



## Saurashtra University

Re – Accredited Grade 'B' by NAAC  
(CGPA 2.93)

Agrawal, Vinitaa H. , 2005, *A Study of the Impact of HRD Practices and Measures to Resolve Pertinent Challenging Issues of HRD in Commercial Banks in India*, thesis PhD, Saurashtra University

<http://etheses.saurashtrauniversity.edu/id/eprint/201>

Copyright and moral rights for this thesis are retained by the author

A copy can be downloaded for personal non-commercial research or study, without prior permission or charge.

This thesis cannot be reproduced or quoted extensively from without first obtaining permission in writing from the Author.

The content must not be changed in any way or sold commercially in any format or medium without the formal permission of the Author

When referring to this work, full bibliographic details including the author, title, awarding institution and date of the thesis must be given.

Saurashtra University Theses Service  
<http://etheses.saurashtrauniversity.edu>  
repository@sauuni.ernet.in

---

**"A STUDY OF THE IMPACT OF HRD PRACTICES  
AND MEASURES TO RESOLVE PERTINENT  
CHALLENGING ISSUES OF HRD IN  
COMMERCIAL BANKS IN INDIA"**

**THESIS  
SUBMITTED TO  
THE SAURASHTRA UNIVERSITY  
FOR THE AWARD OF THE DEGREE OF  
Doctor of Philosophy  
IN MANAGEMENT  
UNDER THE FACULTY OF COMMERCE**

**BY  
Ms. VINITAA H. AGRAWAL  
Lecturer, Christ College, Rajkot**

**Under the Supervision of  
Dr. SHAILESH J. PARMAR  
Associate Professor  
Department of Commerce & Business Administration  
Saurashtra University,  
Rajkot - 360 005**

**September 2005**

## *DECLARATION*

I, hereby, declare that the THESIS entitled "A STUDY OF THE IMPACT OF HRD PRACTICES AND MEASURES TO RESOLVE PERTINENT CHALLENGING ISSUES OF HRD IN COMMERCIAL BANKS IN INDIA" submitted for the award of the Ph.D. Degree is my original work and no Degree or Diploma has been conferred on me before either by this University or by any other University for this work.

Date :

(Vinitaa H. Agrawal)  
Research Scholar

**DEPARTMENT OF COMMERCE & BUSINESS ADMINISTRATION  
SAURASHTRA UNIVERSITY  
RAJKOT**

***Certificate***

This is to certify that the THESIS entitled "A STUDY OF THE IMPACT OF HRD PRACTICES AND MEASURES TO RESOLVE PERTINENT CHALLENGING ISSUES OF HRD IN COMMERCIAL BANKS IN INDIA" submitted by Ms. Vinitaa H. Agrawal for the award of Ph.D. Degree in Management under the Faculty of Commerce is based on the original research work carried out by her under my guidance and supervision; and to the best of my knowledge and belief, it has not been submitted for the award of any other Degree or Diploma.

*Date:*

*Dr. Shailesh J. Parmar  
Associate Professor  
Ph.D. Guide*

---

***"A STUDY OF THE IMPACT OF HRD PRACTICES AND MEASURES  
TO RESOLVE PERTINENT CHALLENGING ISSUES OF HRD  
IN COMMERCIAL BANKS IN INDIA"***

**PREFACE**

A well groomed, updated and awarded employee in an organization is just like a close circuit hidden camera. This sentence speaks a lot about the importance of human resource development and its increasing popularity and widely practised character in industrial and business world. Indian commercial banking scenario is not an exception to this. Many challenging issues are being experienced in the process of HRD. Prominent among them are to include: (i) whether the expenses incurred on HRD practices and measures are to be treated as revenue expenditure or capital expenditure; (ii) how to retain the human resources once they are developed in the organization, and (iii) how to overcome the resistance shown by the employees for undergoing HRD process. Against these challenges, there is a belief among bank employees that they extend full co-operation to the HRD efforts and are ready to accept the change. Therefore, a research work entitled "*A STUDY OF THE IMPACT OF HRD PRACTICES AND MEASURES TO RESOLVE PERTINENT CHALLENGING ISSUES OF HRD IN COMMERCIAL BANKS IN INDIA*" has been undertaken to know the perceptions of the bank employees in this field.

During the course of this study, the researcher claimed very heavily on the contributions made by the experts and the research scholars in the field of HRD. Therefore, the researcher duly acknowledges their help by referring their names and works in the references as also in the bibliography. The researcher also expresses a sense of gratitude to all the nodal persons through whom the respondents were approached for collecting the primary information. The researcher equally owe to the bank employees for sparing their valuable time and for extending their co-operation in giving the information.

The entire research work has been carried out under the guidance and supervision of Dr. Shailesh J. Parmar, Associate Professor, Department of Commerce and Business Administration, Saurashtra University, Rajkot. The researcher expresses her sense of gratitude to him for the guidance and supervision. She is also thankful to her teacher Dr. (Mrs.) Daksha C. Gohil, Associate Professor and Head, Department of Commerce and Business Administration, Saurashtra University, Rajkot, for her timely motivation to complete the work.

This research work would not have been possible at all had the researcher not received an inspiration from her respected mother Mrs. Vimla Agrawal. She is, therefore, heavily indebted to her. At this point, she also feels her pious duty to acknowledge the support and patronage received at certain critical moments from her father Dr. H. N. Agrawal, Ex-Professor and Head, Department of Commerce and Business

---

Administration, Saurashtra University, Rajkot, for finally completing this research study.

Since the work involves good amount of time and effort during which the researcher could consult and get support from many colleagues and friends. Without naming them individually, she expresses her thanks to all those who directly or indirectly helped her in this academic endeavour. The researcher would be failing in her duty if she does not place on record her sense of gratitude to all the staff members of Kamlesh Commercial Centre, Jamnagar for getting the matter typed and printed through computers and for presenting the thesis in the binding shape.

*Vinitaa H. Agrawal*  
Lecturer,  
Christ College,  
Rajkot

---

---

## **CONTENTS**

- ❖ Declaration by the Researcher
- ❖ Certificate by the Guide
- ❖ Preface
- ❖ List of Tables
- ❖ List of Figures
- ❖ List of Diagram

Page No.

<b>CHAPTER - I</b>	
<b>INTRODUCTION</b>	<b>001-029</b>
<b>(I) PROBLEM FORMULATION AND IDENTIFICATION</b>	
<b>(II) LITERATURE REVIEW ON HRD AND PROBLEM SPECIFICATION:</b>	
<b>(III) RESEARCH METHODOLOGY</b>	
<b>(IV) PRESENTATION OF THE RESEARCH REPORT</b>	
<b>(V) LIMITATIONS OF THE STUDY</b>	
<b>(VI) SIGNIFICANCE OF THE STUDY</b>	
<b>CHAPTER - II</b>	<b>030-068</b>
<b>INDIAN COMMERCIAL BANKING - CHANGING SCENARIO : AN OVERVIEW</b>	
<b>(1) BRIEF HISTORICAL DEVELOPMENT OF INDIAN COMMERCIAL BANKING</b>	
<b>(2) COMPOSITION OF INDIAN COMMERCIAL BANKING SYSTEM</b>	
<b>(3) PRESENT OPPORTUNITIES TO THE COMMERCIAL BANKING SECTOR UNDER THE CHANGED SCENARIO</b>	
<b>(4) INDIAN BANKING IN THE NEW MILLENIUM (Internet Banking and Recently emerged trends in Banking Products)</b>	
<b>(5) STATUS OF INDIAN BANKING INDUSTRY IN RELATON TO OTHER COUNTRIES</b>	
<b>(6) CHALLENGES AHEAD BEFORE INDIAN COMMERCIAL BANKS</b>	



---

**CHAPTER - III** **069-113**  
**HUMAN RESOURCE DEVELOPMENT :**  
**A CONCEPTUAL FRAMEWORK AND PERTINENT ISSUES**

- ❁ **HISTORY AND ORIGIN OF HRD**
- ❁ **INCREASING IMPORTANCE OF HRD IN THE PRESENT DAY CONTEXT**
- ❁ **CHANGING HRD PERSPECTIVES IN THE MODERN CONTEXT**
- ❁ **CONCEPTUAL FRAMEWORK OF HRD**
- ❁ **HRD MECHANISMS OR SUB-SYSTEMS**
- ❁ **HRD AND ORGANISATIONAL EFFECTIVENESS**
- ❁ **PERTINENT CALLENGES IN THE FIELD OF HRD**

**CHAPTER - IV** **114-198**  
**HRD PRACTICES AND MEASURES : THE PERSPECTIVES**  
**OF COMMERCIAL BANK EMPLOYEES IN INDIA**  
**(SURVEY ANALYSIS)**

- ❁ **GENERAL INFORMATION**
- ❁ **FAMILIARITY OF THE EMPLOYEES WITH THE WORD "HRD" AND ITS DEFINITION**
- ❁ **STIMULANTS TO HRD**
- ❁ **ACTIVITIES INCLUDED IN THE HRD IN THE BANKS**
- ❁ **FAMILIARITY WITH THE MEANING AND CONTENTS OF HRD PHILOSOPHY**
- ❁ **ELEMENTS OF HRD CLIMATE**
- ❁ **OBJECTIVES OF HRD IN BANKS**
- ❁ **HRD PROCESS / MECHANISM IN BANKS**
- ❁ **LEVEL OF SATISFACTION FROM THE MEASURES OF HRD (HRD Mechanisms experienced by the Employees)**
- ❁ **IMPACT OF HRD PRACTICES**

**CHAPTER - V** **199-220**  
**SUMMARY OF MAJOR FINDINGS AND CONCLUSONS**

- ❁ **THE PROBLEM FORMULATION AND IDENTIFICATION**
- ❁ **THE RESEARCH METHODOLOGY**
- ❁ **MAJOR FINDINGS**

---

❁ **OVERALL CONCLUSIONS (HYPOTHESES VIEWED AS PER THE ANALYSIS)**

**BIBLIOGRAPHY** 221-225

❁ **BOOKS**

❁ **ARTICLES**

❁ **INTERNET ACCESS**

❁ **JOURNALS PERIODICALS AND NEWS PAPERS**

**APPENDIX** 226-233



## LIST OF TABLES

<i>Table No.</i>	<i>Description</i>	<i>Page No.</i>
2.1	Bank Group wise Information of number of commercial banks in India and their percentage shares in total banking business	43
2.2	Bank Group wise distribution of employees of scheduled commercial banks according to sex and cadre of the employees, March, 2000	44
4.1	Bank Wise Number of Respondents (Branch Managers)	116
4.2	Length of Service-wise Distribution of Bank Employees of Public and Private Sector Banks in India	118
4.3	Responses of Bank Employees towards the Definition of HRD on Five Point Scale	120
4.4	Responses of the Bank Employees towards various stimulants for HRD on a 5 point scale New Banking Products	122
4.5	Responses of the Bank Employees towards various stimulants for HRD on a 5 point scale Increased Competition	122
4.6	Responses of the Bank Employees towards various stimulants for HRD on a 5 point scale Globalization	123
4.7	Responses of the Bank Employees towards various stimulants for HRD on a 5 point scale Lowering Down of Service Quality	123
4.8	Responses of the Bank Employees towards various stimulants for HRD on a 5 point scale Increased Problem of Customers	124
4.9	Responses of the Bank Employees towards various stimulants for HRD on a 5 point scale Increased Quality Awareness in Services	124
4.10	Average Scores and Differences therein Regarding the Stimulants of HRD	125
4.11	Responses of the Bank Employees towards HRD Activities on a 5 point scale Maintaining systematic performance record in service books (Performance Appraisal)	128

4.12	Responses of the Bank Employees towards HRD Activities on a 5 point scale Analyzing career advancement chances in the light of potentiality and developing accordingly (Potential Appraisal and Development)	128
4.13	Responses of the Bank Employees towards HRD Activities on a 5 point scale Employees Career Planning and Development	129
4.14	Responses of the Bank Employees towards HRD Activities on a 5 point scale Planning Welfare Programmes	129
4.15	Responses of the Bank Employees towards HRD Activities on a 5 point scale Development and Training Programmes	130
4.16	Responses of the Bank Employees towards HRD Activities on a 5 point scale Rewarding and Recognising the Contribution and Qualities	131
4.17	Responses of the Bank Employees towards HRD Activities on a 5 point scale Developing Effective Environment for Rendering Services (Quality of Work Life)	131
4.18	Responses of the Bank Employees towards HRD Activities on a 5 point scale Taking Steps for Controlling Stress	131
4.19	Responses of the Bank Employees towards HRD Activities on a 5 point scale Planning Overall Development of the bank and analyzing changing behavioural pattern of employees.	132
4.20	Responses of the Bank Employees towards HRD Activities on a 5 point scale Developing Team Spirit	132
4.21	Responses of the Bank Employees towards HRD Activities on a 5 point scale Rendering quality and satisfactory services (Quality Management).	133
4.22	Average Scores and Differences therein Regarding the Major Activities of HRD on a five point scale	134
4.23	Responses of Bank Employees towards the familiarity with the meaning of HRD philosophy on a five point scale	137
4.24	Responses of the Bank Employees towards contents of HRD philosophy on a 5 point scale Treating employees as most valuable in the organization	139

4.25	Responses of the Bank Employees towards contents of HRD philosophy on a 5 point scale Employees can be developed and activated by stress and strain	139
4.26	Responses of the Bank Employees towards contents of HRD philosophy on a 5 point scale HRD activities depend upon supporting organization climate	140
4.27	Responses of the Bank Employees towards contents of HRD philosophy on a 5 point scale HRD activities are always in the interest of employees and the organization	140
4.28	Responses of the Bank Employees towards contents of HRD philosophy on a 5 point scale Employees can be fully committed to work by fulfilling their basic and higher needs	141
4.29	Responses of the Bank Employees towards contents of HRD philosophy on a 5 point scale It is the duty of every manager to develop employees	141
4.30	Average scores and differences therein regarding the agreement of Bank Employees for the contents of HRD philosophy on a 5 point scale	142
4.31	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Openness (Freedom of expression)	145
4.32	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Confrontation (face to face problem discussion without fear of criticism)	146
4.33	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Trust (faith in the capacity of an employee to change and acquire new competency at any state of life)	146
4.34	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Autonomy (certain degree of freedom of action at any stage of life)	147
4.35	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Pro-action (employee's willingness to initiate work and take risk at any stage of life)	147

4.36	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Authenticity (employees do what they say)	148
4.37	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale A tendency on the part of employee to be mutually helpful and collaborative	148
4.38	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Management's tendency to treat employees as the most valuable resource	149
4.39	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale A perception that developing the competencies in the employees is the job of every manager	149
4.40	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale A tendency to discourage favouritism	150
4.41	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Development - oriented rewards, career - planning and performance - measurement activities	150
4.42	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale A tendency to help employees recognize their strengths and weakness	151
4.43	Responses of the Bank Employees towards elements of HRD climate on a 5 point scale Team spirit	151
4.44	Average scores and differences therein regarding the ITEMS for the HRD climate on a 5 point scale	152
4.45	Ranking Response of HRD Objectives by the Bank Employees	156
4.46	Total Rank Values and Relative Ranks given by the Bank Employees to the Objectives of HRD	156
4.47	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Performance appraisal (maintaining systematic performance record of an employee in service book)	158

4.48	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Analysing employee's career advancement chances and developing them accordingly (Potential appraisal and development)	158
4.49	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Feedback, performance appraisal and coaching	159
4.50	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Training and development	159
4.51	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Rewards and recognition	160
4.52	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Employee welfare and quality work life	160
4.53	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Career planning and management	161
4.54	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Organization development	161
4.55	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Human recourse information	162
4.56	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Stress Management - Controlling Stress	162
4.57	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Total quality management	163
4.58	Responses of the Bank Employees towards HRD process mechanisms on a 5 point scale Communication	163
4.59	Average scores and differences therein regarding the HRD process / mechanisms on a 5 point scale	164
4.60	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Performance Appraisal (maintaining systematic performance record of an employee in service book)	167

4.61	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Analysing employee's career advancement chances and developing them accordingly (Potential appraisal and development)	167
4.62	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Feedback, performance appraisal and coaching	168
4.63	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Training and development	168
4.64	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Rewards and recognition	169
4.65	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Employee welfare and quality work life	169
4.66	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Career planning and management	170
4.67	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Organization development	170
4.68	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Human recourse information	171
4.69	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Stress Management - Controlling stress	171
4.70	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Total quality management	172
4.71	Responses of Bank Employees for Satisfaction Towards HRD Mechanism Communication	172
4.72	Average scores of the levels of satisfaction and differences therein regarding the HRD mechanisms on a 5 point scale	173
4.73	Levels of Expectations vis-à-vis levels of satisfaction with regard to HRD Mechanisms among Commercial Bank Employees	175
4.74	Relationship between ranks of levels of expectations and ranks of levels of satisfaction with regard to HRD	178



	mechanisms	
4.75	Responses of Bank Employees on a Five Scale towards Productivity of Employees	186
4.76	Responses of Bank Employees on a Five Scale towards Satisfactory Customer Services	186
4.77	Responses of Bank Employees on a Five Scale towards Improvement in the Profitability	187
4.78	Responses of Bank Employees on a Five Scale towards Employee Loyalty and Retention	187
4.79	Responses of Bank Employees on a Five Scale towards Preventing From Availing VRS	188
4.80	Responses of Bank Employees on a Five Scale for HRD helpful to handle innovative Banking Products	188
4.81	Responses towards HRD as a burden or facilitating step	191
4.82(a)	Responses for the accounting treatment of expenses on HRD	192
4.82(b)	Responses for the accounting treatment of HRD expenses by the employees net of "No Idea" Responses	192
4.83	Ranking of problems and difficulties by the Bank Employees in HRD efforts in commercial banks	195
4.84	Total values and average values of the problems and difficulties and first three of them and differences	196
4.85	Ranking of suggestions by the Bank Employees for effective HRD practices	199
4.86	Total values and average values of the ranks of the suggestions and final first five suggestions and differences	200



## LIST OF FIGURES

<i>Figures No.</i>	<i>Description</i>	<i>Page No.</i>
4.1	Rank-ties between public sector and private sector bank employees regarding scores of levels of satisfaction from HRD Measures	181
4.2	Rank-ties between levels of expectations and levels of satisfaction from HRD Measures (Public sector bank employees)	182
4.3	Rank-ties between levels of expectations and levels of satisfaction from HRD Measures (Private sector bank employees)	183

## LIST OF DIAGRAMS

<i>Diagram No.</i>	<i>Description</i>	<i>Page No.</i>
4.1	Diagram showing scores of levels of satisfaction of public sector and private sector bank employees regarding HRD mechanisms	177



---



**CHAPTER - I**

**INTRODUCTION**

## CHAPTER - I INTRODUCTION

### **(I) PROBLEM FORMULATION AND IDENTIFICATION :**

According to Economic Theory, the factors of production are land, labour, capital, organization and enterprise to produce and distribute goods and services. These five factors can be further grouped into two broad categories, (i) land and capital and (ii) labour, organization and enterprise. The former category is passive in nature while the latter one is active. The inputs of this category may be largely termed as human resources working in the form of entrepreneurs, managers and workers. No amount of production of any good or service is possible in their absence. Even with the given factor - inputs (factors of production) of the first category, the magnitude of goods and services and their quality depend on the quality of such human resources.

In the present day society, the need for well developed and qualified human resources is being felt very profoundly to successfully face cut-throat competition. This is because the modern commercial and industrial scenario is characterized by mega-sized organizations, global competitions, innovative and newer wide variety of goods and services and ever changing technology.

In this situation, the development of human resources has assumed more significance so as to understand and use ever - changing technology and to do the job effectively and efficiently, eventually

---

leading to customer satisfaction and economically viable and commercially profitable organizational units. In other words, human resource development (HRD) is not being considered as an end in itself but it is being practiced as a dynamic and creative means to achieve increased productivity and profitability, improved morale and career development of employees, better industrial relations, etc., to achieve the overall goals of organizations. Realizing these aspects, now-a-days, every business and industrial unit, in one form or the other, has started the process of human resource development. The awareness towards HRD is more specifically being spreading prominently in the mega-sized organizations working at national and global levels and various innovative measures are being adopted and good amount of expenditure is also being incurred by them on HRD. Even the government has also realized the importance of HRD and has set up a separate Ministry of HRD in the Central Cabinet.

In the process of HRD, many challenging issues are being experienced, for example, whether the expenses incurred on HRD practices and measures are to be treated as revenue expenditure or capital expenditure; how to retain the human resources once they are developed in the organization and how to overcome the resistance shown by the employees for undergoing the process of human resource development. Against these challenges, there is a belief among people that employees extend full co-operation to HRD efforts and are ready to accept the change.

---

In order to understand the true state of affairs, the researcher is eager to examine the perspectives of the employees, working in the organizations, regarding human resource development practices and measures, and to see as to what extent the pertinent challenges in the process of HRD are being resolved and as to what extent the prevailing claims for HRD are empirically true.

HRD is being practiced both in the public and private sectors for those organizations which are mega-sized, facing keen competition and producing innovative goods and services. Banking sector has also joined the race in HRD. Almost all the commercial banks in our country have introduced HRD, in one way or other, to achieve the cherished goals of human resource development. Truly speaking, Indian commercial banking has undergone many structural changes in terms of banking and non-banking products, customer focus and segmentation, level playing fields within and outside the country; size of the organizations, etc., particularly during the last two decades. Consequently, the level playing field in commercial banks in India has both deepened and widened. The customers have a mixed reaction of the functioning of commercial banks and many a time, they talk of poor customer service and ignorance of employees to attend to several innovative banking and non-banking products and to assume and manage risks associated with them.

In this scenario, the researcher has become more curious to make a study of the HRD practices in commercial banks so as to understand the real state of affairs.

This study is not the first attempt to be undertaken by the researcher. Several researchers have undertaken researches in the field of HRD in general and some of them have also undertaken researches relating to HRD in banks. A brief review of such researches is no far to seek.

## **(II) LITERATURE REVIEW ON HRD AND PROBLEM SPECIFICATION:**

The concept of HRD, its philosophy and its measures have been popularized by a number of writers on the basis of their experiences in the field of personnel management. There was a time when personnel manager was expected to manage the employees to achieve eventually the overall goals of the organization. But, of late, the practising personnel managers could perceive wider scope of managing the employees with the basic approach of enlightened self interest - a two way traffic - to manage employees not only for the benefit of organizations but also for the benefit of employees too. In order to know the effectiveness and the real impact of various measures of managing employees, efforts were made by the scholars and the practising managers to study all these issues empirically. These efforts were made in the field of the entire human resource management and a part of it relates to HRD. The researcher, therefore, made an attempt here to review the prominent literature readily available on HRD.

Abraham Enthenkuzhy<sup>1</sup> in his study on "A study of HRD Practices in Indian Organizations" says that HRD philosophy, training, promotions and rewards are extensively used HR instruments. But he

---

says that there is a wide gap between belief and practice of HRD at the top management level. In this study, it is pointed out that individual HRD mechanisms are more important than the HRD profile as a whole.

In a study entitled "Measuring Human Resources - an Overview of Practice and a Prescription for Results", Ulrich Dave<sup>2</sup> made a survey on the relationships between HR practice and financial performance particularly with regard to turnover, productivity and financial results. Kuldeep Singh<sup>3</sup> in his study "Strategic HR Orientation and Firm Performance in India" concludes that the strategic alignment of HR planning, selection, performance evaluation, compensation, development, staffing policies results in better organizational performance.

Charles Moseley<sup>4</sup> in the study "The Human Resource Dimension and Reform" concludes that only by empowering employees, to accept the responsibility and to make decisions as fully active participants in the life of the organization, can organizations hope to create the kind of responsiveness needed to meet the changing needs of customers in today's business environment.

In a study entitled "HRD in Sundram Fasteners", M. S.Sambamurthy<sup>5</sup> shows the significance of Human Resource Planning in the effective HRD programmes in terms of optimum utilization of human resources.

T. V. Rao<sup>6</sup> in a study entitled "Integrated HRD systems" pleads for performance appraisal which is based on interview between the manager and the subordinates during which the subordinate's strengths



and weaknesses are discussed, concerns are shared and the subordinates get the opportunity to defend or improve deficits, in the performance. He further pleads<sup>7</sup> that appraisals should lead to actions rather than rewards. Similarly M.S. Sambamurthy<sup>8</sup> in the study cited earlier concludes that a good appraisal system handled with sensitivity can significantly improve the level of commitment, morale and motivation of employees.

U. A. Dandekar<sup>9</sup>, S. C. Karnik and S. M. Sathye in their study entitled "Improving HRD in the Power Sector : The Case of Performance Appraisal in M.S.E.B." found that potential appraisal was never used to be a part of the performance appraisal exercise.

In a commentary<sup>10</sup> published in 'Business Today', the best practices of performance appraisal followed by leading companies in India were included as follows :

- (i) Articulate business, functional, departmental and individual objectives.
- (ii) Factors in business dynamics to grade employees on objective and transparent productivity parameters.
- (iii) Create a self appraisal system to be followed by supervisory and team appraisals.
- (iv) Establish a clear link between reward and productivity to increase motivation levels.
- (v) To make employees fully aware about the parameters used to evaluate productivity.

---

Thomas V. Johns<sup>11</sup> in a study entitled "Competency Based Development Approach to Human Resource Management", concludes that performance enhancement should be preferred to performance management because the performance enhancement process serves as a catalyst for organizational clarity and it creates a tangible link between the business and the human resources.

T. V. Rao<sup>12</sup> in the study entitled "Integrated HRD Systems" highlights that rewarding employee performance and behaviour is an important part of HRD, for appropriate rewards not only recognize and motivate employees but they also communicate the organization's values to the employees. Moreover, rewarding encourages the acquisition and application of positive attitudes and skills.

James W. Walker<sup>13</sup> in the study entitled "Integrating the HR Function with the Business" concludes that performance planning and review is being reinvented in companies as a basic need for cascading business goals and objectives through units, teams and individuals so as to help employees understand how their work affects the success of the business.

