



## HRD CLIMATE IN INDIAN PUBLIC SECTOR BANKS

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### **Abstract**

Banking organizations had been longing for sustainable excellence for long without giving the due share of attention to the human capital which was perhaps the much neglected, though most important facet of an organization. Now when the organizational excellence is driven by the human capital it becomes important to study the various practices related with the human resource development in a given climate which results to an extent in the expected outcomes. This study is an empirical attempt to examine the various HRD practices, HRD climate and HRD efforts' outcomes in the context of Indian public sector banks.

**Keywords:** Human Resource, Human Resource Development, HRD climate in Indian public sector banks, Organizational Climate.

### **Introduction**

Regulation of banking system in India started with Banking Regulation Act, 1949. Earlier banks in India used to be in private ownership. In 1969, 14 big private banks were nationalized bringing them under the ownership of government. In the last two decades Public Sector Banks in India have witnessed a transition from traditional banking to modern technology driven banking. Exposure to competition has made these banks re-engineer and re-structure their processes, systems and product line. After economic liberalization these banks have been given enough freedom to do so. However, for various matters these banks are required to follow guidelines issued by Ministry of Finance, Reserve Bank of India and Indian Banks Association. As a cause of post nationalization, these banks recruited huge man power to meet their expansion requirements. Over a decade public sector banks started focusing on the continuous attraction, development and retention of the human resources which became a prerequisite for excellence (competitive advantage) for every organization. However, all these public sector banks still continue to face some of the legacy issues and more particularly, these banks are believed to be at a disadvantage vis-à-vis their private sector competitors in respect of manpower management & HR policies & practices.

### **Meaning of HRD Climate**

HR means employees in organization, who work to increase the profit for organization. Development, it is acquisition of capabilities that are needed to do the present job, or the future expected job. Human Resource Development process in any business organization can be simply stated as the sub system of the Human Resource Management which involves helping people to acquire competencies.

HRD Climate means the atmosphere in an organization that allows staff members to develop their skills for the benefit of the company on one hand and for themselves on the other hand. An organization becomes dynamic and growth oriented if their people are dynamic and proactive. Through proper selection of people and by nurturing their dynamism and other competencies an organization can make their people dynamic and pro-active.

HRD acquires special meaning in the banking industry due to variety of factors; a stable labour intensive industry, high job security of employees, quality of banking services and the objectives of banks in achieving its socio-economic goals (Khandelwal, 1996). Banks have a strong industrial relation orientation which necessitates more and more focus on improving the HRD efforts to influence people.

### **Review of Previous Studies**

Benjamin & David (2012) in their study found that HRD climate had a strong influence on the level of effective commitment and therefore suggested the Nigerian Banks to inculcate openness, confidence, trust, autonomy, pro-action and authentication into their organizational climate. A favorable climate influences directly the behavior of managers in an organization which creates a sense of belongingness in them and also enables them to perform.

A study of 52 organizations shows that the average extent of favorable climate was about 54% in these organizations which is rather low (Rao & Abraham, 1986). One study revealed that the focus of HRD in Indian organizations is on the development of the competencies of people. It also emphasizes the development of an organizational climate that would facilitate and sustain the process of employee development and commitment.



Mufeed and Hamdani (2013) conducted their research on HRD mechanisms in the health care sector of Jammu & Kashmir and found the HRD Climate and HRD mechanisms dissatisfactory. Origo and Pagani (2008) considered job rotation system as an effective operational system to improve human capital performance and productivity (accelerated operations, saved time and resources). Kilam and Kumari (2012) in their study on career planning & HRD climate found that well-established private sector in India and the foreign banks had better career planning & HRD system as compared to that of Indian Public Sector Banks.

Aleem Hashmi & Haidar Abbas (2014) their study specifies that HRD instruments in a given climate of Indian banking sector is average and there is lot of scope for improvement. They also analysed that HRD efforts in the given organizational climate result in developing mutual respect and evoking good support among the employees.. The study by Pillai (2008) found the HRD climate existing in banks as moderate. His study further found that a supportive HRD climate in banks stimulated the learning orientation of the employees.

