indian business and industrial organisations. It may be stated that the HRD spirit has now truly taken roots in India and many organizations have evolved their own specific HRD practices.30

2.4 FUNDAMENTAL CONCEPTS OF HUMAN RESOURCE DEVELOPMENT

Being of recent origin, HRD continues to be an abstract notion31 but it intrinsically recognizes that 'People' is the single most important and valuable resource of the organization.32 The concept of HRD recognizes that people are self-actualising entities, possessing uniquely complex individual personalities and capabilities.33 Hence, people need to be developed in terms of knowledge, skills and attitudes for achieving the goals of their employing organisations, because only dynamic people can build dynamic organizations; only competent and motivated people enable an organization to achieve its goals.34

Broadly, there are three meanings attached to the concept of HRD – first, the people working for the organization are its assets and that it is necessary to invest time and effort in them for their development; secondly, people’s value, as a resource, appreciates over time, unlike the material resources that depreciate over time; and thirdly, the HRD effort should be comprehensive, in that it should focus on people not only as individuals but also as groups and teams, in relation to the social realities in the organization.35 Hence, three things are common to most HRD programs- first, devising ways to better adjust an individual employee to his/her job and environment; secondly, greater involvement of employees in various aspects of work; and thirdly, greater concern for enhancing the capabilities of the individual.36

T.V. Rao describes the HRD “as a process by which the employees of an organization are helped in a continuous and planned way to:
Acquire or sharpen capabilities required to perform various functions associated with their present or the expected future jobs;

Develop their general capabilities as individuals and discover and exploit their own inner potential for their own and the organization's development;

Develop an organizational culture in which supervisor-subordinate relationships, teamwork and collaboration among sub-units are strong and contribute to the professional well-being, motivation and pride of employees. 38

2.5 'OCTAPAC' VALUES IN HUMAN RESOURCE DEVELOPMENT

Udai Pareek maintains that HRD, in Indian context, is a concept based on the values of:

- 'Openness', implying confronting the problems rather than avoiding them;
- 'Confrontation', meaning facing the problems and exploring the ways of improving relationships amongst individuals and searching for solutions to problems;
- 'Trust' is the result of Openness and Confrontation;
- 'Authenticity' is the value underlying, a person's acknowledgement of his feelings and acceptance of both himself and others as persons;
- 'Proaction', that is, instead of merely reacting to the situation, the organization takes initiative in influencing the situation;
- 'Autonomy' means that an individual does not feel threatened in seeking help from other in coping with problems. Autonomy underlines collaboration, because only an autonomous person can collaborate and not perceive his collaborative initiative as a sign of weakness or inferiority.
'Collaboration' is emphasized as a value, so that individuals, instead of working independently in solving their problems, work in teams and with a commitment to their respective roles and to the organization.39

Since their verbalization, the OCTAPAC values of the HRD concepts have greatly influenced the evolution of HRD practices in India.

2.6 HUMAN RESOURCE DEVELOPMENT (HRD) ENVIRONMENT

HRD environment is generally taken as being a sub-environment within the larger Organizational environment (OE). Hellriegel and Slocum define the OE as "a set of perceivable attributes about an organization and/or its subsystems; that it is influenced by the way the organization itself and/or its subsystems deal with its members and the environment".40 HRD environment, being an integral part of the organizational environment, is particularly influenced by the OCTAPAC values41 that become manifest through:

➤ A tendency of the top management to consider and treat employees as important resources of the organization;
➤ A perception that developing the latent potential of the employees is part of every manager's/supervisor's job;
➤ A belief that people can acquire new skills and competence at any stage in life;
➤ A tendency to be open in communication;
➤ A tendency to encourage risk-taking and initiative;
➤ A tendency to help juniors and subordinates by recognizing their strengths and weaknesses;
➤ A tendency of mutual help among the employees;
➤ A tendency to discourage favoritism and biases
➤ A general climate of trust;
➤ Supportive personnel policies of the organization;
Development oriented performance and potential appraisal, training, rewards and non-monetary benefits, career planning and development assistance.\textsuperscript{42}

2.6.1 Elements of HRD Environment

The elements of HRD environment can be grouped into three broad categories – general environment, OCTAPAC culture and HRD mechanisms.

The general environment deals with the importance given to the HRD by the top management and the line managers. The OCTAPAC culture deals with the extent to which Confrontation, Autonomy, Trust, Openness, Proactivity, Authenticity and Collaboration are valued and promoted in the organization. Thirdly, items dealing with the HRD mechanisms such as training, performance appraisal, etc, that measure the extent to which these are implemented seriously. The following assumptions are made before the HRD mechanism is implemented:

- A general supportive environment is important for the HRD if it has to be implemented effectively. Such supportive environment consists of not only top management, but good personnel policies and positive attitude towards development;

- Successful implementation of HRD involves an integrated look at HRD and efforts to use as many HRD mechanisms as possible. These mechanisms include performance and potential appraisal, career planning, performance rewards, feedback and counseling, training, employee welfare for quality life, etc,

OCTAPAC culture is essential for facilitating HRD. Openness prevails when employees feel free to discuss their ideas, activities and feelings with each other; Confrontation is bringing out problems and issues into the open with a view to solving them rather than hiding them for the fear of hurting or getting hurt; Trust is taking people at their face value and believing what they say; Authenticity is the tendency on the part of the people to do what they say;
Proactivity is encouraging employees to take initiative and risks; Autonomy is giving freedom to let people work independently with responsibility; Collaboration is to accept interdependence; to be helpful to each other and work as a team.43

2.6.2 Contributory Factors of HRD Environment

Following factors may be considered as contributing to the HRD environment:

➤ **Top Management Style and Philosophy:** A developmental style, a belief in the capability of people, a participative approach, openness and receptivity to suggestions from the subordinates are some of the dimensions that contribute to the creation of a positive HRD environment;

➤ **Personnel Policies:** Personnel Policies that show high concern for employees, that emphasize equity and objectivity in appraisals, policies that emphasize sufficient resource allocation for welfare and developmental activities, policies that emphasize a collaborative attitude and trust among the people go a long way in creating the HRD environment;

➤ **HRD Instruments and Systems:** A number of HRD instruments have been found to generate a good HRD environment. Particularly, open systems of appraisal with emphasis on counseling, career development systems, informal training mechanism, potential development systems, etc., contribute to HRD environment;

➤ **Self-Renewal Mechanisms:** Organisations that have built in self-renewal mechanisms are likely to generate a positive HRD environment;

➤ **Attitudes of Personnel and HRD Staff:** A helpful and supportive attitude on the part of the HRD and personnel staff plays a very critical role in generating the HRD environment. If the personal behaviour of any of
these agents is not supportive, the HRD environment is likely to be vitiated;

- **Commitment of the Line Managers:** The commitment of line managers to the development of their subordinates is a very important determinant of the HRD environment. If the line managers are willing to spend a part of their time for subordinates, it is likely to have a positive impact.44

### 2.7 HUMAN RESOURCE DEVELOPMENT PRACTICES

HRD initiative presupposes existence of certain systematic practices – the basic being (i) Training and Development, (ii) Performance Appraisal, (iii) Career Planning and Development, and (iv) Employee Welfare, in the organization. Several ancillary practices are also needed for an effective implementation of the basic practices – these being job description, analysis, specialization, and evaluation, placement and induction, motivation, morale-building, attitude-modification, discipline and grievance redressal, communication and counseling, human resource research and information system, etc. Combined together and in association with each other, these form the HRD system of the organization, aiming at the employee enablement in the areas of:

- Acquisition of capabilities required to discharge various functions and perform present and future jobs;
- Development of latent potential for the ultimate individual and organisational development;
- Development of an organisational culture conducive to personal and organizational growth.45

Out of these numerous basic and ancillary practices, the present work has taken up for investigation the effectiveness of the practice of: (1) Training (2) Performance Appraisal (3) Career Planning and Development and (4) Employee Welfare, in the Nationalised, Scheduled and Cooperative banks in Dharwad district.
Presented below are the conceptual and theoretical premises of these select basic HRD processes.

2.7.1 TRAINING AND DEVELOPMENT

Training represents those activities that teach employees how to perform their present jobs.46 The primary purpose of training is to establish a sound relationship between the worker and his/her job, at the optimum person to task relationship.47 Training is the basic and strong mechanism in the HRD, contributing directly to the individual development. It is a process of skill building, aimed at developing an individual's ability and effectiveness to perform his present and future jobs.48 Development, on the other hand, includes those activities that prepare an employee for future responsibilities.49 Although often used interchangeably in HRD context, 'training' and 'development' have separate emphases and scope; training is more a short-term process of utilizing systematic and organized procedure to impart knowledge and skill to an employee for a definite immediate purpose; development is a long term educational process aimed at expanding his/her knowledge base, attitudes, basic job skills as also interpersonal and technical skills. While the term 'training' is applied from workers to managers and executives, the term 'development' is used mainly for managers and executives.

