

HRD Climate in Public & Private Sector Banks

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The study assesses the perception of employees towards the HRD climate in the two leading banks. It also tries to find out the difference between the perception of employees of private and public sector banks with respect to all the dimensions of HRD Climate. The HRD climate is subdivided into General Climate, OCTAPACE and HRD Mechanisms. The primary data is collected from 200 employees through a structured questionnaire comprising 40 items. The questionnaire measured General Climate, HRD Mechanisms and Openness, Collaboration, Trust, Proactiveness, Autonomy, Confrontation and Experimentation. HRD climate of the public sector bank is found better than in the private sector counterpart.

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Introduction

In today's competitive environment it is important for organizations to innovate, improve and adapt itself with the changing environment. This can be realized if the potential of the human resource is fully optimized and they are in a trajectory of growth and dynamism. Human resource development plays an imperative role in developing a learning environment where the knowledge and intellect can grow. The HR subsystems like performance appraisal, training, feedback and other planned developmental activities coupled with enabling climate helps an employee to gain competencies and realize their potential. The term HRD was first coined by Leonard Nadler who defined it as a series of organized activities which are conducted within a specified time and designed to produce behavioral change. The HRD Climate of an organization plays an important role in ensuring competency, motivation and development of its employees (Patel, 2005). HRD Climate was found to be positively correlated with organizational effectiveness and productivity (Jain, Singhal & Singh, 1997).

The study by Rohmetra in 1998, found that job satisfaction was positively associated with HRD Climate. Kumar &

Patnaik (2002) found that a positive relationship exists between HRD Climate and job satisfaction, attitude and role efficacy. Krishnaveni & Ramkumar in their study (2006) titled "Impact of developmental climate on individual's behavior in organizations" found that HRD Climate is positively associated with the level of role satisfaction of individuals in the organization. Purang in her paper (2006) titled "HRD Climate: Comparative Analysis of Public, Private and Multinational Organizations" reported HRD Climate perception of employees in private and multinational organizations to be significantly better than in public sector organizations. Venkateswaran (1997) made a study in a public sector undertaking in India and found that, to a large extent, a favorable HRD climate was prevalent in the organization under study. M. Srimannarayana (2001) identified below average level of HRD climate in a software organization in India. However, Agarwala (2002) found that the HRD climate was significantly more developmental in the IT industry when compared to the automobile industry. Mishra & Bhardwaj (2002) carried out a HRD climate survey in a private sector undertaking in India and concluded that the HRD climate in that organization was good. Lewlyn (2004) conducted a study in the engineering institutes in India and found the HRD climate to be highly satisfactory. In this study we will do a comparative analysis of HRD Climate in the public and private sector banks in India

Human Resource Development

HRD has been defined by various authors and lay stress how it develops

the human resource. It is an organized learning experience provided by employees within a specified period to bring about the possibility of performance improvement and/or personal growth (Nadler & Nadler, 1989). It is the integrated use of training and development, organization development, and career development to improve individual, group, and organizational effectiveness (McLagan, 1989). Rao (1985) says that it is a process by which the employees of an organization are helped in a continuous, planned way to acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles, develop their general capabilities as individuals and discover and exploit their own potentials for their own and/or organizational development purposes and develop an organizational culture in which supervisor – subordinate relationships, teamwork, and collaboration among subunits are strong and contribute to the professional well-being, motivation, and pride of employees. HRD provides a platform for an employee to grow and play a vital role in the growth of an organization. Guest & Davey (1996) suggest, for example, that for organizations to attract and retain high quality employees in an employability or transactional contract environment, they must provide "challenge, autonomy, impressive extrinsic rewards and, above all, opportunities to learn and thereby become more marketable and more able to move on to the next job." Effective HRD must be able to balance a number of considerations in order to deliver effective outcomes. First, it should be in cognizance of the

strategic directions of the organization and should support in attaining the organizational goals. Next, HRD interventions must be contingently designed to synchronize the present knowledge and the required future knowledge to help employee develop the knowledge further or in some cases, to revive the previous knowledge and skills as per the changing requirements.