In a study entitled "Pay-outs for the Team", S. M. Gangadhar and Madhav Keswani<sup>14</sup> conclude that the team rewards, that focus on team results, provide a maximum return on the investment in people's cost and those team rewards that tend to be more of a ritual without focusing on results do not provide leverage for organizational performance improvement.

In the study cited earlier, T. V. Rao<sup>15</sup> concludes that training is linked with performance appraisal and career development. The effects of all training programmes are monitored and added to the data concerning training needs. Managers and employees who attend training events are also expected to submit proposals concerning any changes they would like to suggest on the basis of new knowledge. Similarly, Sambamurthy<sup>16</sup> in the study cited earlier concludes that training and development should be considered as an investment and not as an expenditure. Like any other investment, it yields result over a period of time. However, the result of this process cannot be easily quantified. Systematic identification of training needs may be done through performance appraisal.

The general commentary by 'Business Today'<sup>17</sup> portrayed challenges in training and development system identified in one of the studies which are to include:

- (i) Make learning one of the fundamental values.
- (ii) Commit major resources and adequate time for learning.
- (iii) Use training to bridge the gap with the external world.
- (iv) Integrate training into initiatives for change management.
- (v) Use training as a developmental tool for individuals.
- (vi) Link organizational, operational and individual training needs.
- (vii) Install training systems that substitute work experience.
- (viii) Ensure that training allows soft skills to bloom, use retraining to continuously upgrade skills, and
- (ix) Create a system to evaluate the effectiveness of training.

---

The study further concludes that training is becoming pivotal to retention. Most important C.E.Os. would have to insist on comprehensive systematic and continuous training linked closely to the strategy with which they are planning to fight in the market place.

Jyotsna Bhatnagar and Deepti Menon<sup>18</sup> in their research paper entitled "Scaling Heights Together", concludes that if an organization is to survive and prosper in the ever-changing environment, its human resources must be in the constant state of development. Moreover, career development cannot be an isolated activity if it has to be supported by twin processes of training and manpower planning. It has to be strategic in nature, which requires integration of HRD efforts in career's programmes, performance management processes and HR planning systems.

T. V. Rao<sup>19</sup> while talking on integrated HRD systems accepts that HR philosophy is that the people perform better when they feel trusted and see meaning in what they are doing and therefore, corporate growth plans are to be made known to the employees. For, most people seek to know the possibilities for their own growth and career opportunities. But, employees at the lower level are not knowing the corporate plans and, therefore, in HR systems, the managers are required to transmit information to their subordinates to assist them in planning their careers within the organization.

Srinivas R. Kandula and B. Haribapuji<sup>20</sup> in their paper entitled "Stepping Stones to Success" conclude that in most of the organizations career planning of human resources, of late, being adopted as

---

competency based career planning as the way to corporate excellence. Ganesh Sharmon<sup>21</sup> in the paper entitled "Flying Towards Greater Heights" concludes that the companies which have cultivated and nurtured individual growth and initiatives have seen the benefits of career-planning-impact on their bottom line business performance. Kenneth M. Nowack<sup>22</sup> in their research paper entitled "Aligning Career Paths" concludes that alignment of a person's preferred career paths results in satisfaction, productivity and retention. The career path preferences are based on clusters of interest, values and motives and are highly predictive of job satisfaction and commitment.

R. R. Nair<sup>23</sup> in his research paper entitled "Career Development Strategies and HRD" observes that it is wrong to assume that a career planning programme should be tailor-made for a specific business or type or structure or for a level of performance. It is basically essential to provide career development opportunities to every one in the organization. Training and development inputs are an integral part of development; and a sound monitoring system for both performance appraisal and early identification of work-potential critical to the success of career planning strategy.

In a research paper entitled "Who is going to Take the Throne" Avnindra Sharma<sup>24</sup> emphasizes the necessity of succession planning with full amount of seriousness and concludes that succession planning should not be some thing that it is done occasionally specially when an emergency looms large on the horizon. Instead, it should be regular, consistent, planned and well managed.

T. V. Rao<sup>25</sup> in his study entitled "Changing Role of HRD in the Liberalized Economy" highlights the importance of supporting climate for the success of HRD efforts.

M. S. Mahajan and M. R. Virmani<sup>26</sup> in the study entitled "Human Resource in Public Enterprises" conclude that strong human resource is a *sine qua non* for the success of the public sector. In this regard, all the HRD measures like career planning and succession planning, training, performance appraisal, rewards, etc. are covered for making human resource strong. Lallan Prasad<sup>27</sup> in their study entitled "HRD in Public Sector Enterprises" also concludes that real human resource is the need of the hour for the public enterprises. N. K. Singh<sup>28</sup> in his study entitled "HRD in Public Enterprises" highlighted the training scenario (good or bad) in the different types of public enterprises. V. K. Jain<sup>29</sup> conducted a research on HRD practices in Indian industries with specific reference to BHEL and NFL and highlighted the inevitable nature of HRD for unleashing employee potential. Researches<sup>30</sup> on HRD in the field of public enterprises like NTPC, SEB's and other State level enterprises covered all the pertinent aspects of HRD and, by and large, these studies revealed the importance of HRD by stating that it is a complete path starting from industrial relations to human resource development.

Some researchers like R. Prakasam<sup>31</sup> (HRM Practices in Banks: Certain Issues), Jaccob Manked<sup>32</sup> (Benchmark Study of Industrial Relations in Banking Industry), Aruna Manked<sup>33</sup> (Feasibility of Implementing Career Path Planning in Banks), Aruna Manked<sup>34</sup> (Quality Orientation in Human Resource Management : A Step Towards

TQM in Banks), C. S. Sankar<sup>35</sup> (HRD in Banking Industry) were conducted as isolated efforts broadly relating to HRD in banks. In a study<sup>36</sup> entitled "Impact of HRD on Organizational Effectiveness in the Banking Industry". Priya Darshini, Ranigeetha and Venkatpathy studied HRD with regard to organizational effectiveness in banks; while the same researchers also made an attempt to study HRD Practices in Banks as per their research paper entitled "Extent of HRD Practices in Banking Industry."<sup>37</sup>

The aforementioned survey of the literature could concentrate in general the HRD philosophy, HRD concept, HRD measures / practices and essential requirements for the success of HRD efforts. Moreover, these researches were related to the units functioning in the private and public sectors too. However, no study till date could be made to know the perceptions of bank managers regarding the prominent HRD practices and measures with reference to their impact on the profitability of banks and productivity of employees as also to know their reactions with regard to resolving the several pertinent challenging issues. Moreover, one is yet to come across a study of bank employees in India to make a survey of their understanding about the HRD philosophy, concept, measures and practices together with a relationship between their level of expectations and their level of satisfaction from the various HRD measures and practices in use. To fill up this broader gap, the researcher has selected a study of HRD in commercial banks, for commercial banking in India during the last two decades has undergone several structural changes, have started providing various innovative

banking and non-banking services and has become prone to various types of challenges and risks; all leading to the unique importance of HRD in the banking sector.

Furthermore, the inclusion of HRD and Career Planning in the six qualitative parameters included in the Statement of Intent on Annual Goals<sup>38</sup> for 2005-06 required by the Finance Ministry from the public sector commercial banks for ensuring bank boards more responsible in meeting higher profit targets while giving them greater autonomy has further enhanced the importance of HRD in the field of banking.

Therefore, the researcher has chosen the study of HRD in Indian Commercial Banking and has spelt out the problem as follows:

"A Study of the Impact of HRD Practices and Measures to Resolve Pertinent Challenging Issues of HRD in Commercial Banks in India."

### **(III) RESEARCH METHODOLOGY :**

#### **➤ Population of the study :**

The population of the study covers all the bank employees (in managerial cadre) working presently in the public sector and the private sector scheduled commercial banks in India. The total number of managerial cadre employees (officers) in these banks is around 3 lakhs, presently employed in 27 public sector banks (8 banks of SBI group and 19 Nationalised Banks) and 30 Indian private sector banks and about 27 foreign banks, besides regional rural banks; which are having their operational network throughout the country.



➤ **Type of the study :**

This research work is in the form of 'ex-post-facto' study in which the researcher tried to study the existing perceptions of the managerial cadre bank employees regarding the HRD concept and philosophy, HRD practices and measures, expectations and realizations and possible impact of HRD etc.; without manipulating in any way the scenario as it stands presently. Thus, the study is largely empirical in approach.

➤ **Nature of the study :**

Though the population of the study is finite but it is very large sized, the researcher has used sampling method in place of census method of enquiry and this is considered appropriate keeping in view the individual researcher's limitations with regard to time, money and efforts. Still, every effort has been made to ensure that this sampling study largely proves representative of the population of the study.

➤ **Objectives of the study :**

The study has been carried out with the following main objectives:

- (a) To know the extent of familiarity of bank employees regarding meaning and contents of HRD practices and measures.
- (b) To study the various needs which have resulted into human resource development in banks.
- (c) To examine the popularity of various HRD practices according to the perspectives of bank employees.

- 
- (d) To study the attitude of the bank employees with regard to the major contents of the HRD philosophy.
  - (e) To study the contents of the HRD climate and to examine the relative popularity of various elements of the HRD climate.
  - (f) To study the relative ranks of various prominent objectives of HRD.
  - (g) To study the relationship between the expectations of bank employees for various elements of HRD and the corresponding levels of satisfaction experienced by them in their banks.
  - (h) To study the prominence, major problems and difficulties in the smooth management of the HRD practices and measures.
  - (i) To study the mental perception of the employees for resolving the pertinent challenges of the HRD practices and measures.
  - (j) To make a survey of the likely suggestions for the effective implementation of the process of HRD in commercial banks.

➤ **Broader hypothesis of the study :**

In this study, the researcher has identified the following working hypotheses:

- (a) HRD practices are being considered inevitable for both public and private sector commercial banks.
- (b) HRD practices and measures are viewed by the bank employees (managerial cadre) as essential for achieving organizational goals as also for developing careers of bank employees at their own level.

- 
- (c) There is a positive relationship between the perceived scores of bank employees for various elements of HRD mechanism and the corresponding levels of satisfaction experienced by them in their banks.
- (d) The familiarity of HRD philosophy, practices and measures and the resolving of the pertinent challenges, etc., do not differ between the employees of the public sector and the private sector commercial banks.

➤ **Research design :**

The research design used by the researcher is in accordance with the empirical study requirements. As such, it covers the type of data collected, the methodology of data collection and the various statistical tools and techniques used for analysis of data and hypotheses - testing.

Being empirical study, it is completely based on primary data collected by the researcher through well designed, structured and comprehensive questionnaire developed by the researcher in view of the theoretical literature and existing research findings as also the objectives of the research study (a copy of the questionnaire is given in the Appendix-I). The questionnaire contains scaling questions with five point scale and some questions are in the form of ranking questions too. The information sought being qualitative, scaling and ranking questions are most appropriate and through such questions, qualitative information has been indirectly quantified. This questionnaire was administered to a

sample of 200 manager - cadre bank employees working in both the public sector and the private sector banks throughout the country.

The size of the sample was intuitively decided for a large sized finite population. However, in this sample, an effort was made by the researcher to have a representation of all the different types of banks spread throughout the country. For this, the researcher contacted the sampled bank employees throughout the country through nodal persons specified for capital / major urban centers of the country in a way that each such center belonged to each of the 20 major states (judiciously selected) of the country as per the following details:

No.	Name of the State	Major urban center / capital city	Employees contacted through nodal persons	No. of questionnaire received
1.	Andhra Pradesh	Hyderabad	10	10
2.	Assam	Gauhati	10	10
3.	Bihar	Bodhgaya	10	03
4.	Delhi	Delhi	10	10
5.	Gujarat	Ahmedabad & Rajkot	10	10
6.	Haryana	Rohtak	10	10
7.	Himachal Pradesh	Shimla	10	01
8.	Jammu & Kashmir	Jammu Tavi	10	10
9.	Karnataka	Mysore & Banglore	10	04
10.	Kerala	Kochi	10	10
11.	Goa	Panjim	10	02
12.	Madhya Pradesh	Bhopal & Gwalior	10	05
13.	Maharashtra	Pune & Mumbai	10	08
14.	Orissa	Bhubneshwar	10	04
15.	Punjab	Chandigarh	10	10
16.	Tamil Nadu	Chennai	10	10
17.	Pondicherry	Pondicherry	10	02
18.	Rajasthan	Jaipur & Udaipur	10	10
19.	Uttar Pradesh	Lucknow	10	10
20.	West Bengal	Calcutta	10	01

The researcher believed, and rightly so, that various innovative banking and non-banking products and risks attached to them are being handled by the employees working mainly in the urban branches of the banks. Hence, the researcher, in this study, focused only on urban / capital centers of the country to study HRD practices. In each state, 10 questionnaires were sent to a nodal person and the nodal person was requested to contact, as per his judgement, any 10 branch managers of different public and private sector commercial banks working in that area. Thus, 200 bank managers were identified randomly. In this process, the sample of 200 bank employees could cover cross sections of the banks working in the public and private sectors throughout the country. Though 200 bank employees were contacted, the researcher could get the response from 140 bank employees through the nodal persons. As happens in the mailed questionnaire method, in this work too, the researcher could get 70% response. However, this 70% response is considered fairly good and is a point of big satisfaction. For, the researcher could get some response (more or less) from all the capital / urban centers of the 20 states covered in this study and the bank employees (a homogeneous group) belonged to both public and private sector banks.

The duly filled in questionnaires were edited by the researcher and in accordance with the requirements of the objectives and hypothesis, univariate and bivariate tables were prepared. For the purpose of analysis, the researcher used Arithmetic Average and Percentages for studying central tendency and Ranks and Spearman's

Coefficient of Correlation for analyzing relative ranks and relationships. For hypothesis - testing, Wilcoxon's Matched-pairs Test, Sign Test and Sandler's Test were used as non-parametric tests at 5% level of significance. The brief description of the tests are as follows:

### **Sandler's A - Test :**

In this test, A-Statistic is found as follows :

$$A = \frac{\text{The sum of squares of the Differences}}{\text{The square of the sum of the Differences}}$$

**or**

$$A = \frac{\sum D^2}{(\sum D)^2}$$

The calculated value of A-statistic is compared with its table value at given level of significance for a given degrees of freedom (n-1) and if the calculated value of 'A' Statistic is more than its corresponding table value, Null Hypothesis of 'no difference' between the paired data is accepted, otherwise the alternate hypothesis to denote 'difference' between the paired data is accepted for both one tailed and two tailed tests.

### **Sign Test :**

This test is applied on the basis of binomial probability distribution. In this test, it is assumed that the probability of values being higher than a given value is equal to the probability of values being less than the given value. On the basis of the numbers (positive or

negative), the probability of any such number or fewer than that number (with total  $n$  symbols and  $p=1/2$ ) is calculated. This calculated probability is compared with the  $\alpha$ -value (0.05) and when the former is found higher than the  $\alpha$ -value, the null hypothesis is accepted.

### **Wilcoxon's Matched - Pairs Test (or Signed Rank Test) :**

This is a test used to test the differences between the paired data. In this test, T-Statistic is calculated on the basis of the ranks assigned to the differences between the paired data. While assigning the ranks, the values of the differences are assigned ranks giving first rank to the lowest difference and higher ranks to subsequent higher differences ignoring plus-minus symbols. Thereafter, the total of the ranks is calculated separately for positive-sign differences and negative sign differences. Of the two totals, the lesser value of the total is considered as the value of T-statistic. Calculated value of the T-statistic is compared with the corresponding table value of T-statistic for given level of significance and for given degrees of freedom ( $n-1$ ). The Null Hypothesis of 'no differences' is accepted when the calculated value of T-statistic is found greater than the corresponding table value of T-statistic; otherwise the alternate hypothesis of having 'the differences' is accepted for both one tailed and two tailed tests.

The processes of analysis and hypothesis testing have been done for scheduled commercial banks as a whole and separately for sub-groups of private sector banks and public sector banks. No other dimension like sex, region, etc. were felt relevant for this type of study;

for the researcher's major focus has been to study the perceptions of the managerial cadre commercial bank employees (largely a homogeneous class) towards HRD practices and measures only.

In this study, the focus was only on the managerial cadre of the bank employees. This was considered appropriate in a sense that these are the employees who are to interact with the clerks and subordinate staff and to get along with them for actual work in the branches. Therefore, for this study, branch managers of the banks were the target respondents. The study covered only commercial banks. The word 'Commercial Banks' is used here to denote only scheduled commercial banks both in the public and private sectors but it did not cover Regional Rural Banks and their employees. Being empirical in nature, the study relates to the present scenario as the period of the study, and its scope covers HRD concept and philosophy, HRD practices and measures, HRD climate and the employees response for HRD efforts.

#### **(IV) PRESENTATION OF THE RESEARCH REPORT :**

The research report has been prepared and presented under the sequentially arranged five chapters with the following brief details:

##### **❁ Chapter - I : Introduction**

This chapter covers problem formulation and identification, literature review on HRD and problem specification, research methodology used for the study together with limitations and significance of the study.



---

❁ **Chapter - II : Indian Commercial Banking - Changing Scenario : An Overview :**

This chapter gives an overview of Indian Commercial Banking scenario covering brief historical development of banking, composition of Indian commercial banking system, present opportunities before the commercial banks under the changed scenario, commercial banking in the new millennium, status of Indian commercial banking in relation to other countries and the prominent challenges ahead before the Indian Commercial banks followed by a case for human resource development for the banks.

❁ **Chapter - III : Human Resource Development : Conceptual Framework and Pertinent Issues**

This chapter includes history and origin of HRD, increasing importance of HRD in the present day context, changing HRD perspectives in the modern context, conceptual framework of HRD, HRD mechanisms or sub-systems, HRD and organizational effectiveness, and pertinent challenges in the field of HRD.

❁ **Chapter - IV : HRD Practices and Measures; Perspectives of Commercial Bank Employees in India (Survey Analysis)**

This chapter is completely based on the primary information collected through the questionnaire from the branch managers of the sampled banks. The chapter covers the profile of the respondent branch managers, their familiarity with HRD concept and philosophy, their perspectives and attitudes towards various HRD measures and practices,

objectives of HRD, needs of HRD, HRD climate and its elements, impact of HRD as perceived, resolving of various pertinent issues in HRD efforts, prominent problems being experienced and suggestions to solve the problems. This chapter contains the analysis for the employees of the scheduled commercial banks as a whole and a comparison between the perspectives of the public sector and the private sector bank employees as sub-groups. The chapter also covers the broader hypotheses - testing and the conclusions drawn on the basis of the analysis.

❁ **Chapter - V : Summary, Major Findings and Conclusions**

In this chapter, a brief summary of the research report and major findings of the study together with overall conclusions have been given.

**(V) LIMITATIONS OF THE STUDY :**

The researcher is very much aware of the following main limitations of the study:

- (i) Sampling approach has been used in this study. As such, the study suffers from the limitations of sampling in general, though cross-sections of commercial banks and their bank branch managers were included in the sample to ensure due representation of the population of the study.
- (ii) The researcher has contacted bank branch managers working in various commercial banks located at urban / capital city / urban towns of the country only. Hence the conclusions of the study may not necessarily be representative of all the employees of the

---

banks working in the country as a whole (including rural and semi-urban areas).

- (iii) The study is related only to the employees of the scheduled commercial banks. The employees of other banks like Regional Rural Banks, non-scheduled commercial banks and co-operative banks are not covered. Furthermore, bank employees other than branch managers were also excluded from the enquiry and this way also the conclusions of the study may not be fully representative of the universe.
- (iv) The reliability of the information could not be fully ensured as the researcher has collected the information from the branch managers through mailed questionnaires, which lacks in personal contact and its available benefits.

Despite the limitations, the researcher has taken all care to process the information properly and to analyse it systematically. By and large, the researcher believed that the conclusions of the study were least effected by the limitations mentioned above, for the sample is large-sized and branch managers of cross-section banks working in different urban centers of the country have been chosen without research's personal bias. Moreover, the researcher was neutral while selecting the major states and capital / urban centers judiciously, though convenience factor prevailed in this process of identification.

---

**(VI) SIGNIFICANCE OF THE STUDY :**

Since the problem of the study has been identified by the researcher on the basis of the existing stock of researches in the field of HRD in general and commercial banking in particular, it is expected that the study will fill up the gap to some extent. Moreover, the conclusions of the study are expected to go a long way in implementing the process of HRD in a more meaningful manner as the conclusions drawn are based on 'ex-post-facto' survey of the perceptions and attitudes of the branch managers of the banks based on their actual feelings, experience and reactions regarding the HRD philosophy and HRD tools and techniques. From this point of view, the conclusions of this study will add to the existing knowledge on the HRD philosophy and practices and will become a further sound base for future researchers in the field of HRD.

---

**References and notes :**

1. Abraham Enthenkuzhy, *A study of HRD Practices in Indian Organization*, 1989 (Ph. D. thesis to Gujarat University).
2. Dave Ulrich, "Measuring Human Resources - An Overview of Practice and a Prescription for Results", *HRM Journal Fall*, 1997, Vol. 36, No. 3, pp 303-320.
3. Kuldeep Singh, "Strategic HR Orientation and Firm Performance in India", *International Journal of HRM*, June 2003, pp 530-543.
4. Charles Moseley, "The Human Resource Dimension and Reform", *Human Resources and Labour Issues*, SARI/E Training Programme, New Delhi, Vol. II, pp 126-131.
5. M. S. Sambamurthy, "HRD in Sundram Fasteners", in *Alternative Approaches and Strategies of HRD* by Rao, Verma, Khandelwal and Abraham, Rawat Publication, 1989, pp 126-134.
6. T. V. Rao, "Integrated HRD Systems" in *Recent Experiences in HRD*, by T. V. Rao and D. F. Pereira, Oxford and IBH Publishing Co., 1986, pp 3-19.
7. T. V. Rao, "Changing Role of HRD in the Liberalised Economy" in *HRD in the New Economic Environment* by T. V. Rao, D. M. Silvera, C. M. Srivastava and Rajesh Vidyasagar, Tata McGraw-Hill Publishing Co., 1994, pp 3-12.
8. Rao, Verma, Khandelwal and Abraham, Op. Cit. pp 126-134.
9. U. A. Dandekar, S. C. Karnik and S. M. Sathye, "Improving HRD in the Power Sector : The Case of Performance Apraisal in MSEB", in a *HRD in the New Economic Environment*, Op. Cit. pp 222-228.

10. *Business Today*, 7-21 January 1996, pp 234-274.
11. Thomas W. Jones, "Competency Based Development Approach to HRD" in *Human Resource Management Fall*, Vol. 34, No. 3, 1995, pp 425-442.
12. T. V. Rao in Rao and Pereira, Op.Cit. pp 3-19.
13. James W. Walker, "Integrating the HR Function with the Business" in *Human Resource Planning*, Vol. 17, No. 2, pp 59-77.
14. S. M. Gangadhar and Madhav Keswami, "Payouts for the Team" in *Human Capital*, February 2003, pp 33-37.
15. T. V. Rao in Rao and Pereira, Op. Cit. pp 3-19.
16. M. S. Sambamurthy in Rao, Verma, Khandelwal and Abraham, Op. Cit. pp 126-134.
17. Business Today, Op. Cit. pp 184-230.
18. Jyotsana Bhatnagar and Deepti Menon, "Scaling Heights Together", in *Human Capital*, October, 1999, pp 40-44.
19. T. V. Rao in T. V. Rao and D. F. Pereira, Op. Cit. pp 3-19.
20. Srinivas R. Kandula and B. Haribapuji, "Stepping Stones to Success", *Human Capital*, October, 2000, pp 30-31.
21. *Human Capital*, January 2000, pp 28-32.
22. *Executive Excellence*, June, 2003, p. 9.
23. Rao, Verma, Khandelwal and Abraham, Op. Cit. pp 366-373.
24. *Human Capital*, March, 2003, pp 32-37.
25. T. V. Rao, D. M. Silvera, C. M. Srivastava and Rajesh Vidyasagar, Op. Cit. pp 3-12.

26. Y. S. Mahajan and M. R. Virmani, Human Resource Development in Public Enterprises, *Centre for Public Sector Studies*, 1988, pp 6-10.
27. In *Management of Human Resources in Public Enterprises* by S. Ravishankar and R. K. Mishra, Vision Books, 1985.
28. N. K. Singh, "HRD in Public Enterprises", *Scope*, May 1987.
29. V. K. Nain, *HRD Practices in Indian Industries*, Anmol Publications, 1996.
30. *The Strategist - Business Standard*, dated 18/7/2000 and 1-10-2002 and M. P. Bansal, *Human Resource Development in Public Enterprises*, 1991.
31. HRM 88-89 / RR 02.
32. HRM 92-93 / RR 05.
33. HRM 92-93 / RR 06.
34. HRM 96-97 / RR 15
35. *Indian Journal of Training and Development*, January-March 1984.
36. Prajnan, July-September 2003, pp 135-148.
37. Prajnan, October-December 2002, pp 223-228.
38. As reported in the Economic Times, dated 12/7/2005. As per the report, besides HRD and Career Planning, the five other qualitative parameters were compliance with Basel-II Norms, Improvement in Risk Management, Use of Technology, New Product Innovations and Special Efforts to Reach Out the Underprivileged.



---

## **CHAPTER - II**

# **INDIAN COMMERCIAL BANKING - CHANGING SCENARIO : AN OVERVIEW**



## CHAPTER - II

### INDIAN COMMERCIAL BANKING - CHANGING SCENARIO : AN OVERVIEW

Broadly speaking, commercial banks are those banking institutions which are functioning under the joint stock company system mainly for the purpose of earning profit by performing two essential functions, viz., borrowing and lending of money, besides other service based functions. Commercial banking in India over the last three centuries has witnessed several structural changes<sup>1</sup> and now has assumed prominence in terms of its network, functions and risks. A brief account of it has been given by the researcher in this chapter.