In the HRD context, training and development has two basic approaches - a reactive (or problem-solving) approach, and a proactive (or forward-looking) approach. After selecting necessary employees, no organization has a choice whether to train and develop them or not; the only choice is that of the method. Organizations are compelled to maintain a viable and knowledgeable workforce in the ever-changing environment. Training is a systematic process of changing the behaviour, knowledge and attitudes of present employees to improve the match between employee characteristics and employment requirements. Development of human resources involves acquisition of new abilities with changed skills, knowledge and attitude necessary for better performance.
Definitions of Training and Development

Usually the concepts of education, training and development are so closely related that these terms are often used synonymously. The distinct definitions of these three however, are:

Education: A process by means of which the knowledge, learning, understanding of physical capacities or mental outlook or attitude of employees are so increased as to bring about their better adjustment with their working environment;

Training: A process by means of which the aptitudes, skills and capabilities of individual employees to perform specific jobs are increased;

Development: A process by means of which an individual attains overall improvement in ability and competence and makes progress towards maturity and actualization of personality.50

David E. Bartz, clarify this further as, Training refers to instruction provided for current job. It has a rather narrow focus and should provide skills that will benefit the organization rather quickly.

Development, on the other hand, has a broader scope and may not be focused on the present or future job, but more on the organization’s general long-term needs. The pay off is less direct and can only be measured in the long term.51

Stated briefly, ‘training’ means imparting of skills and knowledge to employees for improved performance on a particular job, while ‘development’ is an overall improvement in their ability and competence.

Training and development of human resources usually returns to organization increased productivity, heightened morale, reduced costs and greater organizational stability and flexibility to adapt to changing environment. Training and Development efforts also help in achieving high standards of quality, building up satisfactory organization structure, reducing employee

50
dissatisfaction, eliminating the need for constant supervision, equipping them with capabilities for promotion, cordial and healthy employment relations through better handling of complaints and grievances.52

A Systematic Approach to Training

Systematic training plays a key role in increasing the organizational efficiency and involves:

1. Establishing the facts about the present and the likely future, prospective or projected manpower situation and organization's growth and determining the gaps;

2. Planning a complete training cycle, comprising:
   (a) Determining, reviewing and clearly understanding organization's goals;
   (b) Designing methodology and undertaking training needs survey;
   (c) Analysis of training needs survey data;
   (d) Determining and prioritising training objectives;
   (e) Setting up training facilities;
   (f) Preparing a calendar of training programs;
   (g) Preparing training budgets;
   (h) Identifying contents of training programs;
   (i) Selecting trainees/participants, selecting trainers/resource-persons, selecting training methods, training materials;
   (j) Implementing training programs;
   (k) Undertaking on-the-job training effectiveness surveys;
   (l) Implementing post-training follow-ups.53
A Systems Concept of Training

A system may be defined as a group of interrelated and interdependent processes, separated in sequence. The principal subsystems of a systems concept of training may be described as: (1) Identifying training needs (2) Formulating training objectives (3) Designing training programs (4) Implementing training programs and (5) Evaluating training.

Training Needs: 'Training needs' is the gap between the knowledge, skills and attitudes that the job demands and the knowledge, skills and attitudes possessed by the employee assigned to do that job. Training needs may be determined through: (1) Observing and analyzing the employee's job performance (2) Analyzing job requirements (3) Considering anticipated changes in the nature of job (4) Surveying training needs and (5) Interviewing employees.54

Training Objectives: 'Training objectives' should state the desired behavior and the conditions under which the training is to occur. Objectives also serve as the standard against which individual performance and the training program can be measured. Objectives give the trainer and the trainee specific goals that can be used for evaluating their respective successes. If the objectives are not met, failure gives the organization feedback on the training program, the trainer and the trainee.55

Design of Training Program: Contents of a training program are shaped by the assessment of training needs and the training objectives. The three major ingredients of any program design are: (1) A purpose (2) A method and (3) A format. The design also includes identifying the various training methods to be used; and is influenced by: (1) Cost-effectiveness (2) Desired program content (3) Appropriateness of facilities (4) Trainee preferences and capabilities (5) Trainer preferences and capabilities and (6) Learning principles to be adopted.56
Implementation of Training program: Ensuring the successful implementation of a training program is a process that actually begins before the trainees arrive. The implementation begins with the five initial and necessary steps:

- Preparing the trainers mentally,
- Arranging the physical environment
- Greeting trainees and establishing rapport,
- Making positive impression on the trainees, and
- Reviewing the training program agenda.57

Evaluation of Training: Evaluation of training is a process of putting a value on the benefits stemming from the training in practical, social and/or financial terms. The criteria used for evaluating training effectiveness focus on outcomes, particularly the training effects that relate to the reactions of trainees to the training content and process; the knowledge acquired through training experience; the post-training changes in behaviour and attitudes; the measurable results/improvements such as lowered employee turnover, accidents, absenteeism etc.58

There are several training evaluation methods, the four prominent among them being: (1) reactions of trainees (2) test/retest (3) pre/post-training performance and (4) experimental-control method. A complete evaluation essentially covers such aspects as: (1) the relevance of the training objectives (2) the accomplishment of objectives (3) the appropriateness of the training methodology (4) the impact of learning.59

Also the findings of the evaluation must be properly utilized, as the purpose of the evaluation is to determine the value of the training program or to identify the areas in its improvement. Careful evaluation not only improves future training programs but also enhances the value of the training.
Training Methods/Techniques

Training methods fall into two broad categories: on-the-job training and Off-the-job training. Any comprehensive training system in an organization utilizes both types of methods. W.P. Anthony, describes several on-the-job training techniques:

1. **Expanded responsibility**: Involving expansion of job duties, assignments, and responsibilities of an individual, both horizontally and vertically. Opportunities are created in the present job to practice higher level and diverse skills not normally required in the present job.

2. **Job rotation**: involves moving individuals to various types of jobs within the organization at the same level or next higher level for periods of time. This technique familiarises a person with the broad functional operations and processes in the organization.

3. **Staff development meetings**: to discuss the various facets of each individual job and to develop ideas for improving job performance.

4. **'Assistant-to' positions**: having promising employees serve as staff assistants to higher skill level jobs for a specified period of time, to become more familiar with higher skilled positions.

5. **Problem-solving conferences**: to solve a specific problem being experienced by a particular work-group or by the organization, as a whole. It involves brainstorming and other creative means to come up with mutually determined solutions to basic problems.

6. **Mentoring (or job coaching)**: technique assigns a guide or a higher-up knowledgeable person to the trainee. The social relationship that usually develops makes the trainee to seek advice from his mentor rather than from his immediate superior, and helps the trainee to develop a comprehensive career plan for himself in the organization.
7. **Special assignments**: are the tasks or responsibilities given to an individual for a specified period of time.

8. **In-house training by organization's trainers**: cover such topics as safety, new procedures, products or services, technical programs.

9. **In-house training by outside consultants**: cover such topics as goal setting, communications, assessment techniques, safety and other current topics of importance. They often supplement training done by organization's trainers.

10. **Consultant (internal or external) advisory reviews**: Experts in specialized fields meet with managers and employee groups to investigate and help solve particular problems. The emphasis is on problem solving rather than on training.

11. **Distribution of reading matter**: Often one of the most overlooked training methods, this formal program is created to circulate books, journals, selected articles, new business material and so on, to select employees. An effective program also includes periodic scheduled meetings to discuss the reading material.

12. **Apprenticeship**: refers to the training provided through working under a master craftsman. Apprenticeship programs also often include some classroom work. Apprenticeship programs are most suitable for skilled crafts or work processes in almost every organization.  

**W.P. Anthony, describe off-the-job training technique as:**

1. Lecture-Discussion technique, which has the advantage of being spontaneous allowing the participants to become involved in exploring concepts and in seeking clarifications right away. The major disadvantage is that the technique is difficult to use with large groups.

2. Multimedia presentations are usually combined with lectures, printed material, films, slides, filmstrips, videotapes, audiocassettes, overhead
projectors, and flip charts. A skilled instructor can turn multimedia into an effective training tool.

3. Self-paced (programmed) techniques include programmed tests and exercises to guide trainees through a step-by-step series of learning experiences. It is a learner-centered method and seldom, if ever, requires an instructor at the time the training occurs. The technique presents the subject matter to the trainees in small steps and immediately informs them of appropriateness of their responses.