HRD has evolved as a critical element of broader business and human resource management strategies. The importance of a work force with appropriate skills for the survival and growth of any organization is acknowledged by most managers. In the current knowledge era, it is recognized that HRD has the ability to make the difference between mediocre and highly successful organization, indeed between survival and decline, particularly as issues such as workforce flexibility, workforce mobility and skills shortages. The impact on organizations coupled with these challenges is the growing recognition that merely learning, either at an individual or organizational level will not be sufficient to ensure that organizations make the necessary adjustments for long-term sustainability. Even when learning and changes in behavior occurs, management must consider embedding these new behaviors in the organization and after HRD such as performance management, learning & development, career planning, potential appraisal are advocated as effective methods of achieving these long-term changes in behavior (Coyle-Shapiro, 1995).

HRD Climate

Human Resource Development Climate (HRDC) is a component of the wider organizational climate. Climate at the individual level is a summary perception of the organization's work even that is descriptive rather than evaluative in nature (Joyce & Slocun Jr., 1984). According to Jagimi & Litwin (1988) organizational climate is a relatively enduring quality of the internal environment of an organization that is experienced by its members, which influences their behavior, and which can be described in terms of the values of a particular set of characteristics of the organization. HRD climate reveals the perceptions of the employees on the developmental environment of an organization. The concept of climate with special reference to HRD; context, i.e. 'HRD climate' has been developed by Rao & Abraham (1986). The study shows that a good HRD climate rather than HRD practices is responsible for organization performance. HR practices create the atmosphere for the employees that facilitate their development. Pattanayak (1998) states that HRD climate affects performance in three ways: first by defining the stimuli that confronts the individual, placing constraints on the individual's freedom of and providing source of reward and punishment. Gonzalez (1999) states that companies must realize that the "health of the organizational climate will determine their ability to sustain high performance".

A major challenge for any organization in this era of international competition seems to be 'survival and

sustainability' amidst cut throat competition. It is increasingly argued that the organizations, best able to meet the challenges will be those that can acquire and utilize valuable, scarce and inimitable resource (Barney, 1995). Human resources can fall into this category, particularly, if they are effectively deployed through appropriate human resource practices & management of organizational culture (Barney & Wright, 1998). Human resource being one of the important factors of production, HRD is needed to develop competencies of individual employees through its various interventions. In order to be developed, the individual should perceive that there is a climate favorable for their development. This responsibility lies with the HRD department which has to provide a proper climate in the organization conducive for employee development, termed as the climate.

HRD is needed to develop competencies of individual employees through its various interventions.

Organizations become dynamic and growth oriented if their people are dynamic and pro-active. Every organization can do a lot to make their people become dynamic and pro-active through proper selection of such people; and meeting their dynamism and other competencies. Organization cannot survive beyond a point unless they are continuously alert to the changing environment and continuously prepare their employees to meet the challenges and have an impact on the environment. The HRD is

an essential process for organizational survival and growth. An optimal level of "Developmental Climate" is essential for facilitating HRD

HRD in Banks

The banking industry has also realized that the human resource or the personnel are to play an important role to achieve a high rate of growth for the sector. An employee is generally regarded as an innovator and supporter of innovations and a conscious developer of business in any banking industry. The key to successful management in banking industry lies in effective utilization of the personnel they recruit from time to time (Rao, 1993). Banking industry in our country is fast developing and it has been assigned a crucial role in country's economic development. HRD acquires special meaning in the banking industry due to a variety of factors. First, banking is a labor intensive industry. Second, job security of employees in public sector bank is quite high in this age of global competition. Besides, the quality of banking services and the objectives of banks in achieving its socio-economic goals are highly dependent on the employees who deliver the services (Khandelwal, 1996). Hence, the study is concentrated on finding the perception of employees towards HRD climate in public and private sectors.

Research Questions

The aim of the study is to answer the following questions and find the perception of SBI and Axis Bank employees towards HRD Climate.