As per the study of Kumar and Patnaik (2002), HRD Climate had a positive association with job satisfaction, meaning that the job satisfaction is a resultant of favourable HR practices. Mishra and Bhardwaj (2002) conducted a study which indicated that the managers in general showed a favorable attitude towards HRD policies and practices of the organization. They were satisfied with the developmental policies of top management as well as were happy with the prevailing HRD climate in the organization. Abraham (1988) observed that there was a wide gap between the belief of top management and their practices with regard to HRD.

Anil, K. Khandelwal (2005) argues; "PSBs need to develop such compensation standards, which can provide a linkage between risk and reward, performance and payment. Though the current system of industry level wage settlement provides lesser leeway, slowly and surely the compensation system would have to be repositioned to take care of specific organizational needs". Salokhe (2002) conducted a study of the HRD climate in selected banks which revealed the existence of a remarkably good HRD climate in the scheduled, co-operative and public sector Banks.

**Objectives of the study**

The present study aims at pursuing the following major objectives:--

1. To study the HRD climate in Indian public sector banks
2. To study the HRD instruments used in Indian public sector banks

**Research Methodology**

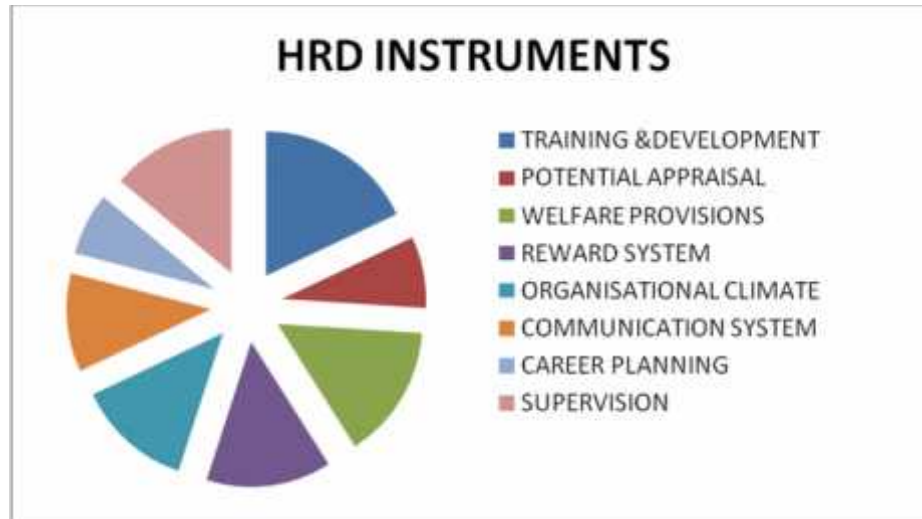
Single cross-sectional descriptive research design has been considered suitable for the study. The sample size is 100. Adopting convenience sampling method and using closed ended structured questionnaire, the data was collected from the employees working at different levels in selected public sector banks of Hyderabad, Telangana region. For the purpose of getting 100 usable responses, the researcher received 126 (out of 183) filled questionnaires. For the purpose of analysis, researcher considered only 100 neatly and unambiguously filled questionnaires. This data was analyzed through simple % analysis and presented through pie-charts.

**HRD Climate Instruments**

HRD constitutes a variety of sub systems which are specifically termed as HRD instruments

Career Planning & Development	Counseling and Mentoring
Selection/Recruitment/Induction	Manpower Planning
Job designs/enlargement	Organizational development
Training and Development.	Skills development
Performance appraisal and review.	Attitudinal changes orientation.
Potential appraisal.	Personality development.

The above HRD instruments lead to HRD processes like role clarity, perfect performance planning, risk-taking, dynamism e.t.c. HRD instruments and processes together make people more committed and satisfied HRD mechanisms are available to develop competencies of employees and improve over all organizational effectiveness The following pie diagram shows the contribution of different HRD instruments towards the creation of strong HRD climate in Indian public sector banks.



### Interpretations

In the context of Indian public sector banks, welfare provision for the employee, and training & development are the HRD climate instruments that are relatively better in comparison to other such instruments. There is an urge for the public sector banking organizations to focus more upon their potential appraisal efforts and communication system. Consequently reward and compensation system and supervision occupy significant place in building effective and strong HRD climate.

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