4. Computer-assisted instruction is a form of multimedia, self-paced instruction learning. When used as a part of a total educational program, it can be quite effective.

5. Gaming and role playing (simulation) technique gives participants actual practice in applying concepts in an artificial situation. An opportunity to solve a problem is provided and the participants actually act out the solution. Gaming usually involves some element of competitiveness in which one group tries to outperform other groups. In the hands of a skilled trainer, the technique can be an extremely useful training tool since it gives participants actual practice, yet allows them to make mistakes without having the repercussions such mistakes would have in real on-the-job situations.

6. Case analysis technique, usually combined with role-playing and/or gaming, also gives participants the opportunity to solve an actual or hypothetical problem. If used without gaming or role-playing, it relies heavily on group discussion without the participants putting themselves in the actual roles of individuals in the case.61

To this list, W.B. Werther and K. Davis add two more off-the-job training techniques.

7. Vestibule training technique, which is adopted particularly by the organizations in the service sector like hotels, banks etc. Separate areas or
vestibules are set up with equipment similar to that used on the job that allows trainees to practice their newly learned skills. A meaningful organization of materials and feedback to actually improve the real life situations are also possible with this technique.

8. Laboratory training is a form of group training primarily used to enhance interpersonal skills and can be used to develop desired behaviors for future job responsibilities. Participants seek to improve their human relationship skills by better understanding themselves and others. Laboratory training involves sharing experiences and examining the feeling, behaviors, perceptions and reactions that result from an actual work situation. The process relies on participation, feedback and repetition. One popular form of laboratory training is sensitivity training, which seeks to improve a person’s sensitivity to the feelings of others.\(^{62}\)

**Criticism of Training and Development**

Probably the greatest criticism leveled at training and development, is the inability of participants in training programs to practice on the job what has been learned in the classroom. For example, many management and Theory-Y assumptions about people (that is, employees are internally motivated, committed to the organization, will seek and accept responsibility and will innovatively solve problems), yet when training participants try to practice these beliefs on the job, they often find that they are thwarted by an autocratic Theory-X organizational culture (that is, employees will avoid work and therefore must be controlled and monitored in order to reach organizational goals).\(^{63}\)

This blockage of “Transfer of training” is a very serious hurdle in making training effective. After all, if the organization itself needs to be changed, rather than the behaviour of the individuals in it, training activities may have little effect. The organisation’s objectives, policies, structure, procedures, methods and philosophy should be examined so that the context in which the training will be imparted is consistent with the concepts taught in the training and development
programs. This approach to training calls for training to be part of an organisation’s overall development program.\textsuperscript{64}

\subsection*{2.7.2 PERFORMANCE APPRAISAL}

In its simplest sense, performance appraisal is the process by which organizations evaluate employee performance.\textsuperscript{65} It signifies a formal and systematic evaluation of employees on the present job and the potential for growth to be used as a basis for numerous HRD activities.\textsuperscript{66} When done correctly, employees, their superiors and ultimately, the organization benefits from the performance appraisal process. Other terms used synonymously with performance appraisal are: performance evaluation, performance review, personnel rating, merit rating, employee appraisal and employee evaluation.

Performance appraisal is also known under several other nomenclatures, employee evaluation, employee efficiency rating, etc, but it means the same thing - a systematic, orderly and objective method of evaluating the present and potential usefulness of an employee to the organization.

'Performance Appraisal' has a very long history. It probably began in the Wei Dynasty (221-265 AD) in China with an imperial rater appraising the performance of members of the royal family. It was introduced in India by the East India Company to keep a ‘Confidential Roll’ (CR) containing the relevant information of its employees. Government organizations till date continue to use the acronym ‘CR’ for the confidential records of their employees. In the First World War, U.S. Army refined the technique to evaluate the military-personnel. After the War, 'merit-rating', a revised version of the technique, was adopted by industrial manufacturers to determine the grade wages of the hourly paid workers. After 1950, professional, technical and managerial personnel were brought within the purview of performance appraisal. Since then, the technique has evolved into a hallmark of modern organizations. With shifting of emphasis from ‘personnel’ on to ‘human resources’, performance appraisal has assumed a special relevance to the organization’s HRD effort.
Definitions and Meaning of Performance Appraisal

Walter D. Scott, had originally defined ‘performance appraisal’ as, “a process of evaluating an employee’s performance on a job in terms of its requirements”.67 Edwin D. Flippo defines it as, “a systematic, periodic and as far as humanly possible an impartial rating of an employee’s excellence in matters pertaining to his present job and of his potentialities for a better job.68 Dale Yoder’s more comprehensive definition of performance appraisal includes “all formal procedures used to evaluate personalities, 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”.

Though Scientific Performance Appraisal began as a corollary to Management by Objectives (MBO), today many organisations have ceased to operate MBO, but still continue with performance appraisal. In performance appraisal, managers’ opinions on the subordinates’ work are stated openly and officially and may be challenged. Managers frequently make ad hoc judgments about employees, but are reluctant to discuss the grounds on which these are based. Performance appraisal replaces casual assessment with formal, systematic procedures. Employees know they are being evaluated and are told the criteria that will be used in the course of the appraisal. Indeed, knowledge that an appraisal is soon to occur could motivate an employee for better efforts aimed at enhancing the outcome of the assessment.

Fresh targets discussed with and endorsed by subordinates are established for future. The importance of performance appraisal as a valuable and indispensable function in the HRD programs has to be properly understood and appreciated by the managements.
Uses of Performance Appraisal:

Performance appraisal as a HRD process is beneficial both to the organization and the employees. W.B.Werther and K.Davis list some of the uses of the performance appraisal:

➤ **Improvement of Performance**: Performance feedback allows the employee, manager and HRD specialists to intervene with appropriate actions to improve performance.

➤ **Compensation adjustments**: Performance evaluations help decision-makers to determine who should receive pay raises. Many firms grant part or all of their pay increases and bonuses based on merit, which is determined mostly through performance appraisals.

➤ **Placement decisions**: Promotions, transfers and demotions are usually based on past or anticipated performance. Often promotions are a reward for past performance.

➤ **Assessment of training and development needs**: Poor performance may indicate the need for retraining. Likewise, good performance may indicate untapped potential that should be developed.

➤ **Career planning and development**: Performance feedback guides career decisions about specific career paths one should investigate.

➤ **Staffing process deficiencies**: Good or bad performance implies strengths and weaknesses in the organization's staffing procedures.

➤ **Informational inaccuracies**: Poor performance may indicate errors in job analysis information, human resource plans or other parts of the human resource management information system. Reliance on inaccurate information may have led to inappropriate hiring and training decisions.

➤ **Job design errors**: Poor performance may be a symptom of ill-conceived job designs. Appraisals help diagnose these errors.
Absence of discrimination: Accurate performance appraisals that actually measure job-related performance ensure that internal placement decisions are not discriminatory.

External challenges: Sometimes performance is influenced by factors outside the work environment, such as family, financial, health or other personal matters. If uncovered through appraisals, the organization may be able to provide assistance on individual basis.

Human resource feedback: Good or bad performance throughout the organization indicates how well the human resource is performing. Other advantages of performance appraisal are:

- It generates useful information about employees and the true nature of their duties. Unknown skills and competencies might be uncovered. This data can be incorporated into the organization's human resource plan and hence, assist in avoiding compulsory redundancies, in career and succession planning and in identifying needs for training and management development;

- Superiors and subordinates are compelled to meet and discuss common work related problems. Appraisees become aware of what exactly is expected of them and of their status in the eyes of the higher authority. Since the performance appraisal forces superior and subordinates to jointly investigate problems, it guarantees the participation of lower grade employees in matters that affect their working lives. Subordinates should be better motivated in consequence of such involvement.

- Performance appraisal monitors the feasibility of targets set by management through MBO. Feedback to higher management on problems encountered in implementing policies occurs. It creates a cheap and effective early warning system within the organization's management information structure.
Furthermore, employees seek feedback on their performance as a guide to their future behavior. This need for guidance is most obvious among newcomers who are trying to understand the jobs and the work setting. Experienced workers want positive feedback on good things they do, but they may resent corrective feedback that feels like criticism.71

Some social psychology researchers think that performance appraisal has three basic functions. First, it seeks to provide an adequate feedback to each individual on his/her performance; secondly, it purports to serve as a basis for improving or changing behavior towards more effective working habits; thirdly, it aims at providing data to managers with which they may judge future job assignments and compensation. However, the existing systems of performance appraisal do not serve any of these functions effectively and focus not on the behavior, but on the outcomes of behavior.