#### **(1) BRIEF HISTORICAL DEVELOPMENT OF INDIAN COMMERCIAL BANKING :**

The forerunners of commercial banks were indigenous banks in India. Commercial banks started functioning in India during the 18th century. These banks were set up under private sector. Since independence, India had a fairly well developed commercial banking system. The Reserve Bank of India (RBI) which was established in 1935 became a state owned institution from January 1, 1949 under the Banking Regulations Act, which was enacted to provide a framework for controlling, regulating and supervising the commercial banking activities.

---

The most dominant feature in the beginning of the plan era was the emergence of public ownership in commercial banking. The Imperial Bank of India was taken over by the Government and was renamed as the State Bank of India (SBI) on July 1st, 1955, the major stake being of the RBI.

Indian banking system made a good amount of progress during 1950's and 1960's to provide bank credit to commercial and industrial houses but it neglected small units and agriculture, which got attention in 1967 when the Government of India introduced social control in the banking system. This brought changes in the distribution pattern of credit and management of the banks.

Political compulsion, then partially attributed to the inadequacies of the social control, led to the Government of India to nationalize, in 1969, 14 major scheduled commercial banks which had deposits above a cut-off-size of Rs. 50 crores. The basic purpose to nationalize the scheduled commercial banks was to serve the society better in conformity with national priorities and objectives. Again, after eleven years of the nationalization, the Government further announced nationalization of seven other scheduled commercial banks each having deposits of Rs. 200 crores or more. Together with the development of commercial banks, a number of exclusively state-owned Development Financial Institutions (DFIs) were also set up, both at the state and national levels. The mutual fund activities were also monopolized by the government. Refinance institutions in agriculture and industry sectors were also developed similar in nature to the DFIs. Insurance, both Life

and General, also became state monopolies in the Indian Financial System.

The distinct phases of the development of the Indian commercial banking<sup>2</sup> can be identified as follows :

- (a) Early developmental phase from 1786 to 1969.
- (b) Nationalization of scheduled commercial banks till 1991  
(Banking before Banking Sector Reforms)
- (c) Current phase of Indian Banking (Banking after Financial and Banking Sector Reforms, 1991).

**(a) *The Early Development Phase***

The early phase of the development of commercial banking was from 1786 to 1969. This phase is also known as the traditional or conservative phase of Indian Banking. It was started with the establishment of the first joint stock bank, viz., the General Bank of India in the year 1786. After this, Bank of Hindustan and Bengal came into existence. In the mid of the 19th century, the East India Company established three banks, viz., the Bank of Bengal in 1809, the Bank of Bombay in 1840 and the Bank of Madras in 1843. These banks were independent units and called Presidency Banks. These three banks were amalgamated in 1921 and a new bank, viz., Imperial Bank of India was established. All these banks were started by the private shareholders who were mostly Europeans. The Allahabad Bank was established in 1865, and the next bank to be set up was the Punjab National Bank Ltd.

---

Most of the Indian commercial banks, however, owe their origin to the 20th century. The Bank of India, the Central Bank of India, the Bank of Baroda, the Canara Bank, the Indian Bank, and the Bank of Mysore were established between 1906 and 1913. The last major commercial bank to be set up in this phase was the United Commercial Bank in 1943. The establishment of the RBI in 1935 as the Central Bank of the country was an important step in the development of the commercial banking in India.

The history of the joint stock banking in this phase was characterized by slow growth and periodic bank failures. The Government of India concerned by the frequent bank failures in the country causing miseries to the innumerable small depositors and others, enacted the Banking Companies Act 1949, the title of the Act was changed as "Banking Regulations Act 1949", as per the Amending Act of 1965.

***(b) The phase of Nationalization of the Bank :***

When the country attained independence, Indian Banking was exclusively in the private sector. In addition to the Imperial Bank, there were five big banks each holding public deposits aggregating Rs. 100 crores and more. The Government first implemented the exercise of nationalization of a significant part of the Indian Banking system in the year 1955, when Imperial Bank of India was nationalized in that year for the stated objective of "extension of banking facilities on a large scale,

---

more particularly in the rural and semi-urban areas, and for diverse other public purposes" to form State Bank of India (SBI).

The SBI was to act as the principal agent of the RBI and handle banking transactions of the Union and State Governments throughout India. The step was, in fact, in the furtherance of the objectives of supporting a powerful rural credit co-operative movement in India as recommended by the "The All India Rural Credit Survey Committee Report, 1954". The State Bank of India was obliged to open an accepted number of branches within five years in the un-banked centres of the country.

But, the major process of nationalization was carried out on 19th July 1969, when the then Prime Minister of India, Mrs. Indira Gandhi announced the nationalization of 14 major commercial banks in the country. One more phase of nationalization was carried out in the year 1980, when seven more banks were nationalized. This brought 80% of the then banking segment in India under Government ownership. The major steps taken by the Government in this phase were enumerated as follows:

- i) Enactment of Banking Regulation Act, 1949.
- ii) Nationalization of SBI of India, 1955
- iii) Nationalization of SBI Subsidiaries, 1959
- iv) Insurance cover extended to Deposits, 1961
- v) Nationalization of 14 major scheduled commercial banks, 1969

- 
- vi) Creation of credit Guarantee Corporation, 1971
  - vii) Creation of Regional Rural Banks, 1975
  - viii) Nationalization of 7 more banks with deposits over 200 crores, 1980

**(c) *The Current Phase (Banking after the Reforms of 1991) :***

The nationalized banks in their enthusiasm for development banking, looked exclusively to branch opening, deposit accretion and social banking, but neglected prudential norms, profitability criteria, risk management and building of adequate capital as a buffer to counter-balance the ever expanding risk-inherent-assets held by them. They failed to recognize the emerging non-performing assets and to build adequate provisions to neutralize the adverse effects of such assets. In the early Nineties, after two decades of lop-sided policies, these banks paid heavily for their misdirected performance in place of pragmatic and balanced policies. The RBI / Government of India have to step-in at this crisis-hour to implement remedial steps. Reforms in the financial and banking sectors and liberal recapitalization of the ailing and weakened public sector banks followed.

However, it is important to mention here that the advent of banking sector reforms brought the era of modern banking of global standards in the history of Indian Banking. The emphasis shifted to efficient, and prudential banking linked to better customer care and customer service. Responsibility for development banking is blended

---

with the paramount need for complying with norms of prudence and efficiency.

The following developments are the features<sup>3</sup> of this phase of Indian commercial banking:

**(i) Reform Measures :**

The major challenge of the reform has been to introduce elements of market incentive as a dominant factor gradually replacing the administratively coordinated and planned actions for development. Such a paradigm shift has several dimensions, the corporate governance being one of the important elements. The evolution of the corporate governance in banks, particularly in public sector banks, thus reflects the changes in the monetary policy, the regulatory environment and the structural transformations in Indian economy.

During the reform period which started from 1991, the policy environment enhanced competition and provided greater opportunity for the exercise of what may be called genuine corporate element in each bank to replace the elements of coordinated actions of all entities as a "Joint family" to fulfill predetermined plan priorities.

Greater competition has been infused in the banking system by permitting again the entry of private sector banks and the licensing of more branches by foreign banks and the entry of new foreign banks.

**(ii) Regulatory Environment :**

Since its inception, prudential regulation and supervision have formed a critical component of the financial sector reform programme.

---

These norms have been progressively tightened over the years. The Banking Regulation Act (1949) prevents connected lending, i.e., lending by banks to directors or companies in which directors are interested.

Regular periodical inspection of banks has been the main instrument of supervision. The earlier system of Annual Financial Review / Financial Inspections has been replaced by Annual Financial Inspection in 1992, and the inspection objectives and procedures have been refined. The major objectives for such steps were to evaluate the bank's safety and soundness, to appraise the quality of the board and management, to ensure compliance with banking laws and regulation, to analyse financial factors, to determine banks solvency, to appraise soundness of banks assets and to identify areas of improvement.

***(iii) Self Regulatory Organisations :***

India has had the distinction of experimenting with Self Regulatory Organisations (SROs) in the financial system since the pre-independence days. At present, there are four SROs in the financial system:

- (a) Indian Banks Association (IBA)
- (b) Foreign Exchange Dealers Association of India (FEDAI)
- (c) Primary Dealers Association of India (PDAI)
- (d) Fixed Income Money Market Dealers Association of India (FIMMDAI).



---

---

**(2) COMPOSITION OF INDIAN COMMERCIAL BANKING SYSTEM :**

The Indian Commercial Banking System includes the scheduled commercial banks and the regional rural banks which operate in rural areas. The present composition of Indian commercial banking system<sup>4</sup> can be classified as :

**(I) Public Sector Banks**

- (i) SBI (State Bank of India and its 7 Associate Banks)
- (ii) 19 Nationalized Banks
- (iii) RRB's (Regional Rural Banks, sponsored by Public Sector Banks).

**(II) Private Sector Banks :**

- (i) Old generation private Banks
- (ii) New generation private Banks
- (iii) Foreign Banks in India

These banks function under the top monetary authority, viz., Reserve Bank of India. The names of these banks are as follows:

**➤ Public Sector Commercial Banks :**

- (i) State Bank of India and its seven Associates Banks)
  - State Bank of Bikaner and Jaipur
  - State Bank of Hyderabad
  - State Bank of Indore
  - State Bank of Mysore
  - State Bank of Patiala
  - State Bank of Saurashtra
  - State Bank of Travancore

---

(ii) Nationalized Banks (Out of 20 Banks, one Bank 'New Bank of India' merged with Punjab National Bank in 1992-93 resulting into 19 Nationalized Banks).

- Allahabad Banks
- Andhra Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara Bank
- Central Bank of India
- Corporation Bank
- Dena Bank
- Indian Bank
- Indian Overseas Bank
- Oriental Bank of Commerce
- Punjab and Sind Bank
- Punjab National Bank
- Syndicate Bank
- UCO Bank
- Union Bank of India
- United Bank of India
- Vijaya Bank

(iii) Regional Rural Banks

- 
- ***Private Sector Commercial Banks :***
- (i) Old Private Sector Banks (21 in number)
- (ii) New Private Sector Banks (9 in number)
- Bank of Punjab Ltd.
  - Centurion Bank Ltd.
  - Global Trust Bank Ltd.
  - HDFC Bank Ltd.
  - ICICI Bank Ltd.
  - IDBI Bank Ltd.
  - Indusind Bank Ltd.
  - Kotak Mahindra Bank Ltd.
  - UTI Bank Ltd.
- (iii) Foreign Bank Working in India (27 Banks)
- ABN Amro Bank N.V.
  - Abu Dhabi Commercial Bank Ltd.
  - American Express Bank Ltd.
  - Arab Bangladesh Bank Ltd.
  - Bank International Indonesia
  - Bank of America NA
  - Bank of Bahrain and Kuwait BSC
  - Barclays Bank PLC
  - BNP Paribas
  - Calyon Bank
  - Citibank N.A.
  - Deutsche Bank AG

- 
- ING Bank N.V.
  - JP Morgan Chase Bank
  - Krung Thai Bank Public Company Ltd.
  - Marshreg Bank PSC
  - MIZUHO Corporate Bank Ltd.
  - Oman International Bank SAOG
  - Societe Generale
  - Sonali Bank
  - Standard Chartered Bank
  - State Bank of Mauritius
  - Sumitomo Mitsui Banking Corporation
  - The Bank of Nova Scotia
  - The Bank of Tokyo Mitsubishi Ltd.
  - The Development Bank of Singapore Ltd.
  - The Hong-Kong and Shanghai BKG Corpo. Ltd.

The present quantitative information (upto March 2003) relating to the Indian Commercial Banking runs as follows :

**TABLE - 2.1**  
**Bank Group wise Information of number of commercial banks in India**  
**and their percentage shares in total banking business<sup>5</sup>**

<i>Bank Group</i>	<i>No. of Banks</i>	<i>Percentage shares of the total commercial banking in</i>				
		<i>Deposits</i>	<i>Investments</i>	<i>Loans &amp; Advances</i>	<i>Total assets</i>	<i>Net Profit</i>
Public Sector Banks	27	76.87	77.26	72.07	72.92	69.86
SBI Group	8	27.85	31.62	24.82	28.03	25.63
Nationalized	19	49.02	45.64	47.25	44.89	44.23
Private Sector Bank	30	19.69	20.98	25.07	23.41	27.17
Old Private Sector	21	6.51	5.66	6.49	5.96	7.00
New Private Sector	9	8.24	9.54	11.74	10.85	9.81
Foreign Banks	27	4.94	5.78	6.84	6.60	10.36
RRB's	196	3.44	1.77	2.86	3.61	2.98
Total		100	100	100	100	100

Sources: (i) Trend and Progress of Banking, RBI, 2002-03.  
(ii) IBA Bulletin.

As per table 2.1, the major component of the Indian Commercial Banking comprises of public sector banks group while the private sector banks group claims its bigger share in the private sector commercial banking. Foreign banks and RRB's have comparatively small shares of their banking business in India.

Indian Commercial Banking provides employment to good number of persons in the form of officers, clerks and subordinate staff, which becomes obvious from table 2.2.

**TABLE - 2.2**  
**Bank group wise distribution of employees of scheduled commercial banks**  
**according to sex and cadre of the employees, March, 2000<sup>6</sup>**

<i>Bank Group</i>	<i>Total Employees</i>				<i>Of which : Females</i>			
	<i>Officers</i>	<i>Clerks</i>	<i>Sub-ordinates</i>	<i>Total</i>	<i>Officers</i>	<i>Clerks</i>	<i>Sub-ordinates</i>	<i>Total</i>
State Bank of India and its associates	75,452	1,55,541	75,205	3,06,198	3,116	29,147	5,656	37,919
Nationalized Banks	1,57,606	2,79,813	1,18,337	5,55,756	10,064	60,177	11,327	81,568
Foreign Banks	8,877	4,459	1,266	14,602	2,404	1,992	37	4,433
Regional Rural Banks	27,205	24,532	15,269	67,006	570	2,057	155	2,782
Other Scheduled Commercial Banks	22,249	29,736	11,084	63,069	2,779	7,504	827	11,110
All Scheduled Commercial Banks	2,91,389	4,94,081	2,21,161	10,06,631	18,933	1,00,877	18,002	1,37,812

Source : Sec: Home, Publications, Banking, Summary  
<http://www.rbi.org.in>

As per table 2.2, the Indian Commercial banking provides regular employment to good number of persons, both male and the female and the working in the banks is now being considered as status job by the employees of the banks.

These banks are working in our country covering rural, semi-urban and urban / metropolitan areas through their vast number of branches. This is obvious from the fact<sup>7</sup> that out of 64,939 total commercial bank offices in India, rural areas claim 32,857 offices, semi-urban areas 32,857 offices, urban areas 9,898 offices and metropolitan cities 8,016 offices at the end of March 1999.

---

---

### **(3) PRESENT OPPORTUNITIES<sup>8</sup> TO THE COMMERCIAL BANKING SECTOR UNDER THE CHANGED SCENARIO :**

At present, Indian commercial banking is facing wide variety of opportunities and the bright future scenario. The changing economic scenario, represented by rapid process of globalization has brought out all the nations of the world together, without geographical boundaries for trade and commerce but with great amount of employment opportunities for individuals. Due to rapid advancement in telecommunication and information technology in the recent years, the banking industry has been undergoing rapid changes, reflecting a number of ongoing reform processes.

But at the same time, there are certain deficiencies in the Indian Banking system, which require great attention. To mention a few : there have been continuous accumulation of morass, brought out by three decades of controlled management of the banks in the past, which hampered the profitability of the public sector banks. Along with this, there is accumulation of NPA (non performing assets), which have threatened capital adequacy and continuous stability of banks. One more major problem the nationalized banks today are facing is their heavy over staffing. This requires a drastic change in the recruitment, training, placement and promotion policies of the banks. Thus, the main concern is how to remove legacies of the past and meet the demands and challenges of the new era. On the brighter side are the opportunities on account of the following events / moves.

**(i) Globalization :**

The advent of economic reforms, the deregulation and the opening of the Indian economy to the global markets brought opportunities over a vast and unlimited market to business and industry in our country, which directly brought added opportunities to the banks too.

Globalization has influenced the overall financial sector of all the countries including India. While there has been a significant progress towards globalization in the recent past and policy-wise, there have been impressive initiatives, the extent to which India is globalised is considerably at the lower end of the emerging economies. This indicates enormous opportunities but also challenges in terms of transition from a stage of low base. A strong and resilience financial system and the orderly evolution of financial markets are key pre-requisites for financial stability and economic progress.

**(ii) Banking Reforms :**

The advent of reforms in the Financial and Banking Sectors (the first phase in the year 1992-95) and the second phase in 1998 heralds a new welcome development to reshape and reorganize banking institutions to look forward to the future with competence and confidence. The complete freeing of nationalized banks from administered policies and government regulation in matters of day-to-day functioning heralds a new era of self governance and a scope for exercise of self initiative for these banks.



---

The broad directions of the financial reforms were improvement in the overall monetary policy framework, strengthening financial institutions and integration of the domestic financial system into the global economy.

There will be no more directed lending, pre-ordered interest rates, or investment guidelines as per the dictates of the Government or RBI. Banks are to be managed by themselves, as independent corporate organizations, and not as extensions of government departments.

***(iii) Deregulation :***

Deregulation has opened up new vistas for banks to augment revenues. It has entailed greater competition and risks also. Cross-border flows and entry of new products, particularly derivative instruments, have impacted significantly on the domestic banking sector, forcing banks to adjust the product mix, as also to effect rapid changes in their processes and operations in order to remain competitive to the globalised environment. These developments have facilitated greater choice for consumers who have become more demanding, compelling banks to offer a broader range of products through diverse distribution channels. The traditional face of banks as mere financial intermediaries has since altered and risk management has emerged as their defining attribute.

***(iv) Prudential Norms :***

Acceptance of prudential norms with regards to Capital Adequacy, Income Recognition and Provisioning are welcome measures of self-regulation intended for growth and development of the banks. It

---

introduces a new transparency and the balance sheets of banks now convey both their strengths and weaknesses. Capital Adequacy and Provisioning Norms are intended to provide stability to the banks and protect them in times of crises. These equally induce a measure of corporate accountability and responsibility for good management on the part of the banks.

**(v) *Information Technology and Computerization :***

Large scale switching to hi-tech banking by Indian Scheduled Commercial banks (SCBs) through the application of Information Technology and Computerization of banking operations revolutionised customer service. Banks now will have more employees available for business development and customer service has been freed from the needs of book keeping.

**(4) *INDIAN BANKING IN THE NEW MILLENIUM<sup>9</sup> (Internet Banking and Recently emerged Trends in Banking Products) :***

Due to rapid advancements in telecommunication and information technology in the recent years, the banking industry has been undergoing rapid changes, reflecting a number of ongoing reform processes.

Information technology have accelerated and broadened the dissemination of financial information and has also contributed towards the lowering of cost for many financial activities. It has also given scope for competition among domestic and foreign institutions in providing banking and other banking related financial activities. Financial activity

has become one of the major activities relative to overall economic activity in most economies.

Indian banking in the new millennium reflects the changes in the Indian banking industry after the implementation of the reforms under second Narasimham Committee Report.

The first momentous step was offering of the voluntary retirement package to the employees of PSB's. Banks implemented the package and relieved over one lac employees during 2000-01.

The process of computerization and application of information technology in banks has gained momentum. Banks are now gradually switching to 'internet banking', creating a network connecting their major branches and administrative offices. RBI has also taken steps for connecting different banks and financial institutions within the country by creating INFINET and BANKNET and SWIFT which serve to connect Indian banks with International Banking Institutions.

The product mix offered by commercial banks in India has drastically widened after the revolution in Information Technology, which includes :

- Credit cards
- Tele Banking
- ATMs
- Retail EFT
- Electronic Clearing Services (ECS) : Debit and credit for repetitive payments like dividend, interest, etc.
- Online Banking (Internet Banking)

- 
- Utility Bills
  - Smart Cards
  - Debit Cards
  - Quick collection facilities for outstation cheques, etc.

Very recently the government has passed an ordinance to create Asset Reconstruction and Securitisation Companies styled "The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Ordinance, 2002" with the stated objective "to regulate securitisation and reconstruction of financial assets and enforcement of security interest and for matters connected therewith or incidental thereto".

"After a decade of reforms, the Indian banking sector is slowly emerging stronger. Regulations are forcing the banks to adopt better operational strategies and upgrade their skills. The system is also witnessing the integration of the financial markets. Externally, the happening in the international markets are having their implications on the markets and the players. All these are making the operational environment more volatile and hence challenging for the Indian banks.<sup>10</sup>

Today banks should strive to achieve significant increases in their productivity, efficiency and profitability.

Cyber banking and E-Commerce have made large urban branch networks irrelevant. Banks are forced to open more ATMs in the place of their branches in the urban areas.

Internet banking may put an end to the usage of calculator and paper based bank statements / bulky ledgers, thereby leading to greater

savings in paper, postage and time. Checking of account statement, fund transfer, etc., have become easy due to internet services with their built-in-security, accountability, low cost and efficiency they are all set to replace the money in its conventional sense of trading. Apart from personal banking, there are a variety of organizations providing to the corporate the services as trade services, cash marketing, credit services, loans etc. Internet banking offers the lowest transaction cost among all the conventional electronic delivery channels including ATMs.

For performing international transactions, internet is more convenient due to lower switching cost and low prices that eliminate geographical boundaries.

But all the traditional channels would not die in a day or two and indeed the success would depend on how the banks generate synergy in these two vastly different channels. Certain security aspects are very important while implementing Internet Banking like :

- Authentication
- Securing the web site
- Privacy
- Integrity
- Transaction confirmation, etc.

Every aspect of the functioning of the banking industry, like resource-mobilization, credit-management, customer-service, asset-liability management, investments, human resource development and forex management have to be taken care of. The market offering by the banks have changed from the traditional banking to the phone banking,

home banking, credit cards, finance against securities and time, etc., which have added value to banking business. So far all banks, repositioning for competitive advantage in the rapidly changing market place will call for large investments in information technology and communication networks.

**(5) STATUS OF INDIAN BANKING INDUSTRY IN RELATON TO OTHER COUNTRIES<sup>11</sup> :**

It is useful to note some important facts about the status of the Indian banking industry with other countries, recognizing the differences between the developed and the emerging economies.

**(i) *The structure of the Industry :***

In the world's top 1000 banks, there are many large and medium sized domestic banks from the developed countries than from the emerging economies. According to the Banker 2004, out of the top 1000 banks globally, over 200 are located in the USA, just above 100 in Japan, over 80 in Germany, over 40 in Spain and around 40 in the U.K. Even China has as many as 16 banks within the top 1000, out of which, as many as 14 are in the top 500. India on the other hand, had 20 banks within the top 1,000 out of which only 6 were within the top 500 banks. This is perhaps reflective of differences in size of economies and of the financial sectors.

**(ii) *The Share of Bank Assets :***

In the aggregate financial sector assets; in most emerging markets, banking sector assets comprise well over 80% of total financial

sector assets, whereas these figures are much lower in the developed economies. Furthermore, deposits as a share of total bank liabilities have declined since 1990 in many developed countries, while in developing countries, public deposits continue to be dominant in banks. In India, the share of banking assets in total financial sector assets is around 75%, as on end March 2004. There is, no doubt, merit in recognizing the importance of diversification in the institutional and instrument - specific aspects of financial intermediation in the interests of wider choice, competition and stability. However, the dominant role of banks in financial intermediation in emerging economies and particularly in India, will continue in the medium-term; and the banks will continue to be "special" for a long time. In this regard, it is useful to emphasize the dominance of banks in the developing countries in promoting non-bank financial intermediaries and services including in the development of debt markets. Even when role of banks is apparently diminishing in emerging markets, substantially, they continue to play a leading role in non-banking financial activities, including the development of financial markets.

***(iii) Internationalization of banking operations :***

Internationalization is defined as the share of foreign owned banks as a percentage of total bank assets. It tends to be much lower in emerging economies. This pattern is, however, not uniform within world regions.

The foreign controlled banking assets, as a proportion of total domestic banking assets, increased significantly in several European

Countries (Austria, Ireland, Spain, Germany and Nordic countries), but the increases have been fairly small in some others (the U.K. and Switzerland). Amongst the emerging economies, while there was marked increase of foreign - controlled ownership in several Latin-American economies, the increase has, at best, been modest in the Asian economies. Available evidence seems to indicate some correlation between the extent of liberalization of capital account in the emerging markets and the share of assets controlled by foreign banks. The foreign banks in India, which are present in the form of branches, seem to enjoy greater freedom in their operations, including retail banking, in the country at par with domestic banks, as compared with most of the other developing countries. Furthermore, the profitability of their operations in India is considerably higher than that of the domestically owned banks and, in fact, is higher than the foreign banks operations in most other developing countries. India continues to grant branch licenses to them more liberally than the commitments made to the WTO.

***(iv) Process of Consolidation :***

A significant feature of banking in developed versus emerging economies, especially in recent years, has been the process of consolidation. The most notable difference between the consolidation process in developed and emerging markets is the overwhelming cross-border nature of mergers and acquisitions in the latter. In particular, cross-border activity in Continental Europe and also between the U.S. and the European institutions has been more of an exception rather than the rule. In contrast, there has been a sharp increase in foreign



ownership of some emerging market banks due to the process of privatization often associated with crises.

An important difference in this context has been the role played by the authorities in the financial sector consolidation process. In mature markets, consolidation has been seen as a way of eliminating excess capacity and generating cost savings to the institution. In emerging markets, on the other, consolidation has been predominantly a way of resolving problems of financial distress, with the authorities playing a major role in the process.

**(v) *Share of state-owned banks in total banking sector assets :***

Emerging economies, with predominantly Government - owned banks, tend to have much higher state-ownership of banks compared to their developed counterparts. While many emerging countries chose to privatize their public sector banking industry after a process of absorption of the overhang problems by the Government, in India state-run banks were encouraged to diversify ownership by inducing private share capital through public offerings rather than by strategic sales and still absorb the overhang problems. The process has helped reduce the burden on the Government, enhance transparency, encourage market discipline, and improve efficiency as reflected in stock market valuation, promote efficient new private sector banks, while drastically reducing the share of the wholly government owned public sector banks in a rapidly growing industry. Our successful reforms of public sector banks are a good example of a dynamic mix of public and private ownership in banks.