1. Does the perception of employees towards General Climate differ in SBI and Axis Bank?
2. Does the perception of employees towards OCTAPACE differ in SBI and Axis Bank?
3. Does the perception of employees with respect to HRD mechanism vary in SBI and Axis Bank?
4. Does the perception of employees towards Human Resource Development Climate vary in SBI and Axis Bank?

Research Methods

In answering our research questions the primary data was taken from the full time employees of SBI and Axis Bank. The 40-item questionnaire of HRD Climate developed by Rao & Abraham (1986) was filled by the respondents. The questionnaire comprises 40 items where in 38th and 40th items have been included at researcher's end. Both the items are assessing experimentation in the banks. The 40-item questionnaire has been grouped under three parts: - General Climate, OCTAPACE and HRD Mechanism to find the overall HRD Climate. The General Climate refers to the support provided by the top management towards the development of employees and it is assessed by 12 items. The OCTAPACE culture measures the existence of eight factors such as openness, collaboration, trust, autonomy, proactivity, authenticity, collaboration and experimentation and it is done by 14 items. The HRD Mechanism refers to the HR sub-system such as performance appraisal,

potential appraisal, career planning, performance rewards, feedback and counseling, training, employee welfare for quality work life and job rotation and is measured by 13 items. To measure the variables of HRDC respondents were requested to indicate their perception on a Likert scale in which 5 indicates almost always true and 1 indicates not at all true. A total of 103 employees from the SBI bank completed the questionnaire. The number of respondents from the Axis Bank were 77.

To compare the general climate, OCTAPACE, HRD mechanism and overall HRD climate of SBI and Axis Bank the t- test is used. The reliability test was run on SPSS 16.0. The Cronbach's Alpha came 0.873.

General Climate

In finding the top management's support to the development of human resources, 12 items were identified from the questionnaire and the perception of the respondents of SBI and Axis Bank was compared on the basis of general climate by using the t-test.

Hypothesis:

H_{01} : There is no significant difference between general climate scores of SBI Bank and Axis bank.

H_{a1} : There is significant difference between general climate scores of SBI Bank and Axis bank.

H_{01} is rejected which means that there is a significant difference between

Group Statistics					
		N	Mean	Std. Deviation	Std. Error Mean
General Climate	SBI	103	4.1936	.22629	.02230
	AxisBank	77	4.0592	.30828	.03513
Hypothesis	t-test value	Mean Difference	Std. Error Difference	Sig.	Result @ 10%
Ho1	3.373	.13437	.03984	.001	Reject

general climate scores of SBI Bank and Axis Bank. It means that the perceived general climate of SBI Bank is better than of Axis Bank. It is inferred that the top management of SBI Bank is more concerned about the development of employees. They ensure that employees enjoy work, learn and gain competencies. The line management supports their subordinates to overcome their weaknesses and help them learn their job.

The perceived general climate of SBI Bank is better than of Axis Bank.

OCTAPACE

The OCTAPACE culture is assessed by 14 items. Openness is expressing your views, ideas, feelings and thoughts without any hesitation. It includes both receiving and giving the suggestions, feedback and criticism. Confrontation is solving the problem rather than escaping from it. Trust is having confidence in other person and takes him at the face value. Authenticity means the person do what he feels and say. Pro-action is taking initiative, planning and taking preventive actions by weighing the payoffs of the alter-

nate course of action before taking the decision. Autonomy is giving freedom to a person to exercise his own plans. Collaboration is giving and seeking help from each other and working in mutuality. Experimenting is encouraging innovative approaches to solve problems and taking fresh looks at things to develop creativity. To compare the perception of employees towards OCTAPACE in SBI and Axis Bank the t-test was used to analyze the data.

Hypothesis:

H_{02} : There is no significant difference between OCTAPACE scores of SBI Bank and Axis bank.

H_{a2} : There is significant difference between OCTAPACE scores of SBI Bank and Axis bank.

There is no significant difference between OCTAPACE scores of SBI Bank and Axis Bank.