The key to adequate employee selection, motivation and development are comprehensive matching processes that are capable of providing valid information about employees. From this perspective, the appraisal system is recognized as the crucial HRD activity.

Types of Performance Appraisal

The main types of appraisal schemes can be broadly divided into group-based schemes and individual-based schemes. Group-based schemes fall into four categories, namely, (i) Management Group Appraisal (ii) Staff-Management Appraisal (iii) Committee Appraisal and (iv) Peer Appraisal.

In the Management Group Appraisal, a manager and two or more others at his level can appraise the manager’s subordinates. Such a scheme can eliminate personal bias and by bringing a broader perspective to bear on the appraisal process, can result in a balanced evaluation based on several opinions. On the other hand, these advantages may be offset by too much time being wasted in attempts to get a number of busy people together on several occasions. This could bring out some key points of performance, noticeable only to a superior, being overlooked in everyday routine.
The Staff Group Appraisal is becoming increasingly common with the rise of the specialist 'Management Development Executive'. In such a scheme, the staff man regularly sits in with a group of managers appraising subordinates and coordinates associated records and other paperwork. The staff group type of scheme can have several advantages. By having an 'outsider' present to coordinate the procedures, the element of bias in the appraisal is likely to be reduced. In particular, if the staff man asks questions on behalf of the appraisers, the whole process will be more comprehensive and this should lead to a more balanced evaluation than might otherwise be the case. The main disadvantage of this type of scheme is that the staff man may play too prominent a role and thus management group will not consider appraisal as a part of their job.

Committee Appraisal and Peer Appraisal are less common types of group-based schemes. The committee appraisal is one where the same group appraises all the members of a subordinate group. The advantage of this approach is that it provides an opportunity for uniform comparisons. It is naturally more appropriate in those situations where most of the people being appraised are doing the same type of job. The major disadvantage is that it can detract attention from the individual and hence, place less emphasis on development.

The Superior-Subordinate Appraisal is one of the most common types of appraisal schemes. It consists of the superior directly and singly appraising his subordinate, e.g. annual confidential reports in the government. Recognizing the fact that in any organization, this is a regular process regardless of any formal scheme, where it is formalized it has certain advantages. It is economical in time, it can be kept confidential and it should lead to a clearer understanding between the superior and the subordinate. On the other hand, it can often be influenced greatly by personal bias and recent events, good or bad. It can more easily influence opinion than would be the case if a number of people were bringing their judgment and experience to bear on the appraisal process.
A multiple appraisal can, to some extent, overcome this danger of personal bias, since it requires several people at the same or different levels of responsibility to appraise an individual separately. The results are coordinated by a staff specialist and then sent to the superior concerned to consider the appraised subordinate. However, the lack of an opportunity for discussion can lead to an un-balanced appraisal.

It is important that the superior should share his responsibility for HRD with others. He can be greatly assisted by staff specialists, provided that it is recognized that the responsibility cannot be fully delegated to the staff man. The two-level appraisal has the merit of sharing the responsibility, since the subordinate is appraised not only by his immediate superior but also by the next superior above. However, many schemes do not sufficiently involve the most important person, the employee being appraised, in the appraisal process.

If an appraisal scheme is to make a real contribution to HRD, then it is necessary from the outset that it be planned to involve the employee in the various stages of the appraisal process and the determination of the appropriate action required to assist him in his development.

Objectives of Performance Appraisal

The aim of most performance appraisal programs is to encourage the employee to set up his own objectives for the next time period, following the review of his past performance, in order to improve his performance on the job. These objectives should be mutually agreed for the next time period, say twelve months. As far as possible, every employee should be made aware of the organization's objectives, since these provide a basis for the individual's performance objectives. The other basis is the aspirations and wishes of the employee himself. A knowledgeable employee wants a larger say in how he should perform. In order to set worthwhile objectives, it is necessary for both the superior and the subordinate to be clearly aware of the three aspects of performance, namely, (i) the main aim to be achieved, (ii) the key tasks to be
undertaken in achieving the main aim and (iii) the results which have been achieved.

The main aim of the job is what the employee is paid to do, be it production planning, selling products or maintaining accurate accounts or doing some other job, in the organization. The key tasks in achieving the main aim should have been fully considered at the time of completing the performance review.

Similarly, the results, which have so far been achieved, should have been rated above or below the required standards. The completed review form, therefore, provides a guide to job-objectives in terms of developing current and potential performance.

Performance objectives are of three main types:

(i) Remedial objectives,
(ii) Developmental objectives and
(iii) Innovative objectives.

Remedial objectives are those, which are aimed at improving performance, which is not up to the standard required. The extent to which such objectives should be encouraged will depend on the number and nature of the needs, which have been recorded on the review form and discussed at the interview. These objectives often are the easiest to set, but as they are mainly concerned with getting performance up to par, there should not be a limit on objective setting at the interview/discussion.

Developmental objectives may relate to the present or the future job. In some cases, these will involve the strong points, which the individual has displayed in his performance; in others, they will require the acquisition of new skills and knowledge to cope with future challenges. Such objectives should ‘stretch’ the individual, but should not be unrealistic and impossible to achieve. These developmental objectives should be one of the main instruments used by a superior to stimulate the growth of his subordinate.
Innovative objectives are the most difficult to set but can bring the greatest rewards to the individual and his organization. Such objectives are designed to discover ways of dealing with a new task or to develop better ways of dealing with existing tasks.

Methods of Performance Appraisal

The narrow interpretation of performance appraisal is considered as a post-mortem of a subordinate's performance during a predetermined period of time, often the preceding year. It involves assessment of the performance vis-à-vis specified criteria or in terms of a particular method of rating. This is very common in Government in the form of Annual Confidential Reports and also in the public sector organizations. However, in the private sector organizations, more systematic performance appraisal, also called ‘merit-rating’ or ‘employee-rating’, has become developed to some extent. These appraisals are often needed as a basis for selecting a candidate for promotion (hence sometimes called ‘potential’ appraisal’) or giving merit increases in pay.

Formal appraisal programs reduce the element of favoritism and snap judgments in promotional decisions by managers. Appraisal is exclusively subjective, but it should be based on a review periodically against specified factors.

Performance appraisal ultimately is a line responsibility, but should be planned with right advice and assistance from the personnel department. It may be necessary to provide some training to managers and supervisors before they appraise their subordinates in order to get unbiased and constructive evaluation. Maximum line and staff coordination and mutual checking and consultation at each stage of the process are necessary.

Performance appraisal reports are historical in nature, containing an analysis of the employee’s past activities with a view to improving future performance. A review will investigate the appraisee’s personal strengths and weaknesses and seek to discover fresh opportunities for improving efficiency.
There are three major methods of appraisal: (i) the free report (ii) the checklist and (iii) the analysis of critical incidents. The first requires the appraiser generally to evaluate the employee's overall performance without going into details over specific issues. The appraiser, in effect, writes an essay about the subordinate, structured in form, length and using the criteria selected by him. Alternatively, an outline structure may be imposed with suggested headings for such things as technical competence, communication ability, willingness to cooperate with others, etc., to direct the appraiser's thoughts and comments. Although a request for free report compels a supervisor to think seriously about the subordinate's qualities, appraiser can concentrate on those aspects of the appraisee perceived to be most important to his/her work, but some difficulties remain:

- Many managers have difficulty in translating thoughts about a subordinate into formal written report; they might have forgotten about important aspects of the subordinate's past performance;
- Managers are busy people and might leave undone or treat superficially, this time consuming and troublesome activity;
- The chosen criteria might be ill defined or inappropriate, so that comparisons between the performance of one subordinate and others are impossible.

The second method requires the assessor to report on each of several characteristics mentioned on a predetermined checklist in respect of each subordinate. Headings for assessment could include punctuality, reliability, enthusiasm, productivity, speed of work, accuracy of work and so on. Often, however, assessor rates nearly everyone as 'average' for most categories. Thus, the system might insist that only a specified proportion of evaluation be placed in central categories. The scheme may require that assessor's award scores from one to ten for each attribute or assessors might allocate workers to various grades of ability, e.g. poor average, above average, outstanding. Alternatively,
assessors may be asked to place a tick alongside one of a number of statements about the appraisee’s ability in a certain area.