A noteworthy feature of banking reforms in India is the growth of newly licensed private sector banks, some of which have attained globally best standards in terms of technology, services and sophistication. In many respects related to performance, these domestically promoted banks have surpassed branches of foreign banks in India, and could be a role model for other banks.

**(6) CHALLENGES AHEAD BEFORE INDIAN COMMERCIAL BANKS :**

Commercial Banking Industry in India is reorienting itself to face new challenges emerging from recessionary phase of business cycle that has engrossed the entire global economy. There are certain key areas which have a bearing on the ability of commercial banks to remain competitive and enhance soundness. These are not far to seek.<sup>12</sup>

**(i) Legal Environment :**

**(a) New economic legislations having far reaching impact for banking industry :** The Government of India has cleared some important economic legislations which have wide ranging implications for commercial banking industry, such as competition bill, the companies amendment bill relating to insolvency, etc. The new Insolvency Bill proposes a single National Company Law Tribunals in place of the Board for Industrial and Financial Reconstruction (BIFR) and the Company Law Board. The BIFR will be abolished and sick industries act will be repealed.

**(b) De-linking of RBI from the ownership of financial institutions:** In order to enhance impulses as also in view of the

---

regulatory and prudential considerations, the issues relating to the separation of ownership and regulation have been receiving increasing attention. Retaining the ownership structure of the regulated / supervised institutions engenders moral hazard with systemic implications. The RBI has accepted the recommendation of transfer of ownership in respect of the SBI, the National Housing Bank, the National Bank for Agriculture and Rural Development, and plans to initiate the process of transfer of ownership of other financial institutions.

**(ii) Cost Management :**

Cost containment is a key to sustainability of bank profits as well as their long term viability. In 2003, operating costs of banks as a proportion of total average assets in the U.K. were 2.12 percent, for those in Switzerland they were 2.03 percent, and less than 2 percent in major European economies like Sweden, Austria, Germany and France. In India, however, in 2003, operating costs as proportion to total assets of scheduled commercial banks stood at 2.24 percent. The tasks ahead are thus clear and within reach.

**(iii) Recovery Management :**

The key to stability of banking sector is recovery management. There should be no hesitation in stating that Indian banks have done a remarkable job in containment of non-performing loans (NPL) considering the overhang issues and overall difficult environment. For 2004, the net NPL ratio for the Indian Scheduled Commercial Banks at 2.9 percent is ample testimony to the impressive efforts being made by our banking system. In fact, recovery management is also linked to the

---

banks interest margins. It must be recognized that the cost and recovery management supported by enabling legal framework hold the key to future health and competitiveness of Indian banks. No doubt, improving recovery management in India is an area requiring expenditures and effective actions in legal, institutional and judicial processes.

**(iv) *Universal Banking :***

Development Financial Institutions (DFIs) such as IDBI and ICICI are endeavouring to transform themselves into universal banks. With increased squeeze on interest spread, the DFIs are finding it difficult to survive in a highly competitive environment in globalised financial markets. By transforming themselves into universal banks, these DFIs would be in a position to get access to the low cost funds in the form of current account and savings account deposits and thereby reduce average cost of funds.

The RBI has also given green signal to these institutions by proposed relaxations in some of the regulatory stipulations. The requirement of SLR and CRR obligations, the priority sector lending norms, etc., as applicable to banks are also likely to be relaxed in the initial years of the transformation of these institutions into universal banks.

**(v) *Technological Intensity of Banking :***

This is one area where perhaps India needs to do significant 'catching up', notwithstanding the rapid strides made over the last few years, though data on this score are difficult to come by. Some available figures indicate that in late 1999, the percentage of customers using

---

online banking was less than one percent in India, compared with anywhere between 6 to 30 percent in developed economies like the U.K., the U.S., Germany, Finland and Sweden. Even in Latin America, these figures are much higher than for India. While admittedly the numbers for India are likely to be much higher at present than these figures suggest, so would be the case for these other economies as well. The issue, therefore, remains what has been the extent of 'catching up' by India on this score ? In fact, this seems some what intriguing. For, India happens to be a world leader in information technology, but its usage by our banking system is some what muted. It is wise for Indian banks to exploit this globally state of art expertise, domestically available, to their fullest advantage.

***(vi) Cut-throat competition :***

Competitive pressure is building up for Indian Commercial Banks both from within and from outside. Competition is likely to intensify in the coming years within the Industry, from NBFCs and from foreign entities.

Competition is not just in terms of number of competitors, but in terms of even specialized markets, cross border trade in financial services and capital flows. This all creates a need to become competitive internationally. There is a need to transform Indian commercial banking system from being a largely domestic one to be a truly international one; and this should enable India to emerge as an international banking center.

***(vii) Management of NPAs :***

The level of NPAs (Non Performing Assets), though declining in recent years, continues to be high by international standards. NPA have become a first charge on banks' funds for provisioning. These affect banks' performance by eating into their profitability. The most important condition for improvement in the profitability of banks is the reduction in the level of NPAs. In fact, it is a pre-condition for the stability of banking system.

***(viii) Risk Management :***

In order to improve efficiency, profitability and productivity of banking operations, identification of risk and its accurate measurement is crucial for the banking industry. Once risk is identified and measured accurately, bank can take appropriate measures to mitigate the risk.

Commercial banking in modern economies is all about risk management. The successful negotiation and implementation of Basel II Accord is likely to lead to an even sharper focus on the risk measurement and risk management at the institutional level.

Risks in banking operations have been classified into three categories :

- 1) Credit Risk
- 2) Market Risk
- 3) Operations Risk

Almost all the banks have set up Asset - Liability - Management Committees to take care of Market Risks which is further classified into:

- 1) Interest Rate Risk
- 2) Liquidity Risk
- 3) Foreign Exchange Rate Risk

A separate department namely 'Risk Management Department' is being set-up in banks to take care of Credit Risk and Operations Risks.

The Basel Committee II has also given due importance to all the three kinds of risks while suggesting appropriate level of capital adequacy norms for Banks and FIs. RBI is also in process of formulating new guidelines to follow the capital adequacy norms stipulated by Basel Committee II.

Thankfully, the Basel Committee has, through its various publications, provided useful guidelines on managing the various facets of risk. The institution of sound risk management practices would be an important pillar for staying ahead of the competition. Banks can, on their part, formulate 'early warning indicators' suited to their own requirements, business profile and risk appetite in order to better monitor and manage risk.

***(ix) Deceleration in Growth of Credit and Surge in the Investment Portfolio :***

Due to slow growth in credit pick-up and lack of other avenues of investments, most of the banks are flush with funds. Most of the excess funds have found their place in the Government securities market. The total investment of banking industry in Government securities and approved securities for SLR requirements is estimated to be around 35% of the NDTL, as against the prescribed norm of 25%. Some portion of

---

this excess fund is lying idle in the treasuries of the banks and FIs. This fund is occasionally invested in all money market as and when there is demand for funds.

Banks who are accepting bulk deposits by paying competitive rates of interest and are not in a position to deploy the funds efficiently in the market, are effectively reducing their Net Interest Margin. Therefore, as the market scenario changes, the priority objectives should also change. Under the given market scenario, the objective of achieving deposit targets should take back seat and the objective of increasing, at least maintaining, Net Interest Margin should get top priority.

Under the conditions of declining interest rate exposure to investment portfolio which gives comparatively low yield on funds will put further downward pressure on interest spread. Even the yield on lending to 'AAA' rated corporates also has come down as these corporates are now willing to borrow only at highly competitive rates and in most cases at sub PLR rates. This has resulted into an unprecedented squeeze in interest spread.

In order to maintain steady and sustainable growth in profit, banks need to halt, and if possible, reverse the present trend of declining spread in interest rates. In the given circumstances, the retail banking seems to be the only area where the yield on funds invested is comparatively high. Moreover, the NPA level in retail credit such as housing finance, finance for purchase of consumer durables, personal loans, etc. are projected to be at a very low level.



---

The Central Bank of India, with its wide network of branches spread all over India, coupled with large pool of human resources, is better placed to explore this segment of the market.

**(x) *Low level of business confidence during last few years :***

Business confidence index published by National Council of Applied Economic Research (NCAER) has fallen to its lowest level in last few years.

The current pessimisms appear widespread in terms of sectors, regions and firm size groups as well as with respect of various dimensions of business outlook. Failure of some of the co-operative banks and liquidity crises in one of the co-operative banks and liquidity crises in one Development Financial Institution, viz., IFCI and the largest Mutual Fund in India, the UTI in the recent past has badly shaken the confidence of the investors in the financial system of the country. The Government of India and RBI announced immediate measures to restore the confidence in the system.

**(xi) *Corporate Governance :***

Transparency and disclosure standards with regard to banks have been enhanced to meet international practices, with the range and extent of disclosures gradually increasing over the last couple of years. Recent policy announcements have expressed the intent of moving towards international best practice of 90 days norm for loan classification by end-March 2004. All banks and FIs to publish consolidated balance sheet including the balance sheet of their subsidiaries. The issue of transparency also lead to questions of corporate governance in banks.

---

The recent irregularities involving accounting firms in the U.S. have amply demonstrated the importance of good corporate governance practices. The quality of corporate governance in the banks became critical as competition intensifies, banks strive to retain their client base, and regulations move out of controls and micro-regulation.

Banks are special in emerging markets since they take a leading role in development of other financial intermediaries and of financial markets, apart from having a large resource to public deposits. No doubt, there is nothing like an 'optimal' level of governance for one to be satisfied with. The objective should be to continuously strive for excellence. The RBI has, on its part, made significant efforts to improve governance practices in banks, drawing upon international best practices.

It is heartening to note that corporate governance presently finds explicit mention in the annual reports of several banks. The improved corporate governance practice would also provide an opportunity to accord greater freedom to the banks boards and move away from micro regulation to macro management. Banks in India are custodians of depositors' monies, monies of the millions of depositors who are seeking safe avenues for their hard earned savings, and hence, banks must accept and perform an effective fiduciary role.

In this light, market perceptions and indeed, popular sentiments relating to governance in banks need to be on the top of the agenda to serve our society's needs and realities better while being in harmony with the global perspective.

*(xii) HRD (Rigidities)<sup>13</sup> :*

Human Resource Development (HRD) is the most important need of today, especially for a service industry like banking. The commercial banking industry being largely in the public sector, certain rigidities have developed in HRD within the banking system.

Apart from following the system of upgrading and selecting manpower on merit basis, public sector banks have followed a hierarchical system, i.e., giving preference to seniority over performance (Merit). Till recently, banks continued their generalist orientation in the matter of recruitment. As a result, the best talent, especially specialists, could not be attracted. The approach to human resources management in banks will have to change in tune with the fast changing banking environment at home and abroad.

Though it is difficult to bring about radical changes in the staff structure, public sector banks can effect improvement in the existing practices of recruitment, selection, training, and development, etc. in the near future. The focus has to be shifted from generalist orientation of the staff to specialist orientation, i.e., the ability to imbibe and absorb current technology. There is an urgent need for up-gradation of skills, training of the manpower as also a need to change their attitudes and mindset. It is time that the banks revamp their HRD departments and evolves appropriate policies to make the best use of their primary asset, i.e. human resource.

There appears a growing realization among banking sector that the threat of competition can be effectively countered by gearing up the

---

HRM effort. Efforts are afoot to convert the HR department into a profit center by ensuring that the return on investment on human asset exceeds the cost involved therein.

Further, under the aegis of communication explosion, the span of control needs to be made more wider, thereby, causing increased redundancy of the tall and multi-layered organizational structure, thus, heralding flat and meaningful structures which fasten continuous and speedy communication processes paving way for qualitative and faster decisions.

The gains from the economic reforms and liberalization activities of the government can be meaningfully achieved and consolidated by banks only when required adjustments and proactive measures are taken in various HR policies and activities. Towards this direction, the existing rigidities in the personnel / HR policies are attempted to yield place to practical - oriented approach facilitating quicker adoptability to the emerging competitive scenario.

In the competitive environment co-existing with the ever-changing customer profile when the plethora of products suiting the needs and preferences of customers are unleashed in the market place, the customer's expectation on response time has greatly changed. He is no more at the mercy of the organizational bureaucracy but wants instant decisions on his demands. This is being effectively addressed by the banks through elimination of unwarranted intermediary hierarchical tiers, redefining reporting relationships, facilitating quicker decisions and by properly empowering employees at various levels.

---

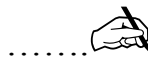
HR policies need to be oriented towards the objective of enhancing the staff morale and productivity.

➤ **Human Resource Development - A Focal Point in the New Scenario :**

In order to meet the challenges, the employees of the banks became a focal point, the traditional bank employees need to be properly developed to handle new technology, to manage new risks attached, to cope with wider markets which have crossed the national boundaries and, therefore, the commercial banking industry which has undergone several structural changes,, which is expanding very fast, necessitate the commercial bank management to the relevant steps to ensure that the human resources develop properly. It is because commercial banking is no more a simple clerical centered industry but it is taking rapidly the shape of professionals.

**References :**

1. Dr. H. N. Agrawal, *A Portrait of Nationalized Banks : A study with reference to their Social Obligations*, Inter India Publications, New Delhi, 1979, pp. 32-81.
2. *Personal Website of R. Kannan*, Learning Circle - Banking Theory and Practice - History and Evolution of Indian Banking System.
3. Idem
4. Idem & file : //C:WINDOWS/Desktop/viewibamembers 1.1 htm
5. *Trend and Progress of Banking in India*, 2002-03 and *IBA Bulletin*, 2002-03.
6. *RBI Home Publications*, Banking Statistics, Summary Tables, March 19, 2001 <http://www.rbi.org.in>.
7. Idem
8. Personal Website of R. Kannan, op. cit.
9. M. V. Deekshitulu, "Internet Banking : Online Banking Services", *Central Bank of India Economic Bulletin*, October 2002  
Personal Website of R. Kannan, op. cit.
10. Article titled : Indian Banking : Withstanding the Challenges" -  
<http://www.actmindia.org/pages/alm/jan-cs.htm>
11. Dr. Y. Venugopal Reddy, Governor, RBI, "Banking Sector in Global Perspective", *Central Bank of India Economic Bulletin*, December 2003 and November 2004.
12. Dr. Ram Sangapure, "Emerging Scenario in Banking Sector", *CBI Economic Bulletin*, October 2001.
13. G. S. Bhaskara Rao, "HRM in Banking Industry : Towards An Enduring Role for Success", *Central Bank of India Economic Bulletin*, December, 2002.



---

## **CHAPTER - III**

# **HUMAN RESOURCE DEVELOPMENT : CONCEPTUAL FRAMEWORK AND PERTINENT ISSUES**

## CHAPTER - III

### HUMAN RESOURCE DEVELOPMENT : CONCEPTUAL FRAMEWORK AND PERTINENT ISSUES

#### ❁ HISTORY AND ORIGIN OF HRD

The origin of HRD concept is not very old. It is of recent origin. Now-a-days, every enlightened employer takes interest in it. It is gaining popularity and is widely practised these days. The term came into use only in the early seventies.<sup>1</sup> According to Len Nadler, the term HRD was first applied in 1968 in the George Washington University. In 1969, it was used in Maimi at the American Society for Training and Development Conference. But by the middle of 1970's, it gained more acceptance, but it was being used by many as merely a more attractive term than 'Training and Development'. In the opinion of some management thinkers, Japan is the first country to stress and use HRD Practices.<sup>2</sup> According to Prof. Udai Pareek<sup>3</sup>, as far as India is concerned, the term HRD was introduced for the first time in the State Bank of India in 1972.

It is believed that the concept of HRD has not been imported in India. It is a philosophical value concept developed by Dr. Udai Pareek and Dr. T. V. Rao at the Indian Institute of Management, Ahmedabad.<sup>4</sup> By the late seventies, this professional outlook on HRD spread to a few other public sector organizations, such as BHEL, SAIL, Maruti Udyog



Ltd., Indian Air Lines and Air India; and the private sector organizations, like L & T Ltd. and TISCO.

The establishment of a separate Ministry of Human Resource Development (HRD) in 1986 is a logical culmination of the realization of the importance of the human factor in the development by Government of India.<sup>5</sup> For, in the forward to the seventh five year plan, the then Prime Minister has very rightly emphasized the importance of human factor in development by observing that "In the final analysis, development is not just about factories, dams and roads. Development is basically about people. The goal is the people's material, culture and spiritual fulfillment. The human factor, the human context, is of supreme value. We must pay much greater attention to these questions in future. The seventh plan proposes bold initiatives in these areas. Outlays for human resource development have been substantially increased. Policies and programmes in education, health and welfare must also be reconstructed to provide a fuller life for our people."<sup>6</sup>

In the seventh five year plan (1985-90), this point of view has been more clearly and boldly stated as "A narrow view of resource mobilization, limiting it to the financial sphere, fails to do justice to the complexity of the development process in which the human factor plays the most significant part without adequate development of human resources in its widest sense. We cannot avoid setbacks to the process of development itself. The productive forces of the economy can be strengthened only by releasing the creative energies of all strata of society."<sup>7</sup>

---

However, because of the obsession with economic development, the importance of the human factor in development was greatly undermined. Development was considered a synonym of economic growth and prosperity. The experiences of economic development in the third world countries after the second world war and also the emergence of West Germany and Japan from ashes to world economic powers have demonstrated the role of non-economic and human factors in economic development. Human Resource Development prospects in India become very much obvious from the intensions of the Government as reflected in its Seventh Five Year Plan, which also had a perspective plan for the next fifteen years till the year 2000. There was a clear declaration by the Government about the necessity and importance of HRD.

In the last few years, ever since the Central Government started a ministry called HRD, quite a few organizations have introduced this department in their organizations. Previously, the department was called Personnel Department, but now it has been renamed as HRD Department. In some organizations, there are HRD officers or Managers who are merely carrying out the training activities. In effect, some training managers are now being called HRD managers. One must admit that the phrase is becoming increasingly popular.

The role of Indian Institute of Management, Ahmedabad; Centre for HRD at Xavier Labour Relations Institute, Jamshedpur; Indian Society for Training and Development at New Delhi; and National HRD Network at New Delhi and some individual researchers are important in carrying the HRD movement in India.

Today, most of the larger public and private sector organizations in India are using the techniques and approaches of HRD to develop their employees for the achievement of organizational goals with individual satisfaction and growth. HRD has now become a national issue and the ministry of HRD is expected to mobilize the human potential of the country.<sup>8</sup> These phenomena clearly reflect the increasing importance of HRD.

### ❁ **INCREASING IMPORTANCE OF HRD IN THE PRESENT DAY CONTEXT**

'People' are the most important and valuable resources of any organization. Dynamic people can build progressive and growth-oriented organizations. Effective employees can contribute to the effectiveness of the organizations. Competent and motivated people can make things happen and enable an organization to achieve its goals. Therefore, dynamism, effectiveness, competency and motivation of its people are being ensured by the organizations.

The need and importance of HRD may be understood from the following discussion.

#### **(1) Success of the organization :**

The success of an organization depends, to a large extent, upon the capability, competence, efficiency and effectiveness of its human resources. The HRD system is an essential tool of management in order to develop a strong sense of capability, competence and responsibility among the employees of a concern. It is now a firm belief that the

---

organizations can improve their effectiveness and productivity through the development of human beings. Thus, HRD is the core of existence and strength of an organization. No organization is immune from the need of HRD to acquire and increase its capabilities for stability and renewal.

**(2) Attainment of Goals :**

HRD is helpful in the fulfillment of committed goals of an individual, organization and society. It enhances the capabilities and efficiency of an individual, which is likely to reflect itself in the long run, well-being of the individual, good reputation of the institution and ultimately the well-being of the society.

**(3) Development of Men :**

HRD develops the capabilities and effectiveness of employees in the organization. It improves untapped energy, performance and creativity of people. It is a scientific method for the development of men by creating healthy organizational climate, motivating human resources, developing teamwork and creating a sense of commitment in the people. It helps in the integrated growth of the employees. It helps employees to know their strengths and weaknesses and thus enables them to improve their performance and that of the organization as a whole.

**(4) Identifies employees' competency :**

Employees need to have a variety of competencies - knowledge, skills, and attitudes in technical areas, human relations areas, and

---

conceptual areas - to perform different tasks or functions. HRD aims at identifying competency gaps of employees and training them to perform present roles effectively and create conditions to help employees bridge these gaps through development.

The nature of jobs is constantly changing due to changes in the environment, organizational goals, priorities, strategies, customer expectation, technology, new opportunities, new challenges and new knowledge base. Such a change in the nature of jobs requires continuous development of employees' competencies to perform the job well. Thus, competency development is needed on a continuing basis for effective job performance. HRD aims at constantly assessing the competency requirements of different individuals to effectively perform the assigned jobs, and provide opportunities for development of these competencies.

**(5) Motivational Development :**

HRD is needed for motivational development. Motivation means the desire to work or put in work effort. It is an involvement to the job and the commitment to the organization. It is the desire to make things happen. Without motivation, employees are not likely to give their best. Having technical, human relations, and conceptual competencies is not enough for effective performance on the job.

**(6) Higher productivity :**

HRD motivates the employees in order to use their hidden talent for higher productivity. According to Rensis Likert "Development of employees tends to have higher productivity."<sup>9</sup> In the same manner, Len

---

Nadler observes, "HRD is an organized learning experience, in a stated period of time, directly towards the possibility of improving performance."<sup>10</sup> Thus, skilled and trained manpower and managers can handle various functions easily for higher productivity.

**(7) To cope with changes and future expectations :**

HRD is essential to meet the requirements of the changing environment of the Industrial Sector due to educational, social, cultural, economic changes and technological advancement. It is also important for preparing people for performing roles, tasks or functions which they may be required to perform in the future as they go up on the organizational hierarchy or as the organization takes up new tasks through diversification, expansion and modernization. HRD tries to develop the potential of employees for likely future jobs / roles in the organization.

**(8) Good Return on Investment :**

It reduces the cost of production and earns good return on investment and consequently contributes to competitive advantage in the face of cut-throat competition. It controls labour cost by avoiding labour turnover, absenteeism and both shortages and surpluses of manpower in the establishments.

**(9) HRD is the soul of Personnel Department :**

HRD is the very nerve-knot of personnel department. It helps in proper manpower planning and training. It promises to fulfill the career

---

aspirations of the working force and meets the future requirements of the working force in the light of organizational goals. It helps in generating varied data about employees for personnel functions like training, selection, promotion, etc.

**(10) Develops good relations :**

HRD develops strong superior - subordinate relationship, creates job satisfaction, improves organizational health and the employees morale, team spirit and loyalty, the sense of belongingness in the minds of employees and the awareness of larger organizational goals. It also promotes team building and collaborative climate. This requires building and enabling organizational culture in which employees use their initiative, take risks, experiment, innovate and make things happen.

**(11) Measurement of Growth :**

HRD is a significant factor in determining the growth and deciding the prosperity of business enterprise. The organizational effectiveness depends on HRD as it creates an atmosphere to discourage red-tapism and favouritism in the organization.

**(12) HRD is a Pre-condition of Economic Growth :**

HRD is a pre-condition of modern economic growth. In the words of H. W. Singer, "It is only where the working force is sufficiently literate, educated, trained and mobilized to take advantage of new advancements in techniques of production in the organization that the creation of a build-in-industry of progress becomes possible."<sup>11</sup>

---

---

❁ **CHANGING HRD PERSPECTIVES IN THE MODERN CONTEXT:**

The squarely increasing importance of HRD in the present day context has resulted into widened spectrum of HRD dimensions which are moving away from treating humans as a means to a perspective in which they are valued as cherished ends in themselves. In this regard, the various dimensions of human development include 'empowerment', 'equity', 'productivity', 'security' and 'sustainability'.<sup>12</sup>

The empowerment depends upon the expansion of people's capabilities - expansion that involves an enlargement of choices and, thus, an increase in freedom. Development of people must involve them as active participants rather than make them a passive beneficiary. Human behaviour is the result of power and power is the result of the interplay between individual consciousness and the forces and the pressures of the external world. Power resides in every aspect of the web of forces, values and beliefs which determine human behaviour. The orientation of all these forces, values and beliefs is defined as empowerment. Empowerment is used here for supporting and liberating the individual rather than diminishing the range of thought and action. Equity requires people to have access to equal opportunities so that they can participate in and benefit from these opportunities; while productivity dimension of HRD requires that people must be enabled to increase their productivity and to participate fully in the process of income - generation and remunerative employment. The security of livelihood is the most basic need, for the people want to be free from chronic threats, such as disease or repression, as well as from sudden



and hurtful disruptions in their daily lives. Human development insists that everyone should enjoy a minimum level of security, and the access to opportunities requires sustainability of the opportunities to the employees.

❁ **CONCEPTUAL FRAMEWORK OF HRD :**

**(i) Philosophy and meaning of HRD :**

The impact of dynamic and fast changing business environment cannot be avoided by organizations. For the success of a business organization, it is necessary to be dynamic and to cope with the changing world and it is equally necessary to change the approach of working. In this context, it is necessary to understand the basic philosophy of HRD.

HRD philosophy represents all those basic beliefs, ideals, principles and views which are held by the management with respect to the development and growth of its employees. A well established HRD philosophy plays two important functions. First, it gives rise to what one may call 'style of management'. A manager develops his practices on the basis of his philosophy. Second, it makes organizational goals more explicit. For example, in organizations that have unshakable belief in the development of human potential, though profit may still be the most important goal, investment in human resources also becomes a powerful sub-goal.

P. C. Tripathi<sup>13</sup> has very rightly described the following beliefs essential for the success of any HRD programme.