H_{02} is accepted which means that there is no significant difference between OCTAPACE scores of SBI Bank and Axis Bank. The inference is that perceived climate of openness, confrontation, trust, authenticity, pro-activeness,

Group Statistics					
		N	Mean	Std. Deviation	Std. Error Mean
OCTAPACE	SBI	103	4.0201	0.35889	0.03536
	AxisBank	77	3.9751	0.36616	0.04173
Hypothesis	t-test value	Mean Difference	Std. Error Difference	Sig.	
Ho2	0.826	0.04503	0.05454	0.41	

autonomy, collaboration & experimentation is the same in both the banks.

SBI and Axis Bank towards HRD Mechanism is measured by using the t-test.

HRD Mechanisms

This section measures the HRD mechanisms consisting of HR sub-systems such as performance appraisal, potential appraisal, career planning, performance rewards, feedback and counseling, training, employee welfare and job rotation in the organizations based on 13 items. The perception of employees of

Hypothesis:

H₀₃: There is no significant difference between HRD Mechanism scores of SBI Bank and Axis bank.

H_{a3}: There is significant difference between HRD Mechanism scores of SBI Bank and Axis Bank.

Group Statistics					
		N	Mean	Std. Deviation	Std. Error Mean
HRD Mechanism	SBI	103	4.1102	0.28074	0.02766
	AxisBank	77	4.0201	0.36581	0.04169
Hypothesis	t-test value	Mean Difference	Std. Error Difference	Sig.	
Ho3	1.869	0.09006	0.04819	0.063	

The perceived HRD Mechanism in SBI Bank is better than in Axis Bank.

H₀₃ is rejected which means that there is a significant difference between HRD Mechanism scores of SBI Bank and Axis Bank. It is inferred that the perceived HRD Mechanism in SBI Bank is better than in Axis Bank. The performance appraisal, training, career planning & reward system,

job rotation & feedback counseling are more systematic in SBI Bank than in Axis Bank. The policies of perceived HRD mechanism are well laid down in SBI Bank than in Axis Bank. Every HRD mechanism is transparent in SBI Bank while in Axis Bank some of the perceived HRD mechanisms are undergoing changes.

Overall HRD Climate

The overall HRD climate is assessed by using 40 -item HRD climate question-

naire to find the development climate in the organizations. The perception of employees of SBI and Axis Bank towards HRD climate was assessed by using the t- test.

Hypothesis:

H_{o4} : There is no significant difference between overall HRD Climate scores of SBI Bank and Axis bank.

H_{a4} : There is significant difference between overall HRD Climate scores of SBI Bank and Axis bank

H_{o4} is rejected which means that there is a significant difference between overall HRD Climate scores of SBI Bank and Axis Bank. It means that the perceived HRD Climate of SBI Bank is better than of Axis Bank. The general climate, OCTAPACE and HRD Mechanisms are better laid in SBI Bank than in Axis Bank.

Group Statistics

		N	Mean	Std. Deviation	Std. Error Mean
Overall HRD Climate	SBI	103	4.1089	0.2381	0.02346
	Axis	77	4.0192	0.30571	0.03484
Hypothesis	t-test value	Mean Difference	Std. Error Difference	Sig.	Result @ 10%
Ho4	2.213	0.08971	0.04053	0.028	Reject

Conclusions

The perception towards the general climate of SBI Bank is better than of Axis Bank. The top management of Axis Bank should be more concerned about the development of employees. They should frame policies so that the employees enjoy work, learn & gain competencies. The line management should support their subordinates to utilize their potential and help them to gain new capabilities. The perception towards OCTAPACE in SBI and Axis Bank is the same. So they should retain the policies with respect to OCTAPACE culture. The perception towards HRD Mechanism in SBI Bank is better than in Axis Bank. The performance appraisal, training, career planning & reward system, job rotation & feedback counseling need to be more systematic in Axis Bank. The HR department

needs to benchmark one of the established banks in India and adopt the suitable policies for its employees. The Axis Bank needs to make HRD subsystems more transparent and suitable with the changing needs of employees.

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