Without doubt, a prepared list of headings associated with a rating scale that requires the manager merely to place a tick in a box enables appraisals to be undertaken quickly, cheaply and with a minimum of effort on the appraiser’s part but the outcomes may not be satisfactory. Hasty completion of such documents might lead to carelessness and unfair assessments and the list of factors considered may not be relevant to the subordinate’s work. A vast array of characteristics might be evaluated, yet only some of them are considered. For example, office workers do not need to be physically strong; possession of a post-graduate educational qualification is not essential for effective performance in mundane, repetitive assembly line jobs. Apart from the headings for assessment previously mentioned (productivity, accuracy, initiative and so on), an appraisal form might ask the assessing manager to consider the following attributes and characteristics:

- Knowledge, skills and/or formal educational qualifications acquired and/or utilized during the review period;
- Abilities to delegate, plan, supervise, establish priorities, assume responsibility, cope with stress, exercise leadership, etc;
- Personal qualities—appearance, personality, disposition, enthusiasm, compatibility with colleagues, physical makeup (health strength);
- Critical faculties—creativity, judgmental, problem solving and decision making abilities;
- Interpersonal skills—verbal and written communication, willingness to accept new ideas, relationships with superiors/subordinates/clients.

Strauss and Sayles have classified performance appraisal methods into ‘traditional’ and ‘modern’ methods. Included in the traditional methods are: (i) straight-ranking (ii) man-to-man comparison (iii) grading (iv) graphic rating
(v) forced choice descriptions (vi) forced distributions (vii) checklist (viii) free-form essay (ix) critical incident (x) group appraisal and (xi) field review; while modern methods include: (i) assessment center (ii) appraisal by results (or management by objectives- MBO) (iii) human assets accounting and (iv) behaviorally anchored rating scales.73

The broad distinction between the traditional and the modern methods may be stated as:

➢ Traditional methods lay emphasis on rating individual personality traits such as initiative, dependability, drive, responsibility, creativity, integrity, leadership potential, intelligence, judgment, organizing ability, etc.;

➢ Modern methods place emphasis on the evaluation of work results and job achievements than on personality traits.74

Steps in a Performance Appraisal Program

As in most other personnel management functions, performance appraisal forms a line responsibility to be accomplished with advice and help of the personnel department. Indeed, the appraisal program is likely to be an utter failure if it lacks the support of top management, if supervisors are not adequately trained or have no trust in its value, if the results of performance appraisal are not discussed with the subordinates and if the appraisal is not used to serve the purposes it is meant for. Therefore, several steps may be taken to develop and administer the program effectively:

➢ Personnel department should attempt to obtain the agreement of line management in respect of needs and objectives of the program. A choice has to be made among different kinds of appraisal methods judiciously;

➢ Personnel department has to examine the plans of other organizations as well as the relevant literature in the field to formulate the most suitable plan for the appraisal program;

➢ Efforts should be made to obtain the cooperation of the supervisors in devising the appraisal form and discuss with them different factors to be
incorporated, weights and points to be given to each factor and descriptions or instructions to be indicated in the form;

➤ The personnel or the Industrial Relations Manager should explain the purpose and nature of the program to all the superiors and subordinates to be involved and affected by it;

➤ Attempt has to be made to provide intensive training to all the appraisers/supervisors with a view to obtaining unbiased, uniform appraisal of their subordinates;

➤ Care may be taken to acquire line and staff coordinates and mutual checking of appraisals with a view to achieving intra and inter departmental consistency and uniformity;

➤ There should be an arrangement for periodic discussion of the appraisal by the superior with each of the subordinates, where attempts may be made to stress good points, indicate difficulties and encourage improved performance. Explicitly, in this context, the discussion should be in the form of a progress review and every opportunity should be given to the subordinate to express himself, if he feels that the appraisal has been biased and that it should be otherwise;

➤ As soon as the appraisal has been duly discussed, attempts may be made to recommend for salary increases or promotion, if these decisions seem plausible in the light of appraisal;

➤ There should be provision for challenge and review of appraisal if the employees or their union representatives are dissatisfied with the decisions, which the management has taken on the basis of these appraisals.

Potential Appraisal and Review

Current performance as measured by the attainment of results is not necessarily correlated with potential for promotion. In the case of a subordinate,
who rates high in current performance and low in potential for advancement (or vice-versa), a manager is placed in the situation of averaging his/her unconscious assessment of these qualities and then defending an evaluation that may be inconsistent with his/her perception and the subordinate’s self perception of either performance or potential alone. Even if separate evaluations of these dimensions do not reduce subordinate defensiveness, they can reduce the manager’s need to defend a composite rating that he or she cannot justify. Systems that separate assessments of performance and potential increase the likelihood of a constructive dialogue.

The purpose of a potential review are to predict whether an employee is capable of taking on more demanding work and the speed at which he/she is capable of advancing. Potential reviews are necessary to:

- Inform employees of their future prospects;
- Enable the organization to draft a management succession plans;
- Update training and recruitment programs;
- Advise employees of what they must do to enhance their career prospects.

The task is to match employee’s abilities and aspirations with the organization’s forecast of the requirements of the managerial staff. A fundamental problem here is the tendency of superiors to assess subordinates according to successes achieved in their current jobs, rather than on their potential for higher level work. Someone who performs quite adequately at one level of management might perform abysmally if promoted to a more senior post. Thus, employees may be promoted on the basis of their achievements in successive jobs to the point where they cease to be effective and by then, they already occupy senior positions where their incompetence causes enormous disruptions. People who are capable of recognizing in others aptitudes for higher management work should conduct potential reviews. Further difficulties arise when selecting the criteria to be used in assessing potential. These criteria
should relate to the job specification of the positions to which those under review hope to succeed.

A negative outcome of a potential review may damage the morale of the employee criticized and for this reason; some organizations conduct such reviews in secret. On the other hand, knowledge of a negative outcome could stimulate the employee to greater efforts and activities aimed at remedying deficiencies. Also, if the organization’s human resource plan does not envisage promotion opportunities for a certain employee, it is really in the employee’s own interest to be advised to seek alternative work.

Some Problems in the Indian Context

In India, the compulsions of legal regulations and the definitions of ‘workman’ and ‘industry’ (with their wide coverage) have left very little room for scientific and objective systems of performance appraisal. It should be properly understood that:

- The Government, its departments and agencies, public sector organizations, autonomous bodies and institutions, etc., are the largest employers;
- The ‘seniority-based promotions’ culture of the Government has its impact on all the other organizations, even in the private sector;
- All employees, except the managerial ones, are covered by the definitions of ‘workman’ and assisted by their Unions, Associations and Federations, have the legal right to question and raise an industrial dispute on the systems and procedures of performance appraisal, which they have been doing for the last five decades.

Since the fifties, the matters of evaluation and promotion have always been a bone of contention between the employees and employers, although the Bank Commission on Awards, as early as in 1954, had mentioned that it was not possible to lay down any hard and fast rules for promotion in an award.
However, a large number of industrial disputes over the methods of performance appraisal have been raised and there have been many cases where Industrial Tribunals and Courts have gone into such disputes and given directives to the employing organizations, interfering with the prerogative of the management.

The Supreme Court of India has held several times that even in regard to promotion to a higher grade, it is desirable, in order to obviate any charge of favoritism, to devise a scheme for periodic review of employee's work by a properly constituted board, consisting of employee's and employer's representatives, and an independent officer nominated by the Government, who should be the Chairman of the board. Overall, the management's right of performance appraisal has been circumscribed by the industrial law and jurisprudence.75

2.7.3 CAREER PLANNING AND DEVELOPMENT

A career is all the jobs that are held during one's working life. These jobs follow a sequential pattern, known as career path. Along this path, a person sets for himself certain career goals and plans his actions to achieve them. Career planning, therefore, is a process by which one sets career goals and selects paths to achieve those goals. But the implementation of a career plan requires career development, that is, those personal improvements one undertakes to fulfill a career plan. Career development assistance rendered to the employees, in return, ensures adequate supply of internal talent to the organization. Career development programs help employees to analyze their abilities and to match their personal needs with the needs of the organization. Through career development programs, an organization can increase productivity, improve employee attitude towards work and develop greater work satisfaction.76

The concepts related with 'career planning and development' are explained below:
1. Career: A ‘Career’ is all the jobs that are held during one’s working life;
2. Career Path: A ‘career path’ is the sequential pattern of jobs that one holds;
3. Career Goals: ‘Career goals’ are the future positions one strives to reach as part of career. These goals serve as benchmarks along one’s career path;
4. Career Planning: ‘Career planning’ is the process by which one selects career goals and the path to achieve those goals;
5. Career Development: ‘Career development’ is the personal improvements one undertakes to achieve a personal career plan.77

**Career Planning**

Planning of one’s own career is ultimately the responsibility of the individual, for which he/she must be aware of the concepts explained above. A career plan gets underway when one asks oneself questions like “given my education, experience and the results of last performance appraisal, what should be my short and long term career goals? What are the chances of my attaining these? What should be my first step?” The organization can facilitate an individual’s career planning process by providing answers to these questions.