- (1) Human beings are the most important asset in the organization.
- (2) Human beings can be developed to an unlimited extent.
- (3) Employees feel committed to their work and the organization, if the organization develops a feeling of 'belonging' in them.
- (4) Employees are likely to have a feeling of 'belonging' in them if the organization adequately cares for the satisfaction of their basic and high order needs.
- (5) Employees' commitment to their work increases when they get opportunity to discover and use their full potential.
- (6) It is every manager's responsibility to ensure the development and utilization of the capabilities of his subordinates, to create a healthy and motivating work climate, and to set examples for subordinates to follow.
- (7) The higher the level of a manager, the more attention he should pay to the HRD function in order to ensure its effectiveness.
- (8) A healthy and motivating climate is one which is characterized by openness, enthusiasm, trust, mutuality and collaboration.

Guided in its HRD programme by the philosophy and ideas of its founder Jamshedji Tata, the Tata Iron and Steel Co. is one example of an ideal HRD philosophy.<sup>14</sup> It believes that it can effectively discharge its obligations towards its employees only:

- (i) by a realistic and generous understanding and acceptance of their needs and rights and enlightened awareness of the social responsibility of industry;

- 
- (ii) by providing adequate wages, good working conditions, job security, an effective machinery for speedy redressal of grievances, and suitable opportunities for promotion and self development;
  - (iii) by promoting feelings of trust and loyalty through a human and purposeful awareness of their needs and aspirations; and
  - (iv) by creating a sense of belonging and team spirit through their close association with management at various levels.

Another excellent example of a company's HRD philosophy is provided by the well known Indian Tobacco Co. which concentrates on the following seven cardinal beliefs<sup>15</sup> :

1. Self Managing Resources : We believe that the human being is a fundamentally different and unique resource in that he/she is simultaneously a source, a resource and the end of all economic and social activity. He is the means as well as the purpose. He is capable, willing and in the normal course of evolution, developing.
2. Potential : We believe in the inherent potential of people. There are different kinds and degrees of potentials which can be developed and utilized in the context of task challenges, responsibility and commitment.
3. Limitations : We believe that any apparent limitations in people are the result of a variety of circumstances and factors, and can be overcome with support, awareness and correction, following which the potential has a chance to flower again.

4. Quality of work life : We believe that ITC as a business institution can provide a high quality of work life for all its members through opportunities for a meaningful career, job satisfaction and professional development. Through this, ITC members will contribute to quality of life in their interface with society.
5. Meritocracy : We believe that people accept meritocracy as a just and equitable system and contribute best under conditions of open opportunities and challenges and different rewards commensurate with performance.
6. Membership : We believe that people can blend harmoniously the components in their membership of ITC, namely leadership, fellowship and peership.
7. Actualization : We believe that the design, implementation and update of human resource management systems, enhancement of skills and creation of an enabling climate will facilitate the self actualization of us as individuals and of ITC as a valued business institution.

Human Resource Development is a multi dimensional concept. It has been defined differently by economists, social scientists, industrialists, managers and other academicians from different angles.

In a broad sense, HRD is the process of increasing knowledge, will and capabilities of all the people in a given society. According to Rao and Pereira, "HRD in the organizational context, is the process by

---

which employees of an organization are continuously helped in a planned way :

- to acquire capabilities (knowledge, perspectives, attitudes, values, and skills) required to perform various tasks or functions associated with their present or future expected roles;
- to develop their general enabling capabilities as individuals so that they are able to discover and utilize their own inner potential for their own or organizational development purposes; and
- to develop on organizational culture where superior-subordinate relationships, team-work and collaboration among different subunits are strong and contribute to the organizational health, dynamism and pride of employees."<sup>16</sup>

Therefore, as far as an individual organization is concerned, HRD is three pronged, focusing on : People - the 'human aspect' where people are seen as having skills, having potential and the ability to grow, change and develop; the 'resource aspect' where individuals are considered resources rather than problems; and the 'development aspect', where there is an emphasis on the discovery and nurturing of their potentials.

However, in the national context, HRD is a process by which the people in various groups (age groups, regional groups, socio-economic groups, community groups etc.) are helped to acquire new competencies continuously so as to make them more and more self-reliant and simultaneously develop a sense of pride in their country.

---

According to M. N. Khan<sup>17</sup> "HRD is the process of increasing knowledge, skills, capabilities and positive work attitude and values of all people working at all levels in a business undertaking."

Professor C. S. Sanker<sup>18</sup> observed, "HRD is a development - oriented planning effort in the personnel area which is basically concerned with the development of human resources in the organization for improving the existing capabilities and acquiring new capabilities for achievement of the corporate and individual goals."

Dr. Len Nadler<sup>19</sup> observed, "HRD means an organized learning experience within a period of time with an objective of producing the possibility of performance change." According to John E. Jones<sup>20</sup>, "HRD is an approach to the systematic expansion of people's work related abilities, focused on the attainment of both organizational and personal goals." But the thinkers like Dr. Nadler and Jones used the terms 'HRD' in a limiting sense to mean training, development and education. But the concepts of these thinkers are practical and pragmatic.

HRD could be initiated and facilitated by the HRD departments, but the achievement of its goals depends entirely on various implementing agencies. At the organizational level, these are line managers and at the national level, these are the various agencies and agents working for development.

Basically, HRD involves two issues; relationship of the person to (i) oneself, and (ii) to the society. A person may be an asset or a liability

---

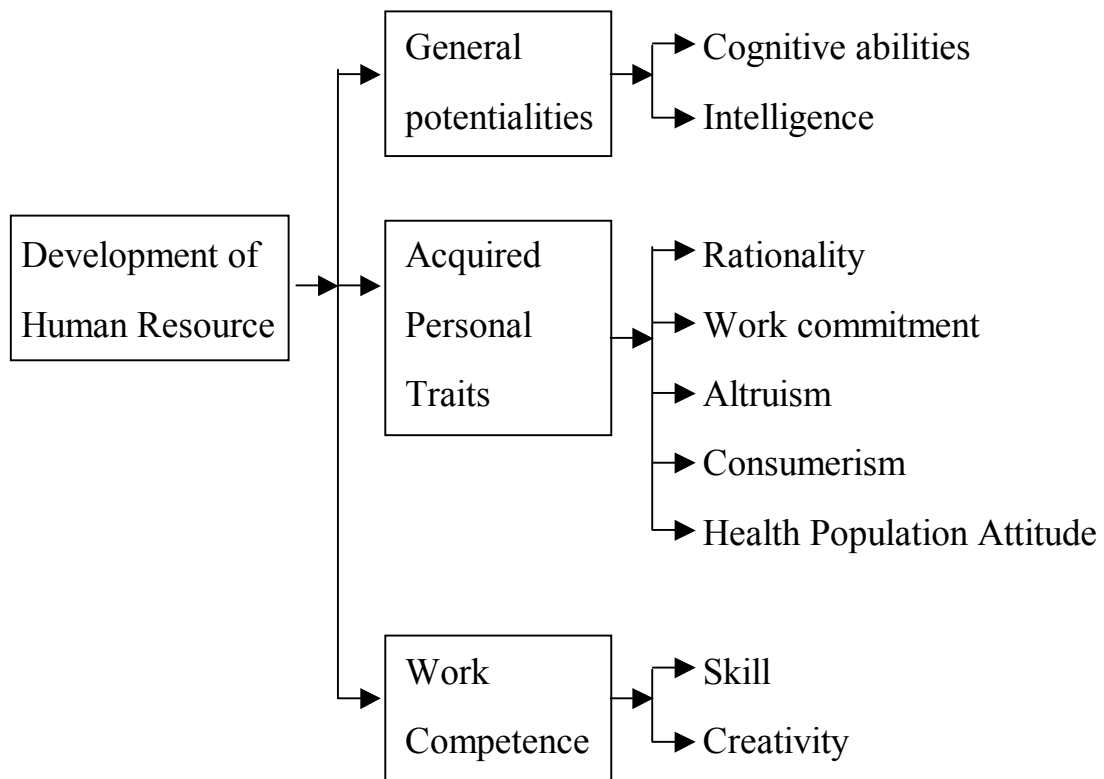
to himself and the society depending upon the development of his skills and abilities and his social attitudes and values.

The first step in the development of HRD is, of course, the development of the abilities and the work competence of the person. HRD cannot only be considered as the development of resources or abilities in the individual but it has to be combined with one's social commitments. HRD, therefore, should aim at the development of professional competence as well as pro-social attitudes.<sup>21</sup>

Another way of looking at HRD<sup>22</sup> can be to identify the factors in an individual which determines his personal satisfaction, social utility and work efficacy. These are the factors in the personality of the individual and his attitudes and professional skills. Broadly, four such factors can be identified namely;

- (i) Cognitive abilities, e.g., intelligence;
- (ii) Acquired personal traits, e.g. rationality and work commitment;
- (iii) Social attitudes, e.g. altruism, consumerism, etc.
- (iv) Work competence, e.g., skill and creativity.

The same have been displayed in Figure No. 1.



(Figure : 1)

Thus, HRD may be defined as the development of abilities and the attitudes of the individual leading to personal growth and self actualization which enables the individual to contribute to societal well-being and development and in achieving personal satisfaction and happiness.

HRD believes that individuals in the organization have unlimited potentials for growth and development and that their potentials can be developed and multiplied through appropriate and systematic efforts. Given the opportunities and by providing the right type of climate in the organization, individuals can be helped to give full expression of their



potentials, contributing to the achievement of the goals of the organization and, thereby, ensuring optimization of human resources.

Investment in human beings is another underlying concept of the human resource system. The organization accepts that the development of human resources involves investment of time and effort for growth. Three factors<sup>23</sup> that form the basis of the concept of HRD are :

- (i) its emphasis on emotional and psychological approach to the issues that relate to people;
- (ii) its objective for continuous individual growth with a view to narrowing down the gap between the individual and organizational goals through the process of integration, and
- (c) its commitment to the philosophy of development for the achievement of its integration.

The concept of human resources development, thus, aims at a better understanding of people, their needs and hopes. It also seeks to generate an awareness among them of their role as a resource to the organization for attainment of its goals and objectives, thus, minimizing the areas of conflict between the two and promoting an integrated approach. The development of human resource is both a means and an end.

#### **(ii) Nature and Objectives of HRD**

HRD is a deliberately adopted systematic set of measures to develop the existing manpower in a particular organization. HRD is a newly adopted and a very popular approach in the modern industrial

---

world. It is a continuous learning process and not merely a set of mechanism or techniques. The techniques such as organization development, training and development, performance appraisal, career advancement, etc. are used to initiate, facilitate and promote HRD process in a continuous way.

The HRD department envisages a major role in the development of employees but the co-operation of other parts of an organization is necessary in such as effort. Prof. Udai Pareek and T. V. Rao<sup>24</sup> have very rightly identified four basic agents or partners of development as under:

- (1) The employee or individual (the self).
- (2) The immediate boss of the employee.
- (3) The HRD Department and
- (4) The organization.

HRD function is an administrative function. Previously, it was treated as a staff function but now HRD manager is a line manager and has an important place in the organizational framework of an institution<sup>25</sup> as displayed in Figure No. 2.

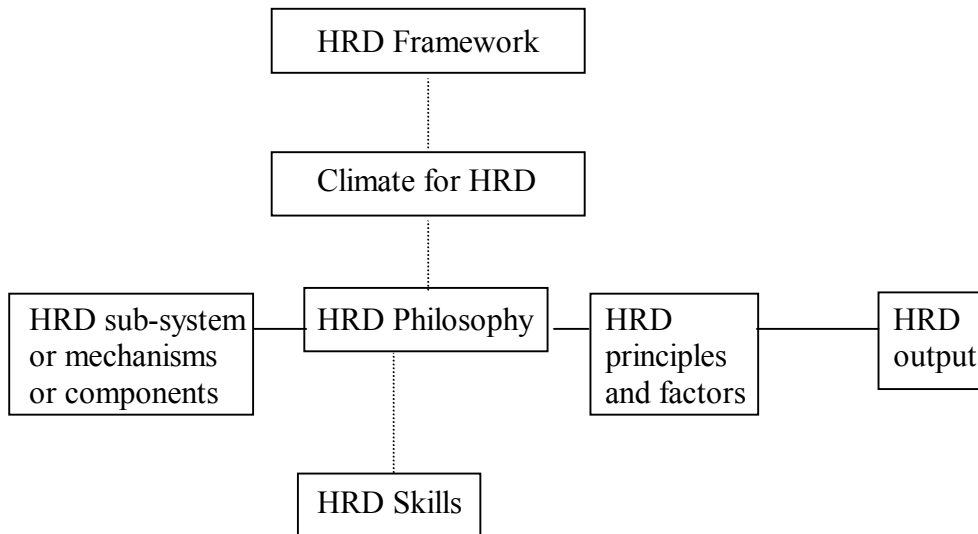


Figure : 2

The HRD encompasses the approaches of organizational development and management development, eventually leading to organizational effectiveness, for there is a positive relationship between HRD and organizational effectiveness. The constraints of HRD such as environment, technology, competition, resources, past practices, history, nature of business, management, policies, etc. being the same, an organization that has better HRD philosophy, climate, sub-system and better people is likely to be more effective than an organization that does not have more competent people, job satisfaction, better development roles, team work, high productivity and profitability, better images, low cost, less labour turnover and absenteeism, minimum over time and good industrial relations in the organization.

---

HRD, therefore, has become very crucial factor in attaining the organizational efficiency. It may include all those efforts which are directed towards achieving the following :

- (1) To enhance the general understanding of the existing human resource; i.e. increasing their knowledge, capacity and skills.
- (2) To impart better behavioural skills and technical skills to take up jobs of technical nature more efficiently.
- (3) To ensure personal development of the manpower and at the same time to increase their productivity and efficiency on the one hand and to reduce the cost of operations on the other.
- (4) To maximize the utilization of human resources for the achievement of individual and organizational goals.
- (5) To ensure organizational growth by ensuring personal development of the manpower.
- (6) To provide employees equal opportunities for their development so that they can exploit these opportunities and benefits from these opportunities for development.
- (7) To create or develop such organization culture where there are cordial relations between superiors and subordinates and people work in strong teams or groups.
- (8) To provide an opportunity and comprehensive framework for the development of human resources in an organization for full expression of their talent and manifest potentials.

- (9) To locate, ensure, recognize and develop the enabling capabilities of the employees in the organization in relation to their present and potential roles.
- (10) To develop the sense of team spirit, team work and inter team collaborations.
- (11) To develop the constructive mind and an overall personality of the employees.
- (12) To humanize the work in the organization.
- (13) To develop dynamic human relationships.
- (14) To develop the organizational health, culture and effectiveness.
- (15) To generate systematic information about human resources.

#### ❁ **HRD MECHANISMS OR SUB-SYSTEMS**

HRD is a total system with various sub systems. Various HRD thinkers and professionals have designed the mechanism of HRD in different ways. Prof. T. V. Rao opines that the sub systems should comprise the performance appraisal, potential appraisal and development, feedback and performance coaching, career planning, training, organization development, rewards, employees welfare and the quality of work life and human resource information system<sup>26</sup>.

There are many instruments that can be used to facilitate HRD. These instruments may be called sub systems, methods or mechanisms. Each of these sub systems focuses on some particular aspect of HRD. To have a comprehensive HRD, many of these instruments may be needed to be used simultaneously. Any systematic or formal way of

---

facilitating competency, motivation and climate development could be considered an HRD instrument. The most frequently used HRD mechanisms are<sup>27</sup> :

- (a) Performance and potential appraisal
- (b) Feed back and performance coaching
- (c) Employees career planning and development
- (d) Development and training programmes
- (e) Organization development
- (f) Recognizing and rewarding the contribution (honours and awards)
- (g) Employees welfare and quality of work life.
- (h) Self renewal and institution building.
- (i) Personal growth laboratories and worker education programme.
- (j) Quality circles, task forces, and assignment groups
- (k) Managerial learning networks
- (l) Developing team spirit.

Some of these HRD mechanisms are briefly discussed below :

**(1) Performance and potential appraisal**

If the performance of people is to be enhanced, their performance needs to be periodically evaluated. For this purpose, performance appraisal interviews between the manager and the subordinate are to be conducted at regular intervals. During these interviews, the performance over the review period is evaluated; strengths and weaknesses identified, and reasons for any shortfall in performance are examined. The goal, objectives, and action plan with target dates for future are also worked

---

out. Different methods like ranking method, paired comparison method, graphic rating scales method, forced choice list method, forced distribution method, field review technique, rating by self and the peer group, 360° performance appraised, etc. can be used as per need and requirement.

Potential appraisal means the possibility of career advancement. A dynamic and growing organization needs to continuously review its structure and systems, creating new roles, and assigning new responsibilities. Capability to perform new roles and responsibilities must continuously be developed among employees. Potential appraisal focuses on identifying the employee's likely future roles within the organization, and can be assessed by observing employees performing different functions.

## **(2) Feedback and performance coaching**

Feedback of performance is an important control measure. Knowledge of one's strengths help one to become more effective to choose situations in which one's strength is required, and to avoid situations in which ones weaknesses could create problems. This also increases the individual satisfaction. Often, people do not recognize their strengths. Managers in HRD system have the responsibility for observation and feedback to subordinates about their strengths and weaknesses on a continuous basis. These are also responsible for providing the employees proper guidance to improve their performance capabilities.

---

### **(3) Employees career planning and development**

Career planning essentially means helping employees to plan their career in terms of their capabilities within the context of organizational needs. The HRD philosophy is that people perform better when they feel trusted and see meaning in what they are doing. People want to know the possibilities for their own growth and career opportunities. As managers have information about the growth plans of the organization, it is their responsibility to transmit information to their subordinates and to assist them in planning their careers within the organization. In the HRD system, long term corporate growth plans are not kept secret but are made known to the employees. Employees are helped to prepare for change whenever such change is planned.

### **(4) Development and training programmes**

Training and development programmes can be designed to improve performance and to bring about measurable changes in knowledge, skills, attitudes and social behaviour of work force for doing a particular job. Training is linked with performance appraisal and career development. Employees generally are trained on the job or through special in house training programmes. Some employees may be deputed for outside training to enhance, update, or develop specific skills. This is especially valuable if the outside training can provide expertise, equipment, or sharing of experiences that are not available within the organization. Periodic assessments are made of the training needs within the organization. Training programmes are developed and



---

conducted by in house trainers or consultants / institutions hired for the task. The effect of all training programmes are monitored, analyzed and used for fine tuning. Managers and employees who attend in house or outside training events are also expected to submit suggestions concerning any changes they would like to be implemented on the basis of their new knowledge.

**(5) Assessment and development centres**

A centre can be an end in itself for assessment of need, potential and appointability or it can be a means to an end. These means can be diagnostic tools by which appropriate action can be taken to help an individual and or group of individuals to upgrade their managerial performance against an agreed set of criteria. If the criteria have been drawn from the job through job analysis and the current level of performance assessed against them in job relevant but unfamiliar situations, good quality information can be gathered from which one can draw up developmental plans. Developmental applications of assessment centres represent an emerging exciting area for practitioners interested in maximizing the benefits of assessment centres.

Development centres can also serve as a development tool for employees. These are workshops which measure the abilities of participants against the agreed success criteria for a job or a role. They also involve much more self and peer assessment than is usually used in selection oriented assessment centres.

---

**(6) Organisation Development**

This function includes research to ascertain the psychological health of the organization. This is generally accomplished by means of periodic employee surveys. Efforts are made to improve organizational health through various means in order to maintain a psychological climate that is conducive to productivity. The OD specialists also help any department in the organization that has problems such as absenteeism, low production, interpersonal conflict, or resistance to change. These experts also revamp and develop various systems within the organization to improve their functioning.

**(7) Honours and Awards**

Honouring and awarding employee performance and behaviour is an important part of HRD. Appropriate honours and awards not only recognize and motivate employees but also communicate the organization's value to the employees. In HRD systems, innovations and use of capabilities are awarded in order to encourage the acquisition and application of positive attitude and skills. Typical awards include cash award, certificates of appreciation / commendation, news letters announcements, pay rise, special privileges, etc. Award may be given to individuals as well as to teams or departments.

**(8) Employees welfare and quality of work life**

Employees at lower levels in the organization usually perform relatively monotonous tasks and have fewer opportunities for promotion or change. In order to maintain their work commitment and motivation,

the organization must provide some welfare measures, such as medical insurance, disability insurance, holidays, vacations, etc. Quality of work life programmes generally focus on employee needs and meeting them to the extent feasible. Job enrichment programmes, educational subsidies, recreational activities, health and medical benefits, etc., generate a sense of belonging that benefits the organization in the long run.

**(9) Quality circles (Participative Management)**

Co-operation and participation between management and labour at the undertaking level serves to ensure increased production, secure full recognition of the importance of the human element in the industry, greater interest in the general operation and improve industrial relations.

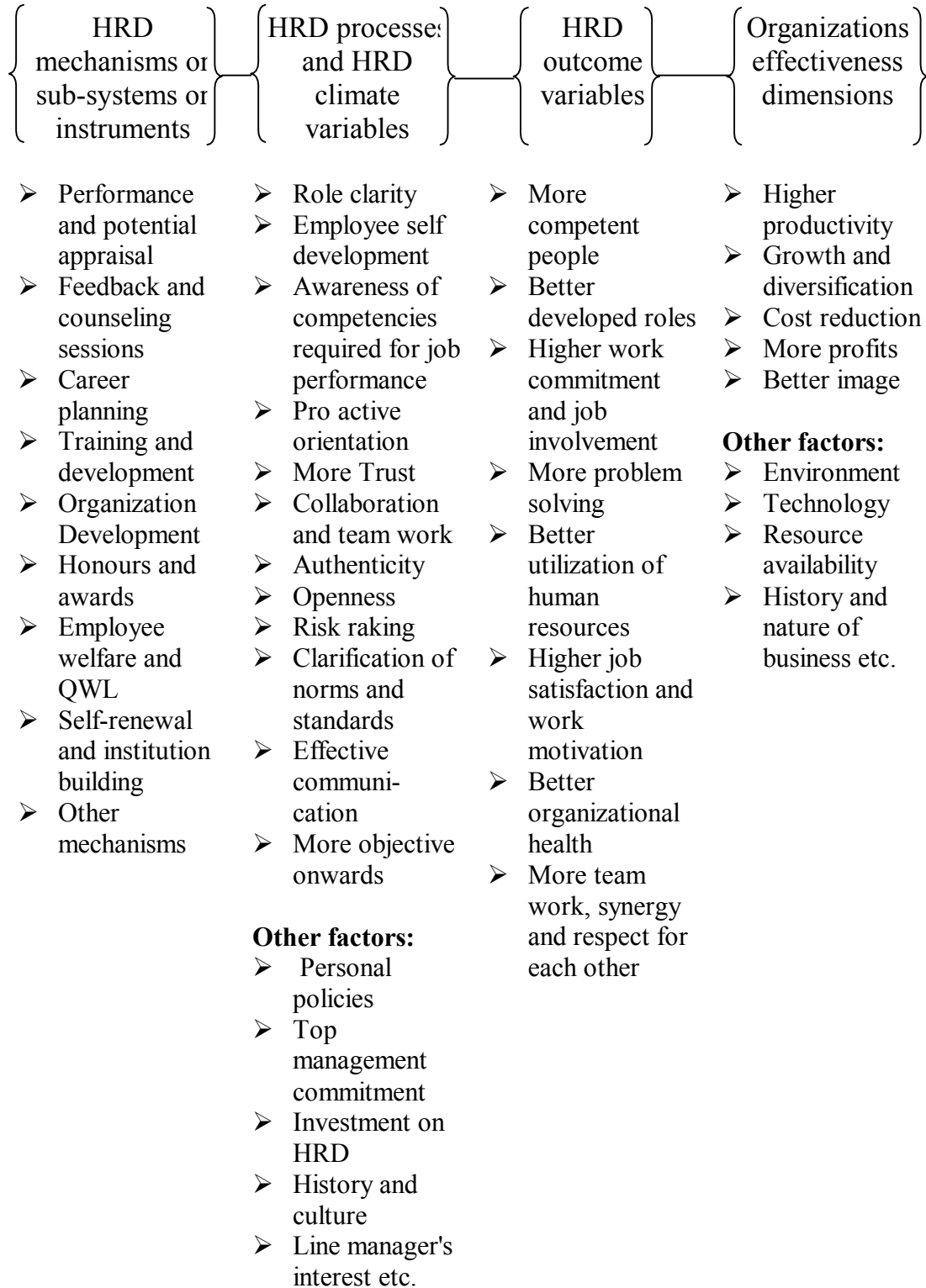
There are various forms and styles of participative management. One of them which is widely applied and practiced is 'Quality Circles'. Every human being is a veritable storehouse of ideas. In normal working, he is generally not called upon to contribute ideas. He is, at best, asked to perform a given set of duties. Given the right kind of environment, he will be inspired to also lend his intellect and creativity to the organization. Quality circles lead to a good participative environment and greater acceptability of decisions. Since the employees are not very good at analyzing and decision-making, the part of quality circle includes teaching employees group communication skills, quality strategies and measurement and problem analysis techniques.

---

## ❁ **HRD AND ORGANISATIONAL EFFECTIVENESS**

For synergic benefits of integrated subsystems, the HRD mechanisms should not be thought of in isolation. They are designed to work together in an integrated system. For example, the outcome of performance appraisal provides inputs for assessment of training needs, awards, career planning and feedback and performance coaching. HRD instruments should lead to the generation of HRD process like role clarity, performance planning, development climate, risk taking and dynamism in employees. Such an HRD process should result in developing more competent, satisfied and committed people, who by their contribution would make the organization grow. Such HRD outcomes influence organizational effectiveness. A model<sup>28</sup> explaining the linkages between HRD mechanisms, processes, outcomes and organizational effectiveness can be presented as:

## MODEL DISPLAYING LINKAGE BETWEEN HRD MECHANISMS AND ORGANISATIONAL EFFECTIVENESS



Each of these mechanisms contributes to the achievement of overall HRD goals. Performance appraisal focuses primarily on helping the individual to develop his present role. Potential appraisal focuses primarily on identifying the employee's likely future roles within the organization. Training is a means of developing the individual's personal effectiveness or developing the individual's ability to perform his present job role or future job roles. Training can also strengthen interpersonal relationships and increase team work and collaboration through management and leadership training and team building programmes. Feedback and performance coaching help the development of individual as well as relationships. Organization development is the mechanism for developing team collaboration and self renewing skills. Efforts to promote employee welfare and ensuring the quality of work life, along with honours and awards, promote a general climate for development and motivation among employees.