‘Career planning’ is the process by which an employee selects individual career goals and the path to achieve those goals, while ‘Career Development’ is the personal improvements he undertakes to fulfill the personal career plan. Career planning essentially means helping an employee, plan his career according to his capabilities in the context of organizational needs. Career planning need not imply any specific commitment on the part of the management to promote an employee. It implies that the individual after becoming aware of his capabilities and career opportunities chooses to develop himself in a direction that improves his chances of being able to handle new responsibilities. It is also the responsibility of the supervisor of an employee to help him to identify the career opportunities, make choices and develop his career.
In fact, many organizations have realized that rendering career planning assistance to employees ensures an adequate supply of internal talent. In practice, such assistance is generally reserved for managerial, professional and technical employees. Ideally, all workers should have access to this advice. When an organization encourages career planning, employees are more likely to set career goals and work towards them. In turn, these goals may motivate employees to pursue further education, training and other developmental activities, which would give the organization a larger internal pool of qualified applicants.

Career planning is a slow process and is also linked with organization's overall plans, manpower plans, career paths, performance and potential appraisals, promotion policies and development opportunities.

William Rothenbach reports on some of the expectations the employees have from their employing organization through career planning assistance:

- Career Equity: Employees want equity in the promotion system with respect to career advancement opportunities,
- Supervisory Concern: Employees want their supervisors to play an active role in career development and to provide timely performance feedback,
- Awareness of Opportunities: Employees want knowledge of the career advancement opportunities,
- Employee Interest: Employees need different information and have different degrees of interest in career advancement, depending on a variety of factors,

Career Satisfaction: Employees, depending on their age and occupation, need different levels of career satisfaction.78

Effective career programs must consider these different perceptions and desires among employees.79 What employees expect from the career programs of the organization will vary according to age, sex, nature of work, education and
other variables. In short, whatever approach the organization undertakes, it must be flexible and proactive.

Three categories of employees need special attention of the organization for career planning and development. These are: (i) new recruits who look forward to career opportunities, (ii) employees who have spent a long time in the company, have the potential to advance but have not advanced and (iii) employees who have reached a stage beyond which they may not able to advance.

Career Planning and Development Activities

Career planning and development activities should include the following activities: (i) Human resource planning and forecasting (ii) Career information (iii) Career counseling (vi) Skills assessment, training and potential development (v) Succession planning and (vi) Career planning and development workshops.

Most organizations normally have good manpower planning systems; some of them also undertake reliable manpower forecasting. However, this information is rarely shared with employees for fear of raising their expectations. More harm is done by not sharing this information than by sharing it. By sharing the relevant information, employees get a clear picture of the opportunities available to them. For example, the information about the organization's promotion policy and manpower plans should be shared with employees so that they may decide on the career paths that can be taken for planning their individual careers. In the absence of such information, employees tend to see the career planning as the responsibility of the organization rather than their own.

Career counseling is another neglected area in many organizations. It is the responsibility of seniors to have periodic discussions with their subordinates one or two levels below them. Systematic career counseling sessions by seniors for the benefit of their juniors is yet to take shape in Indian organizations. Systematic assessment of skills and potential development systems are yet to germinate in Indian organizations.
Succession planning involves getting ready with succession alternatives for each jobholder. If not for every job at all levels, it is important to have succession plans made for strategic positions and senior executives. This is another weak area in Indian organizations. There is a good deal of awareness and in many organizations; a good deal of succession planning is also done at informal levels by the top management. However, succession planning at lower levels continues to be neglected. In fact, identifying the jobs where succession planning is of primary importance is an important task.

Career opportunities provided by an organization to its employees are limited at any point of time. Even in a fast growing organization, not every employee can get promoted every two or three years. Given their pyramidal structure and the limitations it imposes on career growth, many organizations do face situations where there could be large-scale frustration due to stagnation. Anticipating this in advance and preparing employees for it through education programs may reduce morale problems.

Career Development: Challenges for the Organization

New career management concepts are being developed in a number of organizations to meet demand for productivity and effectiveness. However, such random approaches do not have the desired impact, as it is necessary to go beyond the traditional approaches. Career management practices which help in creating the optimum conditions for enhancing profitability and productivity should be:

- Flexible: to respond to the last influx of new methods and changing needs;
- Holistic: Organizations must be able to see widest possible horizon;
- Value-rich: Managers should promote active career planning and to help enrich each employee’s value and esteem as an asset;
Quality-based: Constantly enhanced quality of performance and satisfaction should be a shared goal of both the employee and the employer;

Visionary: To look into the levels beyond what the organization previously thought possible.

A comprehensive career development system with these qualities should have some essential components like:

- Unified, clearly understood and practiced vision statement;
- A set of principles by which the organization is governed and on which all employees can rely;
- Commitment by managers to facilitate imagination, creativity and entrepreneurship in employees;
- A "free market" mentality around internal job change throughout the organization.

On the whole, the organization's role is clearly to create, instill and foster the spirit of true development of employees' careers. In all these efforts, the need for training the managers to learn how to manage the career performance of their employees should not be ignored.81

Career Development: Challenges for the Individual

With a view to help individuals to manage their own careers, some organizations conduct career development workshops for their employees in which they re-examine their relationship with the organization, while taking greater responsibility for their own self-development. These workshops train the participants to:

- Have an overview of the organization and its future in which they determine how they currently fit in and how they can begin to expand their contribution;
> Develop a sense of responsibility for their careers;

> Identify all possible opportunities, careers or job targets that they would consider worth while;

> Discover what really motivates them and how to keep it in their work;

> Determine aspects of career that are most satisfying and learn to enhance them;

> Expand their versatility and ability to keep up with organizational changes;

> Understand movement within the company by providing them with information on formal and informal mechanisms of job movement, including better ways of responding to job postings.\(^2\)

**Career Planning and HRD**

Organizations require an appropriate mix of human talents to implement their operational strategies. Its human resource plans, therefore, translate strategies into employment needs. For fulfilling the future human resource needs with internal talent, the organization uses career planning assistance in tandem with HRD programs and secures the benefits of:

> Balancing Strategies with Manpower Needs: Career planning assistance prepares employees for the jobs identified in the human resource plan;

> Development of Promotable Employees: Such assistance builds up an internal supply of promotable employees to occupy the positions consequent to retirements, resignations and/or organizational growth;

> Internal Placements: Organization can use such assistance to identify and prepare employees for internal placements;

> Workforce Diversity: Through career planning assistance, employees with diverse backgrounds of experience and skills become aware of the organization's expectations from them for self-growth and integrate better into the workforce;
Lowered Manpower Turnover: An organization’s concern for individual careers generates more loyalty and results in the lowered manpower turnover;

Employee Potential Development: The assistance encourages employees to tap their potential in view of their career goals;

Enhancement of Individual Growth: Career plans laid and goals set with career planning assistance motivate employees develop;

Satisfaction of Employee Needs: With improved growth opportunities, individual employee needs such as recognition and accomplishment are more easily satisfied;

Fulfillment of Reservation Quotas: Career-planning assistance helps employees belonging to the protected groups to prepare for more important jobs and fulfills job reservation quotas.

Clearly, HRD and career planning assistance both are purposive efforts that ultimately contribute to enhancement of organizational efficiency and meeting of organizational objectives.

Career Development and HRD

Once an employee makes a personal commitment to his career goals, he has to initiate various career development actions, such as:

Job Performance: Success of a career plan rests largely on the improved job performance;

Recognition and Exposure: Without organizational recognition of the improved performance, good performers may not get opportunities needed to achieve their career goals. Similarly, exposure makes an individual stand out from the crowd - necessary ingredient to career success, especially in large organizations. In some situations, however, social status, mutual acquaintances and seniority can be more important than exposure.
Organizational Loyalty: Many a times, people put loyalty to their career above loyalty to their organization. Quite often, employers try to “buy” loyalty with high pay or benefits or by other means. But the organizations that adopts reciprocally beneficial HRD practices towards its employees, does not encounter loyalty problems. By offering careers, not just jobs, many organizations nurture a pool of talent that allows them to staff senior positions internally; while many employees use their dedication and loyalty to the organization as a career tactic.

Mentors and Sponsors: A mentor is someone who offers informal career advice to an employee. Neither ever recognizes that the relationship exists. However, if the mentor can create career opportunities – training programs, transfers or promotions – for his junior, then he becomes a sponsor;

Key Subordinates: A successful manager relies on subordinates who speed up the progress of his performance. These subordinates’ posses specialized skills or perform a crucial role in the career development of their senior. They have a total loyalty to the superior. Consequently, they also benefit by moving up the career ladder when the superior is promoted.

Growth Opportunities: When employees expand their abilities, they complement the organization’s objectives. Enrolling in a training program, taking non-credit courses, pursuing an additional degree or seeking a new work assignment can contribute to employee growth. These growth opportunities aid both the department’s objective of developing internal replacements and the individual’s personal career plan.84

2.7.4 EMPLOYEE WELFARE

Employee welfare is a system, which seeks to enhance the overall quality of employee’s overall life (work life, personal life and social life) through
appropriate statutory and voluntary mechanisms. It is a method of creating a satisfying working and living conditions for increasing the employee's sense of involvement in the organization's objectives and motivating them to lend a willing hand to their fulfillment. Conceptually, as well as operationally, employee welfare is a part of social welfare, which in turn, is closely linked to the concept of welfare state.85

In the context of HRD, the issues related to employee welfare are very much fundamental to the overall development of the employees, their physical and psychological well-being. Comprehensive welfare measures create a sense of belonging and adequacy among the employees and hence, benefit the organization in the long run. What is required in the employee welfare program is the genuine concern and proactivity, for the well being of the employees. Voluntariness is the hallmark of proactivity, in relation to the emerging welfare needs of employees.

'Employee welfare' is an extension of the term 'welfare' in its application to employees. The value base of this concept has behind it a long history through which it has struggled to assume its present form. Today, employee welfare services have come to be regarded as the normal first-line function of the industrial society.

The limits regarding the scope of employee welfare activities for all organizations, for all areas and at all times cannot be rigidly laid down. But it is generally agreed that these activities must be administratively viable and essentially development oriented in outlook. In the final analysis, employee welfare services include all intra and extra-mural, statutory and non-statutory, welfare activities undertaken by the government, employing organization, employee association/trade unions and voluntary welfare organizations.

In a statutorily established organization, there are three parties to the employee welfare – the state, that enacts various employee welfare laws and raises the necessary machinery for ensuring their enforcement; the organization,
which is bound by law to implement the statutory welfare programs and also initiate such welfare measures as may be in the mutual interest of the organization and the employees; and the trade union, which is expected to protect the employees' both intra and extra-mural interests vis-à-vis their employment in the organization.

According to Rawat, 'Employee welfare' is a system, which seeks to upgrade the quality of life of employees through appropriate statutory and voluntary mechanism. It is a method of creating more satisfying working and living conditions for employees by increasing their sense of involvement in the objectives of the enterprise and motivating them to lend a willing hand in its development. Conceptually as well as operationally, employee welfare is a part of social welfare, which in turn, is closely linked to the concept and role of the Welfare State.86

In India, as early as 1946, the Labor Investigation Committee had included in these services: anything done for the intellectual, physical, moral and economic betterment of the workers, whether by employers, by government or by other agencies, over and above what is laid down by law or what is normally expected as part of the contractual benefits for which the employees may have bargained.87

In 1947, the International Labor Office (ILO) defined these as: ...Such services, facilities and amenities as adequate canteens, rest and recreation facilities, arrangements for travel to and from work and for the accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities which contribute to improve the conditions under which they are employed.88

In Report-II of the ILO's Asian Regional Conference (1960), the scope of these activities was expanded to include,

Such services, facilities and amenities, which may be established outside or in the vicinity of the undertaking to enable the persons employed therein to
perform their work in healthy and congenial surroundings and to provide them with amenities conducive to good health and high morale.89

The Report of the committee on Labor Welfare (1969) described the purpose of the employee welfare activities as:

To combat the sense of frustration, to relieve them of personal and family worries, to improve their health, to afford them means of self-expression, to offer them some sphere in which they can excel others and to help them to realize a wider conception of life. 90

In many organizations, employee welfare services, quite often misnamed 'fringe benefits', may actually constitute about 40 percent of the total manpower cost. In return, these services strive to attain three different types of objectives:

1. Societal Objectives: Industrial peace, employment opportunities for service providers, generally satisfied employees and their families, etc.,

2. Organizational Objectives: Alleviating employee's work related physical fatigue and mental stress, motivating employees for higher achievements, maintaining cordial interpersonal relations at the workplace, building-up team spirit, minimizing absenteeism, discouraging employee unrest, reducing employee turnover, attracting and retaining suitable workforce, etc.,

3. Employee Objectives: Employees usually seek employer provided benefits and services because of lower costs and availability. Some examples are insurance covers, subsidized canteen and canteen stores, educational and medical assistance for self and dependents, financial assistance through borrowings against salary, employer supported cooperative credit societies, etc.

For an overall development of workers, only good wages and service conditions are not adequate. Equally important is the environment in which they work such as heating and air-conditioning, lighting, safety and a general aesthetic atmosphere as well as the motivational factors such as working hours,
autonomy and discretion in the job performance, the very nature of the work and the human interactions at the workplace. The quality of work life, in turn, is reflected in the quality of the family life and social life. Employee welfare thus is an HRD system that seeks to enhance the overall quality of the employee's total life, through appropriate statutory and voluntary mechanisms.

2.8 ROLE OF EMPLOYEE ASSOCIATIONS IN HRD

Traditionally, the trade unions (employee associations in case of white collar workers such as bank staff) have played a role of a protest organization on behalf of their members. These mainly have confined their activities to monetary issues like wages and service conditions and have generally ignored the issues relating to the development. These are also labeled as being 'grievance-oriented' rather than being 'development oriented'.

The trade unions movement in the country presently is in the midst of metamorphical changes. A less visible challenge to the very existence of trade unions lies in the need to respond to the diverse sets of expectations and aspirations of workers. The unions thus are trapped between the forces calling for change and those opposing the change. In these unstable times, the unions can play an important role in setting the stage, designing and participating in HRD programs, thereby enhancing their representational role in the organization. Over a period, these efforts are likely to build higher involvement of the employees, create more satisfaction and give expression to their aspirations. Some of the developmental roles that unions can play are mentioned below:

> **Initiation of HRD:** Unions should focus attention on the employee development. In fact, the union should act as an ex-officio HRD department and the union leader as the ex-officio HRD manager of the organization. In the organizations, where development oriented environment is already prevailing, union could become an effective member of the HRD team; where such an environment is absent or where
there is an apathy towards the employee development, the union should become more proactive and take up HRD issues with the management. It is not necessary that HRD initiative should always come from the management.

➢ **Communication:** Unions have an important HRD role in communicating with the employees, almost on continuous basis, about the organization in which they work. Unions traditionally have confined their role to communicate to their members the information about only the service conditions-related issues. Employees too want to know about the goals, missions, diversification plans, marketing aspects, etc., perhaps only in a layman’s language. They also want to know more about the position their union has taken about these. Improved communication between the unions and their members would strengthen the union’s ‘change agent’ role within the organization.

➢ **Counseling:** Unions can play a very positive role in providing counseling services to their members. Cases of excessive drinking, drug addiction, excessive smoking, excessive debts, amongst members yearn for counseling, but in the absence of any counseling/guidance, the members continue to indulge in these evils and wallow in their misery. Some of them may even lose their job. Defending a member during a departmental enquiry for misconduct is not enough. Unions can play a positive role in preventing the occurrence of such instances by undertaking proper counseling. Unions can develop counselors from amongst their office bearers with suitable professional help or arrange for external professional counseling for the benefit of their members.

➢ **Training:** An important aspect of the overall development of an employee-member is to help him acquire new work-related and human relations related skills. The latter includes the skills of collaboration, collective action, positive assertion, empathy, helping and the capacity of organizing groups. The work skills would include skills to do new jobs
and undertake new projects. This would call for intensive training and development effort on the part of the unions.

- **Welfare:** According to the National Commission on Labour (1969), the concept of welfare is necessarily a dynamic one. HRD in real terms signifies to the employees' continuous improvement in their standard of living, social security and a dignified place within the organization and the society outside. Unions should contribute to the development of innovative employee welfare schemes and focus on long-term personal and social benefits to the employees rather than the short-term pecuniary gains. Unions, at least the bigger ones, should initiate their own welfare programs for the overall development of their members. Some of the innovations could be workers' cooperatives, workers banks, nursery schools for children, vocational training schools for children, etc.

- **Family and Vocational Guidance:** One of the important HRD role of the unions is to extend help in creating a better family environment and also extend guidance about the academic career of the members' children. Unions can also provide conciliation service in family quarrels. By starting workers' cooperatives, they may create employment opportunities for the dependents of the members.