The overall effectiveness and success of HRD system depend upon a well devised HRD strategy. HRD is a total integrated system. That is why, strategies of introducing HRD system must be clear in the mind of the management, a vision that may guide the choice of HRD programmes and direction. It should include the following phases<sup>29</sup> systematically in order to make it purposeful, meaningful and effective for the organization:

**(1) Acceptance of HRD philosophy and policy :**

It is important to develop a human resource philosophy for the entire organization and get the top management committed to it openly and genuinely.

HRD exercise becomes meaningful and realistic when an organization believes that the development of individuals is in its own interest and expresses concern for the growth of its employees, because; (i) organization provides opportunities, climate and conditions for the development of human resources and its optimization; (ii) the top management is willing to invest adequate time and resources for the development of employees and to examine the organizational context and existing mechanism in which human resource development functions; and (iii) employees are willing to avail themselves of the given opportunities for growth and development.

### **(2) Determination of major objectives of HRD**

It is necessary to be aware of the goals of the organization and direct all their HRD efforts to achieve these goals. An objective specifies a single result to be achieved within a given period of time, which will accomplish all or some of the goals.

### **(3) Factors Affecting HRD**

In HRD strategy, it is necessary to take into account several factors significant to the organization, such as organizational environment and social and cultural factors. Although social and cultural factors (casteism, religion, festivals, etc.) affect the HRD programmes, it is mainly affected by the following organizational factors which according to Pereira and Rao<sup>30</sup> are known as OCTAPAC culture which is essential for facilitating HRD. OCTAPAC is abbreviation to denote details which are not far to seek. **Openness** is there when employees feel free to discuss their ideas, activities and feelings with each other. **Confrontation** is bringing out problems and issues with a view to

solving them rather than hiding them for fear of hurting or getting hurt. **Trust** is taking people at their face value and believing what they say. **Autonomy** is giving freedom to let people work independently with responsibility. **Productivity** is encouraging employees to take initiative and risks. **Authenticity** is the tendency on the part of people to do what they say. **Collaboration** is to accept inter-dependencies to be helpful to each other and work as teams.

**(4) Assessing the identification of HRD needs :**

An important step of HRD strategy is the identification of HRD needs through an analysis of organizational objectives, such as problem-solving objectives, innovative objectives, group objectives, individual development objectives, regular training objectives, etc. HRD needs should be assessed in the context of an organization.

**(5) Human Resource Planning :**

Management should try to develop human resources after making a complete investigation of probable growth and changes in various functions of an organization. The major elements in the process of HRD planning are to include human resource inventory, human resource forecasting, and execution of development plans. On the basis of these elements, HRD department should prepare a plan for HRD for a company. Such plan should follow the corporate plan and should be both short term and long term.

**(6) Developmental Programmes :**

The next step is to take proper decision in respect of HRD programmes or sub-systems. The management should identify the HRD mechanism for implementation and specific sub-systems should be



---

chosen for implementation. These programmes or sub-systems must be designed in such a manner as to work together as an integrated system.

**(7) Development of HRD climate :**

Management should constantly plan and design new methods and systems, for developing and strengthening the HRD climate. HRD climate is essential for developing human resources. Thus, management should assess the organization climate through HRD climate survey. The survey should identify the factors which shall affect the HRD programmes. Management should conduct human process research, organizational health surveys and renewal exercises periodically.

**(8) Build up on Infrastructure Facility :**

Management should divide the structural aspect of HRD and build up infrastructure facilities for the success of HRD plans. It includes both internal and external resources and task forces and makes the allocation through HRD budget. Every HRD programme has to utilize training personnel and HRD centre properly and effectively.

**(9) Emphasis on Long term Results :**

Management should have a clear understanding about the expected results of HRD and should have a long term strategy linked with corporate goals. HRD decisions and investment should be based on conviction and commitment and not on expectations. At the same time, executives should keep themselves informed of the suitable changes that are taking place. Indicators of such change should be worked out from the beginning. It is necessary to inspire line managers to have a constant desire to learn and develop.

**(10) Evaluation and Corrective Action :**

Management should assess or evaluate the developmental efforts and corrective action should be taken if there is any deviation. For this, internal monitoring mechanism and built in periodic review should be developed. The impact of the HRD programmes should preferably be realized at three levels, viz. (i) Appreciation or endorsement level by the employees; (ii) Learning level of the employees, and (iii) Result level to know the impact of HRD programmes.

**❁ PERTINENT CHALLENGES<sup>31</sup> IN THE FIELD OF HRD :**

Human Resources Development definitely leads to increased productivity, improved morale, better work, healthy environment and also makes people self motivated towards higher work achievement. But, HRD is not free from cost. It involves capital expenditure by the employer in the form of :

- Spending money for providing training facilities
- Foregoing the work due to the manpower diverted for training
- Incentives given to the workers for agreeing for change, and
- Money spent on better infrastructure including working conditions.

In this context the following questions pose challenges before the HRD managers :

**(1) *How to estimate and recover the capital investment incurred on HRD ?***

Human Resource Development is facilitated by different training and development programmes, which is not free of cost. These

---

development programmes are aimed at increasing or adding value to people and organization. Organizations make valuable investments in human resources.

Now a question arises as to how estimate the cost incurred on HRD, which is also a continuous process, and to estimate cost per employee becomes still very difficult. It is not easy to quantify the cost incurred on HRD. Even if the expenses are estimated, another question arises as to how recover the capital investment incurred on HRD. An approach for this can be that those who are subjected to Human Resources Development may be required to contribute to the organization by way of increased productivity and increased efficiency to work in a better way by minimizing time and wastages.

Another question related to this aspect is the recovery period of the investment made on HRD. As the investment on HRD is a capital expenditure and not the revenue expenditure (an issue to be specified and accepted) the recovery period will involve future which is risky and uncertain too. It is not easy to decide the recovery period of investment made, when it is difficult to estimate the investment expenditure on HRD per employee. A related aspect then is as to how incorporate risk and uncertainty. The investment, which is incurred on human beings today, will give a return in future. So there arises a difficulty to convert the future contribution into the present terms. Future is uncertain and money has got a time value. Training and development of human beings require money to be incurred now and the results which the company gets out of it will be in the future in the form of increased productivity, increased efficiency and increased morale.

***(2) How to retain the developed human resources and to avoid the risk of leaving the organization ?***

Another challenge faced by the organization going for HRD is the risk of employees leaving the organization earlier than the optimum period to recover the investment. Here again the question is as when and how to get a return out of it, when the employees do not continue with the organizations.

Bond requirement may be one such method to retain the employees. Employees may be asked to fill in Bond which becomes a legal binding on the part of the employer. But at the same time, employees may force the organization to make them free earlier by way of their non-cooperative and restrictive attitudes. Employees may deliberately do such undesirable activities so as to force the management to free them before the agreed period of the contract. As such, the investment incurred will not be recovered and the organization will be deprived of the benefits from HRD efforts. Here the role of the manager is very important both as a leader and as a good motivator. It is the beauty and efficiency of the management to create a sense of self discipline, self actualization and self realization among the employees to serve the organization and enable the organization to benefit from the investment incurred on HRD in the form of increased productivity, efficiency, morale and loyalty towards the organization.

***(3) Can human beings be treated at par with machines for answering the above questions ?***

Human beings are living beings and cannot be subjected to as machines. The aim of the management for adopting HRD is to get

higher efficiency from the employees. Every organization would like to take maximum out of its resources, may it be human resource. Though human beings are the most important input or resource, they cannot be treated as other resources like machines. Organisations are developing human beings to develop ownself. In the older days, human beings were treated just like machines and the philosophy was to get the maximum out of them without paying much attention, but the philosophy has changed today and employees are considered as the most important resource. They should be treated very delicately because there is a human element involved, as well as there are some social considerations and ethical values involved. Besides, modern employer's perception is not myopic.

***(4) How to make HRD practices more effective ?***

Sometimes, several employees are seen observing the HRD methods / practices as sheer formalities and hence do not take much interest. For them, HRD is a superfluous exercise. In this regard, the challenge lies before the management to make them understand the utility of HRD by way of creative motivation and changing their attitude to unfold the benefits of such exercises in their own interest.

***(5) Is HRD possible in all organizations ?***

Human Resource Development is not easy and cannot be practiced in all types of organizations. HRD involved good amount of capital expenditure and the small sized organizations cannot afford to have HRD. It can only be practiced in large sized organizations.

However, in the 21st century, because the corporations are emerging as mega-sized giants and the corporations are having wide

variety of manufacturing and trading activities requiring ever changing techniques - the manpower has to be dynamic and HRD has to take a shape in the form of continuous efforts, though it will involve several frictions and legal bottlenecks. To resolve all such type of things, it will always create a challenge before the management. Organizations in the 21st century cannot escape from HRD exercises and the management of the organizations must be equipped with all sorts of capabilities and abilities needed to overcome the several pertinent challenges normally being experienced by them. Enterprise resource planning (ERP) may go a long way in planning and implementing HRD activities in the organization.

**(6) *HRD - Who's Responsibility ?***

Human Resource Development is important for the overall development of the organization as also of the employees working in the organization. But the question arises here as who should be responsible for HRD. Should the initiative be taken by the management or the employees ? Furthermore, should HRD be the responsibility of HRD managers or the line managers of the organization ? Notwithstanding the staff role of HRD manager, the HRD is being considered as the joint responsibility of line managers and the HRD personnel. While the HRD departments can design and provide instruments or mechanisms for use by line managers; the line managers have the responsibility for using these instruments to develop their subordinates.

If the line managers do not make demands on the HRD departments and do not take follow-up action, HRD efforts in an

organization are not likely to succeed. Thus, it is the responsibility of line managers:

- To request the company's HRD expert to design and introduce participatory systems like autonomous work groups, quality circles, appraisal and review system, communication system, stress management programmes and so on.
- To implement various HRD mechanisms, identify the difficulties experienced in and the support needed for getting success.
- To analyse with the help of HRD manager, the implications of various HRD mechanisms for generating a climate of mutuality, openness and trust in the organization.
- To provide continuous on-the-job coaching to their subordinates and to help them develop problem - solving skills.
- To invite outside experts to know about their experiences in the areas of HRD and O.D.
- To provide sufficient budget for HRD purposes.

Thus, the important role of the line managers is of a good leader and a good motivator. On being catalyst for development, the HRD managers must engage himself in creating an atmosphere for learning and relearning in the organization.<sup>32</sup>

***(7) How to resist and overcome opposition of HRD process by the employees ?***

Despite the fact that HRD is very much beneficial to the employees in their career - building, it is largely resisted and opposed by them. The resistance and opposition is visible in the form of lack of willingness and cooperation in the entire process of HRD. It is mainly

---

due to myopic perception of the employees about the concept, philosophy, measures and mechanisms of HRD. The researcher feels that a creative and enlightened HRD manager may definitely succeed in overcoming this type of resistance and opposition.

In the light of the whole gamut of HRD conceptual framework and all the pertinent aspects of HRD, the researcher has ventured to study all these challenges by surveying the understanding, experiences and reactions of bank employees through a well structured questionnaire covering all the issues. In other words, the study specifically concentrates on three major phenomena, viz. (i) appreciation or endorsement of HRD concept and philosophy by the employees, (ii) experiences and reactions of the employees for HRD measures, and (iii) the impact of HRD practices and measures on the organizations as also on the employees.



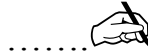
---

**References :**

1. M. P. Bansal, *Human Resource Development in Public Enterprises*, RBSA Publishers, Jaipur, 1991, p. 1
2. Len Nadler, "Defining the Field - is it HRD or O.D. or....", *Training and Development Journal*, Published by ASTD, 34 No. 12 (December 1980), p. 66
3. Udai Pareek, Quoted by M. P. Bansal, op. cit. p. 1
4. D. L. Silverai, *Human Resource Development : The Indian Experience*, New Book Publications, 1987, p.29
5. Ashok Kumar, *Human Resource Developments : An Interdisciplinary Approach* (ed) Anmol Publications, New Delhi, Vol. I, 1991, p.V.
6. VII Five Year Plan, Government of India, p.VI.
7. Ibid., p.6
8. M. P. Bansal, Op. Cit., pp. 3-5
9. Rensis Likert, *New Patterns of Management*, McGraw Hill Book Co., New York, p. 7.
10. Len Nadler, "HRD Helping Managers to Solve Problems", *Training and Development Journal*, ASTD, 35, No. 1, January 1981, p. 46
11. M. M. Verma, *Human Resource Development*, Gitanjali Publishing House, New Delhi, 1988, p. 16
12. Ajay Kumar Singh, "HRD Perspectives in the 21st Century", *The Indian Journal of Commerce*, October-December, 1998, pp. 170-171

13. P. C. Tripathi, *Human Resource Development*, Sultan Chand and Sons, New Delhi, 2000, pp. 12-13
14. Ibid., p. 13
15. Idem
16. T. V. Rao and D. F. Pereira, *Recent Experience in Human Resource Development*, Oxford and IBH Publishing Co., New Delhi, 1986, pp. 3-4
17. Mukhtar Nabi Khan, "HRD in Modern Technological Structure", *Indian Journal of Commerce*, XL No. 150-51, (Jan-June, 1987), p.83
18. C. S. Sanker, "HRD in Banking Industry", *Indian Journal of Training and Development*, XIV, No. 1 (Jan-March, 1984), p. 88
19. Len Nadler, Op. Cit., p. 66
20. M. S. S. Vardan, "*HRD for Organisational Effectiveness*", IX Dr. B. S. Mathur Memorial Lecture, Department of Business Administration, University of Rajasthan, Jaipur (8-4-1989)
21. Ashok Kumar, Op. Cit., p. 5
22. Ibid., pp. 6-7
23. Satish Munjal, *Human Resources and Rural Development*, Printwell Publishers, 1989, Jaipur, p. 13
24. Udai Pareek and T. V. Rao, *Designing and Managing Human Resource Systems*, Oxford and IBH Publishing Company, New Delhi, 1981, pp 6-7
25. T. V. Rao, K. K. Verma, Anil Khandelwal and S. J. Abraham, *Alternative Approaches and Strategies of HRD*, ed. Rawat Publications, Jaipur, 1988, p. 378

26. T. V. Rao and D. F. Pereira, Op. Cit. p. 5
27. Biswajeet Pattanayak, *Human Resource Management*, Prentice Hall of India Pvt. Ltd., New Delhi, 2002, p. 72
28. Ibid., p. 75
29. M. P. Bansal, Op.Cit., pp. 17-20
30. T. V. Rao and D. F. Pereira, Op. Cit. p. 72
31. Based on the researcher's Seminar Paper entitled "Human Resource Development : Certain Pertinent Challenging Issues" presented at a State Level Conference at Junagadh, in 1999
32. Idem



---

## **CHAPTER - IV**

**HRD PRACTICES AND MEASURES : THE  
PERSPECTIVES OF COMMERCIAL BANK  
EMPLOYEES IN INDIA  
(SURVEY ANALYSIS)**

**CHAPTER - IV**  
**HRD PRACTICES AND MEASURES : THE PERSPECTIVES**  
**OF COMMERCIAL BANK EMPLOYEES IN INDIA**  
**(SURVEY ANALYSIS)**

❁ **GENERAL INFORMATION :**

The analysis is completely based on the primary information collected from the sampled branch managers of commercial banks identified according to the sampling design mentioned in the introductory chapter of this report. Though the researcher could send questionnaires to 200 branch managers but only 140 branch managers could respond. Of them, 91 branch managers belonged to public sector banks and 49 branch managers to private sector banks. This way, 65% of the total respondents were from the public sector banks while 35% from the private sector banks, as per the details given in Table – 4.1.

**TABLE - 4.1**  
**Bank Wise Number of Respondents (Branch Managers)**

<i>Category and Names of Banks</i>		<i>No. of Branch Managers</i>
<b>(A)</b>	<b>PUBLIC SECTOR BANKS</b>	<b>91</b>
1.	State Bank of India	7
2.	State Bank of Bikaner and Jaipur	1
3.	State Bank of Indore	4
4.	State Bank of Saurashtra	1
5.	State Bank of Travancore	3
6.	Allahabad Bank	7
7.	Bank of Baroda	6
8.	Bank of India	2
9.	Bank of Maharashtra	7
10.	Canara Bank	5
11.	Central Bank of India	4
12.	Corporation Bank	8
13.	Indian Bank	1
14.	Indian Overseas Bank	9
15.	Oriental Bank of Commerce	10
16.	Punjab and Sind Bank	1
17.	Punjab National Bank	9
18.	UCO Bank	6
<b>(B)</b>	<b>PRIVATE SECTOR BANKS</b>	<b>49</b>
1.	Bank of Punjab Ltd.	3
2.	ICICI Bank Ltd.	10
3.	Industrial Development Bank of India Ltd.	3
4.	IndusInd Bank Ltd.	2
5.	The Bank of Rajasthan Ltd.	2
6.	The Dhanlakshmi Bank Ltd.	2
7.	The Federal Bank Ltd.	1
8.	The HDFC Bank Ltd.	9
9.	The Jammu and Kashmir Bank Ltd.	3
10.	UTI Bank Ltd.	10
11.	Kotak Mahindra Bank Ltd.	2
12.	Standard Chartered Bank	2

---

As per the table, 18 banks from public sector and 12 banks from private sector (both Indian and foreign) were randomly covered in this study and this way the sampled respondents could be considered a fair representation of the scheduled commercial banks functioning in the country.

The average length of services of all the 140 respondents in their banks was 18.09 years, while the average length of services of the public sector bank employees was 23.60 years and the private sector bank employees 7.85 years as per the details shown in Table – 4.2. It is obvious that, in terms of the length of the service, the public sector bank employees had a long standing while the private sector bank employees were comparatively younger. A point worth nothing here is that most of the sampled private sector banks in this study were late starter and their development is of recent origin. As such, the average length of service of these employees was found much less.

The responses from all the sampled branch managers have been analysed and the relevant hypotheses have been tested in the pages that follow here under.

**TABLE - 4.2**  
**Length of Service-wise Distribution of Bank Employees of Public and Private Sector Banks in India**

<i>Length of service in completed years</i>	<i>No. of Bank Employees</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
1	1	7	8
2	-	8	8
3	-	4	4
4	1	5	6
5	3	7	10
6	-	2	2
7	3	1	4
8	2	3	5
10	-	4	4
15	2	-	2
18	1	1	2
19	3	-	3
20	2	-	2
22	14	-	14
23	1	-	1
24	3	2	5
25	12	-	12
27	18	-	18
28	7	2	9
29	5	2	7
30	3	-	3
31	3	-	3
32	1	1	2
33	4	-	4
34	1	-	1
35	1	-	1
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>



---

❁ **FAMILIARITY OF THE EMPLOYEES WITH THE WORD "HRD" AND ITS DEFINITION :**

All the 140 respondents expressed that they were familiar with the word 'HRD' and, thus, this response indicated that there had been HRD process on in the scheduled commercial banks in India.

These employees also equally understood the meaning of 'HRD' as one "which helps and encourages employees to acquire and develop their capabilities and change their values, beliefs and attitudes favourably to their present / future role", as per details given in Table – 4.3.

**TABLE - 4.3**  
**Responses of Bank Employees towards the Definition of HRD**  
**on Five Point Scale**

<i>Level of Agreement and score points</i>	<i>No. of employees and total score points</i>						<i>Average score points</i>		<i>Differences (D) P<sub>1</sub>-P<sub>2</sub></i>	<i>D<sup>2</sup></i>
	<i>Public sector banks</i>		<i>Private sector banks</i>		<i>All banks</i>		<i>Public sector banks P<sub>1</sub></i>	<i>Private sector banks P<sub>2</sub></i>		
Strongly Agree (5)	49	245	33	165	82	410	2.69	3.36	-0.67	0.4489
Agree (4)	36	144	15	60	51	204	1.58	1.22	0.36	0.1296
Neutral (3)	5	15	1	3	6	18	0.16	0.06	0.10	0.0100
Disagree (2)	1	2	-	-	1	2	0.02	-	0.02	0.0004
Strongly Disagree (1)	-	-	-	-	-	-	-	-	-	-
Total	91	406	49	228	140	634	4.46	4.65	-0.19	0.5889

$$\text{Sandler's A-Statistic} = \frac{\Sigma D^2}{(\Sigma D)^2} = \frac{0.5889}{0.0361} = 16.31$$

Table Value of A-Statistic = 0.304

$H_0 : \mu_1 = \mu_2$

$H_a : \mu_1 \neq \mu_2$

The average score of all the employees for their agreement to the said definition was 4.52 on a five point scale which denote their more than 90% agreement for the definition. Though the average scores between the public sector and the private sector bank employees appeared different but the difference was not genuine one. It was found due to sampling fluctuations only as per the Sandler's A-test. For, the calculated value of A-Statistic 16.31 was far more than the

---

corresponding table value 0.304 at 5% level of significance for 4 degree of freedom (5-1). As such, the Null Hypothesis stood accepted, which implied that there has been no differences between the levels of agreement of the public and private sector bank employees for the definition of HRD.

***Stimulants to HRD :***

The researcher made an effort to know the opinion of the bank employees regarding different reasons resulting into the emergence of HRD in the banks as per the details given in Tables 4.4 to 4.9.

In this connection 6 major stimulants viz., (i) New banking products; (ii) Increased competition; (iii) Globalization; (iv) Lowering down of service quality; (v) Increasing problems of customers, and (vi) Increased quality awareness in services, were put before them for their responses. The details of the responses in tables 4.4 to 4.9 have been further processed and analysed in Table 4.10.

**TABLE - 4.4**  
**Responses of the Bank Employees towards various**  
**stimulants for HRD on a 5 point scale**  
**New Banking Products**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	25	13	38	125	65	190
Agree (4)	55	24	79	220	96	316
Less Agree (3)	8	5	13	24	15	39
Not agreed (2)	2	7	9	4	14	18
No idea (1)	1	-	1	1	-	1
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>374</b>	<b>190</b>	<b>564</b>

**TABLE - 4.5**  
**Responses of the Bank Employees towards various**  
**stimulants for HRD on a 5 point scale**  
**Increased Competition**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	53	15	68	265	75	340
Agree (4)	35	28	63	140	112	252
Less Agree (3)	2	1	3	6	3	9
Not agreed (2)	1	5	6	2	10	12
No idea (1)	-	-	-	-	-	-
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>413</b>	<b>200</b>	<b>613</b>

**TABLE - 4.6**  
**Responses of the Bank Employees towards various**  
**stimulants for HRD on a 5 point scale**  
**Globalization**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	36	14	50	180	70	250
Agree (4)	43	24	67	172	96	268
Less Agree (3)	6	8	14	18	24	42
Not agreed (2)	-	2	2	-	4	4
No idea (1)	6	1	7	6	1	7
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>376</b>	<b>195</b>	<b>571</b>

**TABLE - 4.7**  
**Responses of the Bank Employees towards various**  
**stimulants for HRD on a 5 point scale**  
**Lowering Down of Service Quality**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	13	6	19	65	30	95
Agree (4)	19	23	42	76	92	168
Less Agree (3)	22	7	29	66	21	87
Not agreed (2)	37	10	47	74	20	94
No idea (1)	-	3	3	-	3	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>281</b>	<b>166</b>	<b>447</b>

**TABLE - 4.8**  
**Responses of the Bank Employees towards various**  
**stimulants for HRD on a 5 point scale**  
**Increased Problem of Customers**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	18	14	32	90	70	160
Agree (4)	26	10	36	104	40	144
Less Agree (3)	9	15	24	27	45	72
Not agreed (2)	37	9	46	74	18	92
No idea (1)	1	1	2	1	1	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>296</b>	<b>174</b>	<b>470</b>

**TABLE - 4.9**  
**Responses of the Bank Employees towards various**  
**stimulants for HRD on a 5 point scale**  
**Increased Quality Awareness in Services**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	36	23	59	180	115	295
Agree (4)	50	17	67	200	68	268
Less Agree (3)	4	6	10	12	18	30
Not agreed (2)	-	3	3	-	6	6
No idea (1)	1	-	1	1	-	1
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>393</b>	<b>207</b>	<b>600</b>

**TABLE - 4.10**  
**Average Scores and Differences therein Regarding the Stimulants of HRD**

<i>Serial Number of Stimulants</i>	<i>Average Scores</i>			<i>Differences (P<sub>1</sub>-P<sub>2</sub>) D</i>	<i>D<sup>2</sup></i>	<i>Ranks of Differences</i>	
	<i>All Banks</i>	<i>Public Sector Banks (P<sub>1</sub>)</i>	<i>Private Sector Banks (P<sub>2</sub>)</i>			<i>+</i>	<i>-</i>
1	4.02	4.10	3.87	+0.23	0.0529	3	
2	4.37	4.53	4.08	+0.45	0.2025	6	
3	4.07	4.13	3.97	+0.16	0.0256	2	
4	3.19	3.08	3.38	-0.30	0.0900		4
5	3.35	3.18	3.55	-0.37	0.1369		5
6	4.28	4.31	4.22	+0.01	0.0081	1	
<b>Overall average / total</b>	<b>3.89</b>	<b>3.91</b>	<b>3.85</b>	<b>+0.26</b> <b>ΣD</b>	<b>0.4960</b> <b>ΣD<sup>2</sup></b>	<b>12</b>	<b>9</b>

- Level of significance = 5%
- Degrees of Freedom 6-1=5
- Wilcoxon's Matched Pairs Test (Wilcoxon's Test)

Calculated Value of T-Statistic = 9

Table Value of T-Statistic = 0

- Sandler's A Test

Calculated Value of A-Statistic =  $\frac{0.4960}{(0.26)^2} = 7.33$

Table Value A-Statistic = 0.293

- $H_0 : \mu_1 = \mu_2, H_a : \mu_1 \neq \mu_2$

As per the Table – 4.10, the average scores for all the six stimulants was 3.91 for public sector bank employees and 3.85 for private sector bank employees on a five point scale. But, the difference between these two averages was not found statistically significant as per Wilcoxon's Test and Sandler's Test at 5% level of significance. For, the calculated value of T-statistic was 9 as against its table value zero (0) and the calculated value of A-static was 7.33 as against its corresponding table value 0.293, a condition leading to the acceptance of the Null Hypothesis denoting that both the averages were not different. In other words, the average scores for both the categories of the employees were found uniform having the value 3.89 on 5 point scale.