- **Research:** In order to keep itself updated and create a database on various dimensions of the members' aspirations, development needs, etc., the union should sponsor (where they can afford it) appropriate research projects. They can also seek involvement of academic institutions by participating and collaborating in research problems relevant to trade unions' role and interest in the HRD.

In order to enact the above roles effectively, unions must professionalise themselves. This will mean HRD within the unions to begin with. For long, unions have ignored developing union leadership, helping only to serve the leaders with the vested interest of holding onto union leadership and creating
intra-union factions. Absence of infusion of new leadership deprives the unions of new thinking and new approaches. The new role for the unions will have to focus on improving the psychological well being of their members.

The union leader, traditionally, for securing the economic well being of their members has played the roles of: Bargainer, Negotiator, Fire-fighter, Agitator, Grievance-handler, Game-player, Blackmailer, Crisis dealer, etc. His developmental role should have its focus on the psychological and social well being of the members for which he would have to play the roles of: Explorer, Trainer, Educator, Counselor, Collaborator, Motivator, Facilitator and Communicator. 91

**Challenges before the Trade Unions**

The organization's HRD initiative is generally viewed with caution and suspicion by the unions, their response, in most cases, being generally skeptical. The fears and the anxiety of the trade unions seem to stem from the following:

- Sincere and genuine HRD efforts of the organization is likely to create a contented, satisfied, self dependent and assertive worker, perhaps capable of looking after his interests by himself. Unions that have generally thrived on dissatisfaction, dependence and weaknesses of the employees are likely to be out of business of unionism. Once the management is able to communicate directly with the employees, it is further likely that the trade unions impact will be diluted.

- Employee's development may lead to his need to assert and participate in the union affairs. This itself may not be in the interests of the union leadership, who want to hang on to positions of power and authority. This also partly explains the present manpower and leadership crises in many trade unions headed by aging and retired union activists.

- Active involvement in the organization's HRD programs may require the union leaders to become an active collaborator with the management in the areas of work ethic, productivity improvement, introduction of new
technology and its implications, training and development, etc. Excessive identification with the management itself may invite the ire of the rank and file and may also reduce the union's bargaining power.

➢ Experiences, where many companies use progressive personnel and HRD policies to keep unions out, contribute to the anxiety of the unions about the possible shift of member's loyalty from the union to the management.

In any HRD effort, it is very necessary for the organization to deal with the above fears, anxieties and dilemmas of the unions. To allay these, it is desirable for the management to maintain sustained interaction and exchange of ideas with the unions from the HRD planning stage itself. In the present climate of industrial relations in India, it is also desirable that the organization's HRD policies are discussed with unions and their involvement sought. Unions also need to be assured that the organization's HRD effort does not aim at destabilizing the unions.

In the end, it would do well to remember John Hoerr's admonition, "Strong Unions make Stronger Organizations".92

2.9. EVOLUTION OF BANKING IN INDIA

The history of banking in India can be traced to the Vedic period. Manu in his writings has said "A sensible man should deposit money with a person of good family and good conduct, well acquainted with the law, having many relatives wealthy and honourable" (Arya).93

Hundi, the popular bill used in trade transactions, is derived from Sanskrit. Hundi means 'to collect'. Hundi was in vogue in the days of Mahabharata and also in middle ages. There is a reference that Bastupal Tejpal drew a hundi for Rs. Ten crores on the Nagar Seth (City banker) of Ahmedabad for construction of famous Dilwara Temples.94 Banker had an esteemed status in those days. He was considered as worthy specimen of commercial morality. The rise of banking in India can be identified with money lending and indigenous banker. The definition given by Bombay Provincial Enquiry Committee is very
apt "Banking is my brain and other peoples money". However over the period of time the role of indigenous banker is declining with the advent of modern banking institutions.95

**Banking institutions:** The British developed banking as an organization and institution. British Agency houses like M/s Alexander & Co and M/s Fergussion & Co. were pioneers in the field of banking organizations. Alexander & Co started Bank of Hindustan in 1770. It had notes in circulation to the extent of Rs twenty-five lakhs which were accepted everywhere except in Government treasury. Other famous banks during the period were the General Bank of India (it was appointed as banker to the Government), Union Bank of India, United Service Bank etc. As said earlier foreigners started these banks, in particular by the British. The development of banking in this period was mostly in accordance with 'Laissez faire' policy, pursued by the government as in all economic matters.96

**Banks by Government:** Initiative of Banking by the Government took shape by starting of first Presidency Bank, the Bank of Bengal at Calcutta, through a Royal Charter. Majority of the shareholders in these banks were British. The success of Bank of Bengal inspired the British Government to open similar banks in other presidency towns. The Bank of Bombay was opened in 1840 and in 1843 Bank of Madras was established. Oudh commercial bank was the first bank started by Indians in 1881 with its registered office at Faizabad.97

**Swadeshi Movement:** Swadeshi movement in 1905 resulted in the out break of banking activities by Indians. Some of the famous banks of those days were incorporated during this period.98 These banks were promoted by Industrial houses like Tata Group (Central Bank of India) and Birla's (United Commercial Bank). Other notable banks that were incorporated during this period were - Bank of India in 1906, Canara bank 1908, Bank of Baroda in 1911.

**Imperial Bank:** The three Presidency banks were amalgamated into Imperial Bank of India on 27th January 1921, through Imperial Bank of India Act 1920. Its
functions were to hold government balance, to manage public debt and to undertake functions of a clearinghouse. However it was not given powers to issue notes. “The establishment of Imperial Bank of India with its large network of branches all over India, strong capital base and conservative management, according to the principles of commercial banking lent status and strength to the commercial banking in India”.99

Establishment of R.B.I.: The idea of a Central Bank of India was mooted as early as 1773. But it took a definite shape in 1927 with appointment of Royal Commission on Indian Currency and Finance headed by Hilton young.100 The commission was in favor of a separate bank to perfect currency and credit. The proposal was placed before the Legislative Assembly. It received the assent of Governor on 6th March 1934. The Central Bank became operational from 1st April 1935.

Growth of Banking in India 1947-1969: At the time of independence (1947) India inherited an extremely weak banking structure, with urban orientation, comprising 544 small non-scheduled banks and 96 scheduled banks, giving bulk finance to the trading sector.101 Soon after independence need was felt to have comprehensive law to control banking activities in India. The Banking Companies Act- 1949 was passed to consolidate and amend the law relating to banking companies. The name of the act was changed to Banking Regulation Act-1949 with effect from 11th March 1966. The regulation act gave enormous powers in the hands of RBI to supervise and control functioning of banks in India. The act was applicable for every kind of banks. To make the banking sector socially responsible an ordinance was passed on July 19th 1969, nationalizing 14 major banks. Another set if six banks were nationalized on 15th April 1980. Since 1969 the banking sector in India showed a rapid expansion with 60,220 branches in 1991, which was a mere 8262 in 1969.102 The period between 1991 and 2002 has shown a slow expansion of bank branches with the total number of branches standing at 66,186 with average increase of 473 per annum that was 2460 branches per annum in the period between 1969 to 1991.103
In the meanwhile many committees were appointed to seek their recommendations on changes in the banking policies such as Narasimhan Committee in 1991, Goiporia committee on customer service also in 1991, Kaldate Panel on customer service in 1994, Ombudsman Scheme in 1995 etc. These committees have given number of suggestions most of which have been implemented to improve banking sector in India.
REFERENCES:

10. Werther William B. (Jr) and Keith Davis., op.cit., p-63.
27. Partha Sarathi., op.cit.
30. Ibid., p-235.


44. Ibid. pp. 10-11.


46. Werther, W.B. and K. Davis, op.cit, p-649.

47. Chatterjee, B. op.cit, p-135.


52. Ghanekar, A, op.cit, p-161.
53. Ghanekar, A, op.cit, p-164.
54. Ghanekar, A, op.cit, p-165.
55. Werther, W., op.cit. pp-312-313.
56. Ibid, p.315.
57. Ghanekar, A., op.cit, p-171.
68. Flippo, Edwin B., op. cit.
70. Werther, W.B. & K. Davis, op.cit, p-339.
72. IGNOU (1990), op. cit., pp-23-34.
75. IGNOU (1990), op.cit, pp-23-34.
77. Werther, W.B. and K. Davis (1993), op.cit, p-377.
83. Werther, W.B. and K. Davis (1993), op.cit, p-383.
84. Werther, W.B. and K. Davis (1993), op.cit, pp-391-394.
91. IGNOU. (1990), “Main Issues in HRD”, (Course Material), New Delhi, IGNOU, pp-29-31.
100. Tannan., op.cit, p.211.
103. I.B.A. Special Issue March 2003 Vol. XXV No 3.