As such, the average scores of the stimulants separately for public sector and private sector bank employees shown in the table were not considered. Instead, the average score of each stimulant for all the bank employees taken together were used for the conclusions. Out of the six stimulants, four stimulants had average score values more than 4 while two stimulants had values equal to or less than 3.35 (score value close to the situation of less agreeing). As such, in order of preference, the following four stimulants with their score values were considered to be highly agreed (more than 80% level of agreement) stimulants for the start of HRD in commercial banks:

1. Increased competition (4.37)
2. Increased quality awareness in services (4.28)
3. Globalisation (4.07)
4. New banking products (4.02)



The employees showed their less agreement for 'Lowering down of service quality' and 'Increasing problems of customers' as stimulants for the start of HRD in commercial banks.

❁ **ACTIVITIES INCLUDED IN THE HRD IN THE BANKS :**

The researcher also studied the agreement of the bank employees regarding the eleven major activities of the HRD included in the questionnaire. The responses of the bank employees have been shown in Tables 4.11 to 4.21. The activities included in the questionnaire were as follows:

- (i) Maintaining systematic performance record in service books (Performance Appraisal)
- (ii) Analysing career advancement chances in the light of potentiality and developing accordingly (Potential Appraisal and Development)
- (iii) Employees Career Planning and Development
- (iv) Planning Welfare Programmes
- (v) Development and Training Programmes
- (vi) Rewarding and Recognizing the Contribution and Qualities
- (vii) Developing Effective Environment for Rendering Services (Quality of Work Life)
- (viii) Taking Steps for Controlling Stress
- (ix) Planning Overall Development of the bank and analyzing changing behavioural pattern of employees.
- (x) Developing Team Spirit
- (xi) Rendering quality and satisfactory services (Quality Management).

These responses shown in tables 4.11 to 4.21 have been further processed and analysed as per details given in Table – 4.22.

**TABLE - 4.11**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Maintaining systematic performance record in service books (Performance Appraisal)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	42	25	67	210	125	335
Agree (4)	42	17	59	168	68	236
Less Agree (3)	5	4	9	15	12	27
Not agreed (2)	-	3	3	-	6	6
No idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>395</b>	<b>211</b>	<b>606</b>

**TABLE - 4.12**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Analyzing career advancement chances in the light of potentiality and developing accordingly (Potential Appraisal and Development)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	46	29	75	230	145	375
Agree (4)	39	18	57	156	72	228
Less Agree (3)	4	1	5	12	3	15
Not agreed (2)	-	1	1	-	2	2
No idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>400</b>	<b>222</b>	<b>622</b>

**TABLE - 4.13**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Employees Career Planning and Development**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	33	26	59	165	130	295
Agree (4)	52	18	70	208	72	280
Less Agree (3)	3	3	6	9	9	18
Not agreed (2)	-	1	1	-	2	2
No idea (1)	3	1	4	3	1	4
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>385</b>	<b>214</b>	<b>599</b>

**TABLE - 4.14**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Planning Welfare Programmes**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	32	16	48	160	80	240
Agree (4)	51	24	75	204	96	300
Less Agree (3)	7	4	11	21	12	33
Not agreed (2)	-	4	4	-	8	8
No idea (1)	1	1	2	1	1	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>386</b>	<b>197</b>	<b>583</b>

**TABLE - 4.15**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Development and Training Programmes**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	48	35	83	240	175	415
Agree (4)	34	13	47	136	52	188
Less Agree (3)	6	-	6	18	-	18
Not agreed (2)	-	1	1	-	2	2
No idea (1)	3	-	3	3	-	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>397</b>	<b>229</b>	<b>626</b>

**TABLE - 4.16**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Rewarding and Recognising the Contribution and Qualities**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	54	27	81	270	135	405
Agree (4)	28	18	46	112	72	184
Less Agree (3)	7	2	9	21	6	27
Not agreed (2)	-	2	2	-	4	4
No idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>403</b>	<b>219</b>	<b>622</b>

**TABLE - 4.17**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Developing Effective Environment for Rendering Services**  
**(Quality of Work Life)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	49	26	75	245	130	375
Agree (4)	32	17	49	128	68	196
Less Agree (3)	6	6	12	18	18	36
Not agreed (2)	2	-	2	4	-	4
No idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>397</b>	<b>216</b>	<b>613</b>

**TABLE - 4.18**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Taking Steps for Controlling Stress**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	22	20	42	110	100	210
Agree (4)	53	23	76	212	92	304
Less Agree (3)	11	5	16	33	15	48
Not agreed (2)	-	-	-	-	-	-
No idea (1)	5	1	6	5	1	6
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>360</b>	<b>208</b>	<b>568</b>

**TABLE - 4.19**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Planning Overall Development of the bank and analyzing changing**  
**behavioural pattern of employees.**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	39	27	66	195	135	330
Agree (4)	44	19	63	176	76	252
Less Agree (3)	6	2	8	18	6	24
Not agreed (2)	-	-	-	-	-	-
No idea (1)	2	1	3	2	1	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>391</b>	<b>218</b>	<b>609</b>

**TABLE - 4.20**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Developing Team Spirit**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	50	32	82	250	160	410
Agree (4)	38	14	52	152	56	208
Less Agree (3)	1	1	2	3	3	6
Not agreed (2)	-	1	1	-	2	2
No idea (1)	2	1	3	2	1	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>407</b>	<b>222</b>	<b>629</b>

**TABLE - 4.21**  
**Responses of the Bank Employees towards HRD Activities on a 5 point scale**  
**Rendering quality and satisfactory services (Quality Management).**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	52	24	76	260	120	380
Agree (4)	35	20	55	140	80	220
Less Agree (3)	2	4	6	6	12	18
Not agreed (2)	-	1	1	-	2	2
No idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>408</b>	<b>214</b>	<b>622</b>

**TABLE - 4.22**  
**Average Scores and Differences therein Regarding the Major Activities of HRD on a five point scale**

Serial Number of HRD activities	Average Scores			Differences (P <sub>1</sub> -P <sub>2</sub> ) D	D <sup>2</sup>	Ranks of Differences	
	All Banks	Public Sector Banks (P <sub>1</sub> )	Private Sector Banks (P <sub>2</sub> )			+	-
1	4.33	4.34	4.31	+0.03	0.0009	1	
2	4.44	4.40	4.53	-0.13	0.0169		6
3	4.28	4.23	4.37	-0.14	0.0196		7
4	4.16	4.24	4.02	+0.22	0.0484	9	
5	4.47	4.36	4.67	-0.31	0.0961		11
6	4.44	4.42	4.46	-0.04	0.0016		2.5
7	4.37	4.36	4.40	-0.04	0.0016		2.5
8	4.05	3.95	4.24	-0.29	0.0841		10
9	4.35	4.29	4.44	-0.15	0.0225		8
10	4.49	4.47	4.53	-0.06	0.0036		4
11	4.44	4.48	4.36	+0.12	0.0144	5	
<b>Overall average / total</b>	<b>4.35</b>	<b>4.32</b>	<b>4.39</b>	<b>ΣD=-0.79</b>	<b>0.3097</b>	<b>15</b>	<b>51</b>

- Level of significance = 5%
- Degrees of Freedom 11-1=10
- Wilcoxon's Matched Pairs Test (Wilcoxon's Test)
  - Calculated Value of T-Statistic = 15
  - Table Value of T-Statistic = 8
- Sandler's A Test
  - Calculated Value of A-Statistic = 0.3097
  - $\frac{0.3097}{(0.79)^2} = 0.4962$
  - Table Value A-Statistic = 0.274
- H<sub>0</sub> : μ<sub>1</sub> = μ<sub>2</sub>, H<sub>a</sub> : μ<sub>1</sub> ≠ μ<sub>2</sub>



As per the Table – 4.22, the average scores for all the eleven HRD activities was 4.32 for public sector bank employees and 4.39 for private sector bank employees on a 5-point scale. But, the difference between these two averages was not found statistically significant as per the Wilcoxon's Test and the Sandler's Test at 5% level of significance. For, the calculated value of T-Statistic was 15 as against its table value 8 and the calculated value of A-Statistic was 0.4962 as against its corresponding table value 0.274 at 5% level of significance for 10 degrees of freedom; a condition leading to the acceptance of the Null Hypothesis denoting that both the averages were not different. Therefore, the average scores of all the 11 HRD activities for both the categories of bank employees were treated uniformly equal to the value 4.35 on a 5 point scale.

As such the average scores of all the 11 HRD activities separately for public sector and private sector bank employees shown in Table – 4.22 were not considered. Instead, the average score of each HRD activity for all the bank employees taken together were used for the conclusions. It is good to notice that the overall combined average score of all the 11 activities for all the bank employees was 4.35 indicating 87% degree of agreement of the bank employees. The serial number of activities 2, 5, 6, 7, 9, 10 and 11 recorded the score values 4.35 and above while the serial number of activities 1, 3, 4 and 8 recorded score values less than 4.35. This way, the score values of all these activities ranged from the lowest 4.05 and the highest 4.49 (from 81% to 90% degrees of agreement). Considering the individual score value of these activities, the ranks could be assigned to them as follows:

<i>Serial No. of activity as per the questionnaire</i>	<i>Relative ranks assigned to the activity as per the responses</i>
1	8
2	4
3	9
4	10
5	2
6	4
7	6
8	11
9	7
10	1
11	4

From this analysis, it could be inferred that the bank employees expressed their very high degree of agreement for all the 11 activities of HRD included in the questionnaire and as such all these activities were found highly relevant for HRD in the commercial banks.

❁ **FAMILIARITY WITH THE MEANING AND CONTENTS OF HRD PHILOSOPHY:**

The details of the responses of the employees to the familiarity with the meaning of HRD philosophy has been shown in Table – 4.23.

**TABLE - 4.23**  
**Responses of Bank Employees towards the familiarity with the meaning of HRD philosophy on a five point scale**

Level of Agreement and score points	No. of employees and total score points						Average score points		Diff. (D) $P_1-P_2$	$D^2$
	Public sector banks		Private sector banks		All banks		Public sector banks	Private sector banks		
Completely (5)	63	315	19	95	82	410	3.46	1.94	+1.52	2.3104
Largely (4)	10	40	12	48	22	88	0.44	0.98	-0.54	0.2916
No Idea (3)	7	21	3	9	10	30	0.23	0.18	+0.05	0.0025
Somewhat (2)	11	22	14	28	25	50	0.24	0.57	-0.33	0.1089
Not at all (1)	-	-	1	1	1	1	-	0.02	-0.02	0.0004
Total	91	398	49	181	140	579	4.37	3.69	+0.68	2.6138

$$\text{Sandler's A-Statistic} = 2.6138 \div 0.4624 = 5.6526$$

$$\text{Table Value of A-Statistic} = 0.304$$

$$H_0 : \mu_1 = \mu_2$$

$$H_a : \mu_1 \neq \mu_2$$

As per the table, the average score of all the sampled employees taken together for their familiarity with the HRD philosophy was 4.13 which denoted 82.6% level of familiarity. Though the average scores between the public sector and the private sector bank employees appeared different (4.37 and 3.69 respectively). But, the difference was due to sampling fluctuations only as per the Sandler's A Test. For, the calculated value of A-Statistic 5.6526 was far more than the corresponding table value 0.304 at 5% level of significance for 4 degrees of freedom. As such, the Null Hypothesis stood accepted which implied that there had been no differences between the levels of

---

familiarity between the public and private sector bank employees to the meaning of HRD philosophy.

The contents of the HRD philosophy, about which employees responses were surveyed, were as follows:

- (i) Treating employees as most valuable in the organization.
- (ii) Employees can be developed and activated by stress and strain.
- (iii) HRD activities depend upon supporting organization climate.
- (iv) HRD activities are always in the interest of employees and the organization.
- (v) Employees can be fully committed to work by fulfilling their basic and higher needs.
- (vi) It is the duty of every manager to develop employees.

In Tables 4.24 to 4.29 the details of the responses of the bank employees for their agreements for the contents of HRD philosophy have been shown. These details have been further processed and analysed in a separate Table – 4.30.

**TABLE - 4.24**  
**Responses of the Bank Employees towards contents of**  
**HRD philosophy on a 5 point scale**  
**Treating employees as most valuable in the organization**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	47	21	68	235	105	340
Agree (4)	39	25	64	156	100	256
Less Agree (3)	1	1	2	3	3	6
Not Agreed (2)	2	2	4	4	4	8
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>400</b>	<b>212</b>	<b>612</b>

**TABLE - 4.25**  
**Responses of the Bank Employees towards contents of**  
**HRD philosophy on a 5 point scale**  
**Employees can be developed and activated by stress and strain**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	10	-	10	50	-	50
Agree (4)	23	11	34	92	44	136
Less Agree (3)	26	18	44	78	54	132
Not Agreed (2)	30	19	49	60	38	98
No Idea (1)	2	1	3	2	1	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>282</b>	<b>137</b>	<b>419</b>

**TABLE - 4.26**  
**Responses of the Bank Employees towards contents of**  
**HRD philosophy on a 5 point scale**  
**HRD activities depend upon supporting organization climate**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	19	15	34	95	75	170
Agree (4)	54	24	78	216	96	312
Less Agree (3)	10	8	18	30	24	54
Not Agreed (2)	3	1	4	6	2	8
No Idea (1)	5	1	6	5	1	6
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>352</b>	<b>198</b>	<b>550</b>

**TABLE - 4.27**  
**Responses of the Bank Employees towards contents of**  
**HRD philosophy on a 5 point scale**  
**HRD activities are always in the interest of employees and the organization**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	40	11	51	200	55	255
Agree (4)	35	26	61	140	104	244
Less Agree (3)	9	10	19	27	30	57
Not Agreed (2)	5	2	7	10	4	14
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>379</b>	<b>193</b>	<b>572</b>

**TABLE - 4.28**  
**Responses of the Bank Employees towards contents of**  
**HRD philosophy on a 5 point scale**  
**Employees can be fully committed to work by fulfilling**  
**their basic and higher needs**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	36	9	45	180	45	225
Agree (4)	33	25	58	132	100	232
Less Agree (3)	12	11	23	36	33	69
Not Agreed (2)	7	4	11	14	8	22
No Idea (1)	3	-	3	3	-	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>365</b>	<b>186</b>	<b>551</b>

**TABLE - 4.29**  
**Responses of the Bank Employees towards contents of**  
**HRD philosophy on a 5 point scale**  
**It is the duty of every manager to develop employees**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	42	23	65	210	115	325
Agree (4)	42	23	65	168	92	260
Less Agree (3)	5	2	7	15	6	21
Not Agreed (2)	-	1	1	-	2	2
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>395</b>	<b>215</b>	<b>610</b>

**TABLE - 4.30**  
**Average scores and differences therein regarding the agreement of Bank**  
**Employees for the contents of HRD philosophy on a 5 point scale**

Serial Number contents of HRD philosophy	Average Scores			Differences ( $P_1 - P_2$ ) D	$D^2$	Ranks of Differences	
	All Banks	Public Sector Banks ( $P_1$ )	Private Sector Banks ( $P_2$ )			+	-
1	4.37	4.39	4.32	+0.07	0.0049	2	
2	2.99	3.09	2.79	+0.03	0.0900	6	
3	3.92	3.86	4.04	-0.18	0.0324		3
4	4.08	4.16	3.93	+0.23	0.0529	5	
5	3.93	4.01	3.79	+0.22	0.0484	4	
6	4.35	4.34	4.38	-0.04	0.0016		1
<b>Total</b>	<b>3.94</b>	<b>3.97</b>	<b>3.88</b>	<b>+0.60</b>	<b>0.2303</b>	<b>17</b>	<b>4</b>

- Level of significance = 5%
- Degrees of Freedom  $6-1=5$
- Wilcoxon's Matched Pairs Test (Wilcoxon's Test)

Calculated Value of T-Statistic = 4

Table Value of T-Statistic = 0 (Zero)

- Sandler's A Test

Calculated Value of A-Statistic =  $0.2302 \div 0.36 = 0.6394$

Table Value A-Statistic = 0.293

- $H_0 : \mu_1 = \mu_2, H_a : \mu_1 \neq \mu_2$



As per the Table – 4.30, the average scores for all the six contents of HRD philosophy was 3.97 for public sector bank employees and 3.88 for private sector bank employees on 5 point scale. But the difference between these two averages was not found statistically significant as per the Wilcoxon's Test and the Sandler's Test at 5% level of significance. For, the calculated value of T-Statistic was 4 as against its table value 0 (Zero) and the calculated value of A-Statistic was 0.6394 as against its corresponding table value 0.293, a condition leading to the acceptance of the Null Hypothesis denoting that both the averages were not different. As such, the average scores for both the categories of employees were kept equal to the overall average score of 3.94 on 5 point scale representing 79% degree of their agreements for the contents of HRD philosophy taken together. Out of the six contents, the employees were less agreed for content No. 2 (employees can be developed by stress and strain) while they agreed for all other contents. For, the item No. 2 had average score of 2.99 only while all other 5 contents had their individual scores more or less equal to or more than the overall score of all the six contents taken together. As per their individual score values, the 5 such contents could be assigned ranks as follows:

<i>Serial number of contents of HRD philosophy in the questionnaire</i>	<i>Relative ranks assigned to them as per the score values</i>
1	1 (4.37)
3	5 (3.92)
4	3 (4.08)
5	4 (3.93)
6	2 (4.35)

This way, out of the six contents, all the contents except content No. 2 were agreed by the bank employees for their inclusion in the HRD philosophy. They did not agree that the HRD philosophy should be oriented by the theme that 'employees can be developed by stress and strain'.

❁ **ELEMENTS OF HRD CLIMATE :**

The following 13 items constituting HRD climate were put before the respondents for their responses.

1. Openness (freedom of expression)
2. Confrontation (face to face problem discussion without fear of criticism)
3. Trust (faith in the capacity of an employee to change and acquire new competency at any state of life)
4. Autonomy (certain degree of freedom of action at any stage of life)
5. Pro-action (employee's willingness to initiate work and take risk at any stage of life).
6. Authenticity (employees do what they say).
7. A tendency on the part of employee to be mutually helpful and collaborative.
8. Management's tendency to treat employees as the most valuable resource.
9. A perception that developing the competencies in the employee is the job of every manager.
10. A tendency to discourage favouritism.

11. Development - oriented rewards, career - planning and performance - measurement activities.
12. A tendency to help employees recognize their strengths and weaknesses.
13. Team spirit.

The responses of the bank employees for their agreement on these 13 items on a 5 point scale were shown in Tables – 4.31 to 4.43. These responses were processed and analysed as per the details given in Table – 4.44.

**TABLE - 4.31**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**Openness (Freedom of expression)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	29	11	40	145	55	200
Agree (4)	46	31	77	184	124	308
Less Agree (3)	13	5	18	39	15	54
Not Agreed (2)	-	1	1	-	2	2
No Idea (1)	3	1	4	3	1	4
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>371</b>	<b>197</b>	<b>568</b>

**TABLE - 4.32**  
**Responses of the Bank Employees towards elements of HRD climate**  
**on a 5 point scale**

**Confrontation (face to face problem discussion without fear of criticism)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	22	15	37	110	75	185
Agree (4)	51	19	70	204	76	280
Less Agree (3)	12	10	22	36	30	66
Not Agreed (2)	3	3	6	6	6	12
No Idea (1)	3	2	5	3	2	5
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>359</b>	<b>189</b>	<b>548</b>

**TABLE - 4.33**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**Trust (faith in the capacity of an employee to change and acquire new**  
**competency at any state of life)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	31	22	53	155	110	265
Agree (4)	46	25	71	184	100	284
Less Agree (3)	10	2	12	30	6	36
Not Agreed (2)	1	-	1	2	-	2
No Idea (1)	3	-	3	3	-	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>374</b>	<b>216</b>	<b>590</b>

**TABLE - 4.34**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**Autonomy (certain degree of freedom of action at any stage of life)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	20	5	25	100	25	125
Agree (4)	46	36	82	184	144	328
Less Agree (3)	18	8	26	54	24	78
Not Agreed (2)	5	-	5	10	-	10
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>350</b>	<b>193</b>	<b>543</b>

**TABLE - 4.35**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**Pro-action (employee's willingness to initiate work and take risk**  
**at any stage of life)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	17	5	22	85	25	110
Agree (4)	49	28	77	196	112	308
Less Agree (3)	20	12	32	60	36	96
Not Agreed (2)	3	4	7	6	8	14
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>349</b>	<b>181</b>	<b>530</b>

**TABLE - 4.36**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**Authenticity (employees do what they say)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	25	8	33	125	40	165
Agree (4)	23	18	41	92	72	164
Less Agree (3)	34	18	52	102	54	156
Not Agreed (2)	7	3	10	14	6	20
No Idea (1)	2	2	4	2	2	4
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>335</b>	<b>174</b>	<b>509</b>

**TABLE - 4.37**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**A tendency on the part of employee to be mutually**  
**helpful and collaborative**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	35	11	46	175	55	230
Agree (4)	47	33	80	188	132	320
Less Agree (3)	7	4	11	21	12	33
Not Agreed (2)	-	-	-	-	-	-
No Idea (1)	2	1	3	2	1	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>386</b>	<b>200</b>	<b>586</b>

**TABLE - 4.38**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**Management's tendency to treat employees as the most valuable resource**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	37	17	54	185	85	270
Agree (4)	44	23	67	176	92	268
Less Agree (3)	5	5	10	15	15	30
Not Agreed (2)	3	1	4	6	2	8
No Idea (1)	2	3	5	2	3	5
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>384</b>	<b>197</b>	<b>581</b>

**TABLE - 4.39**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**A perception that developing the competencies in the employees is the job of every manager**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	27	18	45	135	90	225
Agree (4)	51	19	70	204	76	280
Less Agree (3)	10	8	18	30	24	54
Not Agreed (2)	1	3	4	2	6	8
No Idea (1)	2	1	3	2	1	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>373</b>	<b>197</b>	<b>570</b>

**TABLE - 4.40**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**A tendency to discourage favouritism**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	30	17	47	150	85	235
Agree (4)	44	21	65	176	84	260
Less Agree (3)	10	5	15	30	15	45
Not Agreed (2)	5	3	8	10	6	16
No Idea (1)	2	3	5	2	3	5
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>368</b>	<b>193</b>	<b>561</b>

**TABLE - 4.41**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**Development - oriented rewards, career - planning and**  
**performance - measurement activities**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	30	20	50	150	100	250
Agree (4)	49	22	71	196	88	284
Less Agree (3)	9	3	12	27	9	36
Not Agreed (2)	-	2	2	-	4	4
No Idea (1)	3	2	5	3	2	5
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>376</b>	<b>203</b>	<b>579</b>



**TABLE - 4.42**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**

**A tendency to help employees recognize their strengths and weakness**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	26	19	45	130	95	225
Agree (4)	56	24	80	224	96	320
Less Agree (3)	7	6	13	21	18	39
Not Agreed (2)	-	-	-	-	-	-
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>377</b>	<b>209</b>	<b>586</b>

**TABLE - 4.43**  
**Responses of the Bank Employees towards elements of**  
**HRD climate on a 5 point scale**  
**Team spirit**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	40	24	64	200	120	320
Agree (4)	43	19	62	172	76	248
Less Agree (3)	3	4	7	9	12	21
Not Agreed (2)	-	-	-	-	-	-
No Idea (1)	5	2	7	5	2	7
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>386</b>	<b>210</b>	<b>596</b>

**TABLE - 4.44**  
**Average scores and differences therein regarding the ITEMS for the**  
**HRD climate on a 5 point scale**

<i>Serial Number contents of HRD climate</i>	<i>Average Scores</i>			<i>Differences (P<sub>1</sub>-P<sub>2</sub>) D</i>	<i>D<sup>2</sup></i>	<i>Ranks of Differences</i>	
	<i>All Banks</i>	<i>Public Sector Banks (P<sub>1</sub>)</i>	<i>Private Sector Banks (P<sub>2</sub>)</i>			<i>+</i>	<i>-</i>
1.	4.05	4.07	4.02	+0.05	0.0025	3	
2.	3.91	3.94	3.85	+0.09	0.0081	5.5	
3.	4.21	4.10	4.40	-0.30	0.0900		13
4.	3.87	3.84	3.93	-0.09	0.0081		5.5
5.	3.78	3.83	3.69	+0.14	0.0196	10	
6.	3.63	3.68	3.55	+0.13	0.0169	9	
7.	4.18	4.24	4.08	+0.16	0.0256	11	
8.	4.15	4.21	4.02	+0.19	0.0361	12	
9.	4.07	4.09	4.02	+0.07	0.0049	4	
10.	4.00	4.04	3.93	+0.11	0.0121	7	
11.	4.13	4.13	4.14	-0.01	0.0001		1
12.	4.18	4.14	4.26	-0.12	0.0144		8
13.	4.25	4.24	4.28	-0.04	0.0016		2
<b>Overall/Total</b>	<b>4.03</b>	<b>4.04</b>	<b>4.01</b>	<b>+0.38</b>	<b>0.2400</b>	<b>61.5</b>	<b>29.5</b>

- Level of significance = 5%
- Degrees of Freedom 13-1=12
- Wilcoxon's Matched Pairs Test (Wilcoxon's Test)
  - Calculated Value of T-Statistic = 29.5
  - Table Value of T-Statistic = 14
- Sandler's A Test
  - Calculated Value of A-Statistic =  $0.24 \div (0.38)^2 = 1.6620$
  - Table Value A-Statistic = 0.271
- H<sub>0</sub> : No difference between the scores of the two groups.
- H<sub>a</sub> : There is difference between the scores of two groups.

As per the Table – 4.44, the average scores of all the 13 elements of HRD climate was 4.04 for public sector bank employees while 4.01 for private sector bank employees on a 5 point scale. The difference between the two scores appeared almost negligible and the same had been corroborated as per the Wilcoxon's Test and the Sandler's Test at 5% level of significance. For, the calculated value of T-Statistic was 29.5 as against its table value 14 and the calculated value of A-Statistic was 1.6620 as against its corresponding table value 0.271 at 5% level of significance for 12 degrees of freedom; a condition leading to the acceptance of the Null Hypothesis denoting that the average scores of all the 13 elements of HRD climate did not differ between the average scores of public sector and private sector bank employees. Thus, taking the overall scenario for all the 13 elements, the level of agreement was found at 4.03 denoting 80.6% degree of agreement for their inclusion in the HRD climate.

However, looking at the scores of all these items individually, the elements No. 2, 4, 5 and 6 recorded their average scores below 4 while the remaining other elements had their average scores 4 and above. The lowest score (3.63) was in the case of element No. 6 while the highest score value was found in the case of element No. 13. The bank employees showed their agreement equal to 72.6% or more for all these elements. Still, the ranking order of these elements were found different from the serial No's given in the questionnaire as follows:

<i>Serial No. of elements as per questionnaire</i>	<i>Relative Ranks as per the Responses</i>
1	8
2	10
3	2
4	11
5	12
6	13
7	3.5
8	5
9	7
10	9
11	6
12	3.5
13	1

Considering these ranks, the elements could be arranged as to include team spirit, trust, mutually helpful and collaborative, recognition of strengths and weaknesses, employees as valuable resource, etc., and the last authenticity.

### ❁ **OBJECTIVES OF HRD IN BANKS :**

The researcher included in the questionnaire five important objectives to know the order of importance being provided to these objectives by the employees. For this, the respondents were asked to assign ranks to these objectives. The responses received from the respondents were given in Table – 4.45 and the ranks given by them were found out for all the commercial banks as also separately for public sector and private sector bank employees as shown in Table – 4.46. The difference in the relative ranks were tested as per 'sign test' to know whether the relative ranks differ substantially or they were simply because of sampling fluctuations. Since the calculated value of the probability of one or fewer success (with  $n=3$  and  $p=1/2$ ) 0.5 was found greater than the required probability or alpha value 0.05 at 5% level of significance, the Null Hypothesis stood accepted which implied that the relative ranks assigned to these objectives were uniform equal to what were assigned by all these employees taken together. Thus, these objectives in order of their importance were ranked as follows:

- (i) Developing team spirit
- (ii) Developing employees capability in respect of their present / future role.
- (iii) Developing healthy relations between employees and managers.
- (iv) Developing collaboration / co-operation among various branches of the bank.
- (v) Developing overall health and self renewing capabilities of employees.

**TABLE - 4.45**  
**Ranking Response of HRD Objectives by the Bank Employees**

<i>Serial Number of Objectives</i>	<i>Private Sector Banks</i>					<i>Public Sector Banks</i>					<i>All Banks</i>				
	<i>Ranks</i>					<i>Ranks</i>					<i>Ranks</i>				
	<i>5</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>5</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>5</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>1</i>
1	8	9	28	17	29	8	6	5	10	20	16	15	33	27	49
2	8	6	17	31	29	5	13	9	11	11	13	19	26	42	40
3	-	18	22	26	25	2	2	14	20	11	2	20	36	46	36
4	30	37	14	8	2	18	13	10	3	5	48	50	24	11	7
5	44	22	10	10	5	16	18	8	5	2	60	40	18	15	7

**TABLE - 4.46**  
**Total Rank Values and Relative Ranks given by the Bank Employees to the Objectives of HRD**

<i>Objectives Serial Numbers as given in the questionnaire</i>	<i>Total of Rank Values</i>			<i>Relative Ranks given</i>			<i>Sign of Difference <math>R_1 - R_2</math></i>
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	
1	243	119	342	3	2	2	+
2	206	137	343	1	3	3	-
3	215	111	326	2	1	1	+
4	358	183	541	4	4	4	
5	363	188	551	5	5	5	

\* Calculated probability:

$${}^3C_0 p^0 q^3 + {}^3C_1 p q^2 = [{}^{1/2}x^{1/2}x^{1/2}] + [3x^{1/2}x^{1/2}x^{1/2}]$$

$$= \frac{1}{8} + \frac{3}{8} = 0.5$$

\* 'alpha value' at 5% level of significance = 0.05

❁ **HRD PROCESS / MECHANISM IN BANKS :**

The following 12 mechanisms of HRD process were put forth before the respondents for their response :

- (i) Performance Appraisal (maintaining systematic performance record of an employee in service book).
- (ii) Analysing employee's career advancement chances and developing them accordingly (Potential appraisal and development).
- (iii) Feedback, performance appraisal and coaching.
- (iv) Training and development.
- (v) Rewards and recognition.
- (vi) Employee welfare and quality work life.
- (vii) Career planning and management.
- (viii) Organization development.
- (ix) Human recourse information.
- (x) Stress Management - Controlling Stress
- (xi) Total quality management
- (xii) Communication.

The responses received from the respondents were shown in Tables 4.47 to 4.58. These responses were further processed and analysed as per the details given in Table – 4.59.

**TABLE - 4.47**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Performance appraisal (maintaining systematic performance**  
**record of an employee in service book)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	33	24	57	165	120	285
Agree (4)	50	17	67	200	68	268
Less Agree (3)	6	4	10	18	12	30
Not Agreed (2)	-	3	3	-	6	6
No Idea (1)	2	1	3	2	1	3
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>385</b>	<b>207</b>	<b>592</b>

**TABLE - 4.48**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Analysing employee's career advancement chances and developing them**  
**accordingly (Potential appraisal and development)**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	41	18	59	205	90	295
Agree (4)	44	23	67	176	92	268
Less Agree (3)	5	4	9	15	12	27
Not Agreed (2)	-	3	3	-	6	6
No Idea (1)	1	1	2	1	1	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>397</b>	<b>201</b>	<b>598</b>



**TABLE - 4.49**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Feedback, performance appraisal and coaching**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	22	17	39	110	85	195
Agree (4)	56	27	83	224	108	332
Less Agree (3)	7	5	12	21	15	36
Not Agreed (2)	4	-	4	8	-	8
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>365</b>	<b>208</b>	<b>573</b>

**TABLE - 4.50**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Training and development**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	35	23	58	175	115	290
Agree (4)	52	21	73	208	84	292
Less Agree (3)	-	4	4	-	12	12
Not Agreed (2)	-	1	1	-	2	2
No Idea (1)	4	-	4	4	-	4
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>387</b>	<b>213</b>	<b>600</b>

**TABLE - 4.51**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Rewards and recognition**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	39	22	61	195	110	305
Agree (4)	42	20	62	168	80	248
Less Agree (3)	7	6	13	21	18	39
Not Agreed (2)	1	1	2	2	2	4
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>388</b>	<b>210</b>	<b>598</b>

**TABLE - 4.52**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Employee welfare and quality work life**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	31	18	49	155	90	245
Agree (4)	47	26	73	188	104	292
Less Agree (3)	11	5	16	33	15	48
Not Agreed (2)	-	-	-	-	-	-
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>378</b>	<b>209</b>	<b>587</b>

**TABLE - 4.53**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Career planning and management**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	32	17	49	160	85	245
Agree (4)	49	21	70	196	84	280
Less Agree (3)	7	6	13	21	18	39
Not Agreed (2)	-	1	1	-	2	2
No Idea (1)	3	4	7	3	4	7
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>380</b>	<b>193</b>	<b>573</b>

**TABLE - 4.54**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Organization development**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	41	12	53	205	60	265
Agree (4)	42	28	70	168	112	280
Less Agree (3)	3	9	12	9	27	36
Not Agreed (2)	-	-	-	-	-	-
No Idea (1)	5	-	5	5	-	5
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>387</b>	<b>199</b>	<b>586</b>

**TABLE - 4.55**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Human recourse information**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	31	11	42	155	55	210
Agree (4)	52	26	78	208	104	312
Less Agree (3)	3	10	13	9	30	39
Not Agreed (2)	-	2	2	-	4	4
No Idea (1)	5	-	5	5	-	5
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>377</b>	<b>193</b>	<b>570</b>

**TABLE - 4.56**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Stress Management - Controlling Stress**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	30	13	43	150	65	215
Agree (4)	43	22	65	172	88	260
Less Agree (3)	11	13	24	33	39	72
Not Agreed (2)	5	1	6	10	2	12
No Idea (1)	2	-	2	2	-	2
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>367</b>	<b>194</b>	<b>561</b>

**TABLE - 4.57**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Total quality management**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	44	17	61	220	85	305
Agree (4)	40	24	64	160	96	256
Less Agree (3)	2	6	8	6	18	24
Not Agreed (2)	-	2	2	-	4	4
No Idea (1)	5	-	5	5	-	5
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>391</b>	<b>203</b>	<b>594</b>

**TABLE - 4.58**  
**Responses of the Bank Employees towards HRD process**  
**mechanisms on a 5 point scale**  
**Communication**

<i>Level of Agreement and score points</i>	<i>No. of Bank Employees</i>			<i>Total scores of the responses</i>		
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>All Banks</i>
Highly Agree (5)	28	17	45	140	85	225
Agree (4)	54	27	81	216	108	324
Less Agree (3)	2	5	7	6	15	21
Not Agreed (2)	-	-	-	-	-	-
No Idea (1)	7	-	7	7	-	7
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>369</b>	<b>208</b>	<b>577</b>

**TABLE - 4.59**  
**Average scores and differences therein regarding the HRD process /**  
**mechanisms on a 5 point scale**

Serial Number of HRD mechanisms	Average Scores			Differences (P <sub>1</sub> -P <sub>2</sub> ) D	D <sup>2</sup>	Ranks of Differences	
	All Banks	Public Sector Banks (P <sub>1</sub> )	Private Sector Banks (P <sub>2</sub> )			+	-
1.	4.22	4.23	4.22	+0.01	0.0001	1	
2.	4.27	4.36	4.10	+0.26	0.0676	12	
3.	4.09	4.01	4.24	-0.23	0.0529		10
4.	4.28	4.25	4.34	-0.09	0.0081		4
5.	4.27	4.26	4.28	-0.02	0.0004		2
6.	4.19	4.15	4.26	-0.11	0.0121		5
7.	4.09	4.17	3.93	+0.24	0.0576	11	
8.	4.18	4.25	4.06	+0.19	0.0361	7.5	
9.	4.07	4.14	3.93	+0.21	0.0441	9	
10.	4.00	4.03	3.95	+0.08	0.0064	3	
11.	4.24	4.29	4.14	+0.15	0.0225	6	
12.	4.12	4.05	4.24	-0.19	0.0361		7.5
<b>Overall Total / Average</b>	<b>4.17</b>	<b>4.18</b>	<b>4.14</b>	<b>+0.69</b>	<b>0.3440</b>	<b>49.5</b>	<b>28.5</b>

- Level of significance = 5%
- Degrees of Freedom 12-1=11
- Wilcoxon's Matched Pairs Test :
  - Calculated Value of T-Statistic = 28.5
  - Table Value of T-Statistic = 11
- Sandler's A Test
  - Calculated Value of A-Statistic =  $0.3440 \div (0.69)^2 = 0.7225$
  - Table Value A-Statistic = 0.273
- H<sub>0</sub> : No difference between the scores.
- H<sub>a</sub> : The scores of the two groups differ substantially.

As per the Table – 4.59, the average scores for all the 12 HRD mechanisms was 4.18 for the public sector bank employees and 4.14 for the private sector bank employees on a 5 point scale. But, the difference between these two averages was negligible and had arisen due to sampling fluctuations. This has been corroborated by the Wilcoxon's test and the Sandler's test at 5% level of significance. For, the calculated value of T-Statistic was 28.5 as against its table value 11 and the calculated value of A-Statistic was 0.7225 as against its table value 0.273; a condition leading to the acceptance of the Null Hypothesis of there being no differences between the average scores of the two sectors bank employees. As such, the overall average score value of all the 12 HRD mechanisms was 4.17 on a five point scale representing 83.40% level of agreement equally by the public and the private sector bank employees.

The average scores of the agreement of all the 12 HRD mechanisms ranged from the lowest score of 4.00 (80% level) to the highest score of 4.27 (85.60% level) which denoted that all the bank employees agreed for the 12 HRD mechanisms included in the questionnaire. But the average scores for these mechanisms varied within a very small range of 0.28 only. However, considering their relative score values, these HRD mechanisms had their relative ranks as summarized below.

Serial No. of HRD mechanism as per questionnaire	Relative Ranks as per the assigned to them as per responses
1	5
2	2.5
3	9.5
4	1
5	2.5
6	6
7	9.5
8	7
9	11
10	12
11	4
12	8

These agreement values were also taken to represent the level of expectations from the HRD measures / mechanisms by the bank employees.

❁ **LEVEL OF SATISFACTION FROM THE MEASURES OF HRD (HRD Mechanisms experienced by the Employees) :**

In addition to the level of expectations in terms of the level of agreement by the bank employees, an effort was also made to know the level of satisfaction being experienced by them from the same HRD measures in their banks. The details of the responses of the employees for their level of satisfaction from these HRD measures were shown in tables 4.60 to 4.71. These responses had been further processed and analysed as per the details given in Table – 4.72.



**TABLE - 4.60**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Performance Appraisal (maintaining systematic performance**  
**record of an employee in service book)**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	20	19	39	100	95	195
Satisfied (4)	48	21	69	192	84	276
Less satisfied (3)	17	05	22	51	15	66
Dis-satisfied (2)	03	01	04	06	02	08
Neutral (1)	03	03	06	03	03	06
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>352</b>	<b>199</b>	<b>551</b>

**TABLE - 4.61**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Analysing employee's career advancement chances and developing**  
**them accordingly (Potential appraisal and development)**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	12	18	30	60	90	150
Satisfied (4)	40	15	55	160	60	220
Less satisfied (3)	21	06	27	63	18	81
Dis-satisfied (2)	04	01	05	08	02	10
Neutral (1)	14	09	23	14	09	23
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>305</b>	<b>179</b>	<b>484</b>

**TABLE - 4.62**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Feedback, performance appraisal and coaching**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	15	10	25	75	50	125
Satisfied (4)	36	22	58	144	88	232
Less satisfied (3)	30	12	42	90	36	126
Dis-satisfied (2)	03	01	04	06	02	08
Neutral (1)	07	04	11	07	04	11
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>322</b>	<b>180</b>	<b>502</b>

**TABLE - 4.63**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Training and development**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	15	13	28	75	65	140
Satisfied (4)	47	21	68	188	84	272
Less satisfied (3)	21	10	31	63	30	93
Dis-satisfied (2)	05	00	05	10	00	10
Neutral (1)	03	05	08	03	05	08
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>339</b>	<b>184</b>	<b>523</b>

**TABLE - 4.64**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Rewards and recognition**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	15	11	26	75	55	130
Satisfied (4)	32	21	53	128	84	212
Less satisfied (3)	28	13	41	84	39	123
Dis-satisfied (2)	08	01	09	16	02	18
Neutral (1)	08	03	11	08	03	11
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>311</b>	<b>183</b>	<b>494</b>

**TABLE - 4.65**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Employee welfare and quality work life**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	15	10	25	75	50	125
Satisfied (4)	42	22	64	168	88	256
Less satisfied (3)	18	11	29	54	33	87
Dis-satisfied (2)	09	03	12	18	06	24
Neutral (1)	07	03	10	07	03	10
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>322</b>	<b>180</b>	<b>502</b>

**TABLE - 4.66**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Career planning and management**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	11	15	26	55	75	130
Satisfied (4)	29	15	44	116	60	176
Less satisfied (3)	32	13	45	96	39	135
Dis-satisfied (2)	11	03	14	22	06	028
Neutral (1)	08	03	11	08	03	011
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>297</b>	<b>183</b>	<b>480</b>

**TABLE - 4.67**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Organization development**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	14	13	27	70	65	135
Satisfied (4)	38	19	57	152	76	228
Less satisfied (3)	23	09	32	69	27	96
Dis-satisfied (2)	08	01	09	16	02	18
Neutral (1)	08	07	15	08	07	15
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>315</b>	<b>177</b>	<b>492</b>

**TABLE - 4.68**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Human recourse information**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	17	11	28	85	55	140
Satisfied (4)	32	21	53	128	84	212
Less satisfied (3)	24	09	33	72	27	99
Dis-satisfied (2)	13	02	15	26	04	30
Neutral (1)	05	06	11	05	06	11
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>316</b>	<b>176</b>	<b>492</b>

**TABLE - 4.69**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Stress Management - Controlling stress**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	07	06	13	35	30	65
Satisfied (4)	17	19	36	68	76	144
Less satisfied (3)	32	13	45	96	39	135
Dis-satisfied (2)	19	03	22	38	06	44
Neutral (1)	16	08	24	16	08	24
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>253</b>	<b>159</b>	<b>412</b>

**TABLE - 4.70**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Total quality management**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	24	15	39	120	75	195
Satisfied (4)	44	24	68	176	96	272
Less satisfied (3)	19	07	26	57	21	78
Dis-satisfied (2)	01	-	01	02	00	02
Neutral (1)	03	03	06	03	03	06
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>358</b>	<b>195</b>	<b>553</b>

**TABLE - 4.71**  
**Responses of Bank Employees for Satisfaction Towards HRD Mechanism**  
**Communication**

<i>Level of satisfaction and score points</i>	<i>No. of bank employees</i>			<i>Total scores of responses</i>		
	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>	<i>Public sector bank</i>	<i>Private sector bank</i>	<i>All Banks</i>
Highly satisfied (5)	14	11	25	70	55	125
Satisfied (4)	30	27	57	120	108	228
Less satisfied (3)	39	06	45	117	18	135
Dis-satisfied (2)	01	01	02	02	02	04
Neutral (1)	07	04	11	07	04	11
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>316</b>	<b>187</b>	<b>503</b>

**TABLE - 4.72**  
**Average scores of the levels of satisfaction and differences therein**  
**regarding the HRD mechanisms on a 5 point scale**

Serial Number of HRD mechanisms	Average Scores			Differences (P <sub>1</sub> -P <sub>2</sub> ) D	D <sup>2</sup>	Ranks of Differences	
	All Banks	Public Sector Banks (P <sub>1</sub> )	Private Sector Banks (P <sub>2</sub> )			+	-
1.	3.93	3.86	4.06	-0.20	0.0400		7
2.	3.45	3.35	3.65	-0.30	0.0900		8
3.	3.58	3.53	3.67	-0.14	0.0196		4.5
4.	3.73	3.72	3.75	-0.03	0.0009		1
5.	3.52	3.41	3.73	-0.32	0.1024		9
6.	3.58	3.53	3.67	-0.14	0.0196		4.5
7.	3.42	3.26	3.73	-0.47	0.2209		12
8.	3.51	3.46	3.61	-0.15	0.0225		6
9.	3.51	3.47	3.59	-0.12	0.0144		3
10.	2.94	2.78	3.24	-0.46	0.2116		11
11.	3.95	3.93	3.97	-0.04	0.0016		2
12.	3.59	3.47	3.81	-0.34	0.1156		10
Overall total	3.56	3.48	3.71	-2.71	0.8591	Zero	78

- Level of significance = 5%
- Degrees of Freedom 12-1=11
- Wilcoxon's Matched Pairs Test :
  - Calculated Value of T-Statistic = Zero
  - Table Value of T-Statistic = 11
- Sandler's A Test
  - Calculated Value of A-Statistic =  $0.8591 \div (2.71)^2 = 0.1169$
  - Table Value A-Statistic = 0.273
- H<sub>0</sub> : No difference between the scores.
- H<sub>a</sub> : The scores of the two groups differ substantially.

As per table 4.72, the average scores of satisfaction for all the 12 HRD mechanisms was 3.48 for the public sector bank employees and 3.71 for the private sector bank employees on a five point scale. This way, the average score of the private sector bank employees was found higher than that of the public sector bank employees. This fact has been further corroborated by the Wilcoxon's test and the Sandler's test at 5% level of significance. For, the calculated value of T-statistic was zero as against its table value 11 and the calculated value of the A-statistic was 0.1169 as against its table value 0.273; a condition leading to the rejection of the Null Hypothesis ( $H_0$ ) and the acceptance of the Alternate Hypothesis ( $H_a$ ) that the differences between the two were significant and were not due to sampling fluctuations. Keeping this in view, it could be concluded that the levels of satisfaction from the HRD measures had been much less in the case of public sector bank employees as compared to that of private sector bank employees for all the HRD mechanisms, when compared separately. Diagram 4.1 also displays this situation.

Moreover, the levels of satisfaction in terms of percentages ranged from 64.8 for HRD mechanism number 10 to 81.20 for HRD mechanism number 1 in the case of private sector bank employees. As against this, the percentage level of satisfaction ranged from 55.6 for HRD mechanism number 10 to 78.6 for HRD mechanism number 11 in the case of public sector bank employees.

The level of satisfaction in the private sector bank employees was not only higher as compared to that of the public sector bank employees but also varied less in the former case as against the latter case. For, the



corresponding coefficients of the range were 0.11 and 0.17 as can be seen from table 4.73. Even the percentage ratios between levels of satisfaction and levels of expectations from the corresponding HRD mechanisms were also found much higher in the case of private sector bank employees as compared to those of public sector bank employees.

**TABLE - 4.73**  
**Levels of Expectations vis-à-vis levels of satisfaction with regard to HRD Mechanisms among Commercial Bank Employees**

<i>Serial No. of HRD Mechanism</i>	<i>Levels of Expectations uniformly found for all the employees</i>	<i>Levels of satisfaction differently found in terms of scores</i>		<i>Percentage Ratio between satisfaction and expectations</i>	
		<i>Public Sector Bank Employees</i>	<i>Private Sector Bank Employees</i>	<i>Public Sector Bank Employees</i>	<i>Private Sector Bank Employees</i>
1	4.22 (5)	3.86 (2)	4.06 (1)	91.46	96.20
2	4.27 (2.5)	3.35 (10)	3.65 (9)	78.45	85.48
3	4.09 (9.5)	3.53 (4.5)	3.67 (7.5)	86.30	89.73
4	4.28 (1)	3.72 (3)	3.75 (4)	86.91	87.61
5	4.27 (2.5)	3.41 (9)	3.73 (5.5)	79.85	87.35
6	4.19 (6)	3.53 (4.5)	3.67 (7.5)	84.24	87.58
7	4.09 (9.5)	3.26 (11)	3.73 (5.5)	79.70	91.19
8	4.18 (7)	3.46 (8)	3.61 (10)	82.77	86.36
9	4.07 (11)	3.47 (6.5)	3.59 (11)	85.25	88.20
10	4.00 (12)	2.78 (12)	3.24 (12)	69.50	81.00
11	4.24 (4)	3.93 (1)	3.97 (2)	92.68	93.63
12	4.12 (8)	3.47 (6.5)	3.81 (3)	84.22	92.47
Overall	4.17	3.48	3.70	83.45	88.96

Note: Figures in brackets represent Rank Values.

Co-efficient of Range :

$$\text{Public Sector Banks : } \frac{3.93 - 2.78}{3.93 + 2.78} = \frac{1.15}{6.71} = 0.17$$

$$\text{Private Sector Banks : } \frac{4.06 - 3.24}{4.06 + 3.24} = \frac{0.82}{7.30} = 0.11$$

The relationship between the relative ranks of the levels of expectations and the levels of satisfaction separately for the employees of public and private sectors bank employees were also attempted as per Table – 4.74 and the Spearman's Rank Correlation Coefficients were calculated.



**TABLE - 4.74**  
**Relationship between ranks of levels of expectations and ranks of levels of satisfaction with regard to HRD mechanisms**

S. No. of HRD Mechanisms	Ranks of levels of Expectations common for both category of employees $R_0$	Levels of Satisfaction Ranks		$R_0 - R_1$ $d_1$	$d_1^2$	$R_0 - R_2$ $d_2$	$d_2^2$
		Public Sector Employees $R_1$	Private Sector Employees $R_2$				
1	5	2	1	+3	9.00	+4.00	16.00
2	2.5	10	9	-7.5	56.25	-6.50	42.25
3	9.5	4.5	7.5	+5	25.00	+2.00	4.00
4	1	3	4	-2	4.00	-3.00	9.00
5	2.5	9	5.5	-6.5	42.25	-3.00	9.00
6	6	4.5	7.5	+1.5	2.25	-1.50	2.25
7	9.5	11	5.5	-1.5	2.25	+4.0	16.00
8	7	8	10	-1	1.00	-3.00	9.00
9	11	6.5	11	+4.5	20.25	0	0
10	12	12	12	0	0	0	0
11	4	1	2	+3	9.00	+2.00	4.00
12	8	6.5	3	+1.5	2.25	+5.00	25.00
Total					173.50		136.50

Spearman's Rank Correlation Coefficient (Calculated Values)

\* Public Sector Bank Employees

$$= 1 - \left\{ \frac{6(173.50 + 0.50 + 0.50 + 0.50 + 0.50)}{12(12^2 - 1)} \right\}$$

$$= 1 - \left\{ \frac{6 \times 175.50}{12 \times 143} \right\} = 1 - \frac{1053}{1716} = 1 - 0.61 = 0.39$$

\* Public Sector Bank Employees

$$= 1 - \left\{ \frac{6(136.50 + 0.50 + 0.50 + 0.50 + 0.50)}{12(12^2 - 1)} \right\}$$

$$= 1 - \left\{ \frac{6 \times 138.50}{12 \times 143} \right\} = 1 - \frac{831}{1716} = 1 - 0.48 = 0.52$$

Table value of the Spearman's Rank Correlation Coefficient at 5% level of significance : 0.58.

---

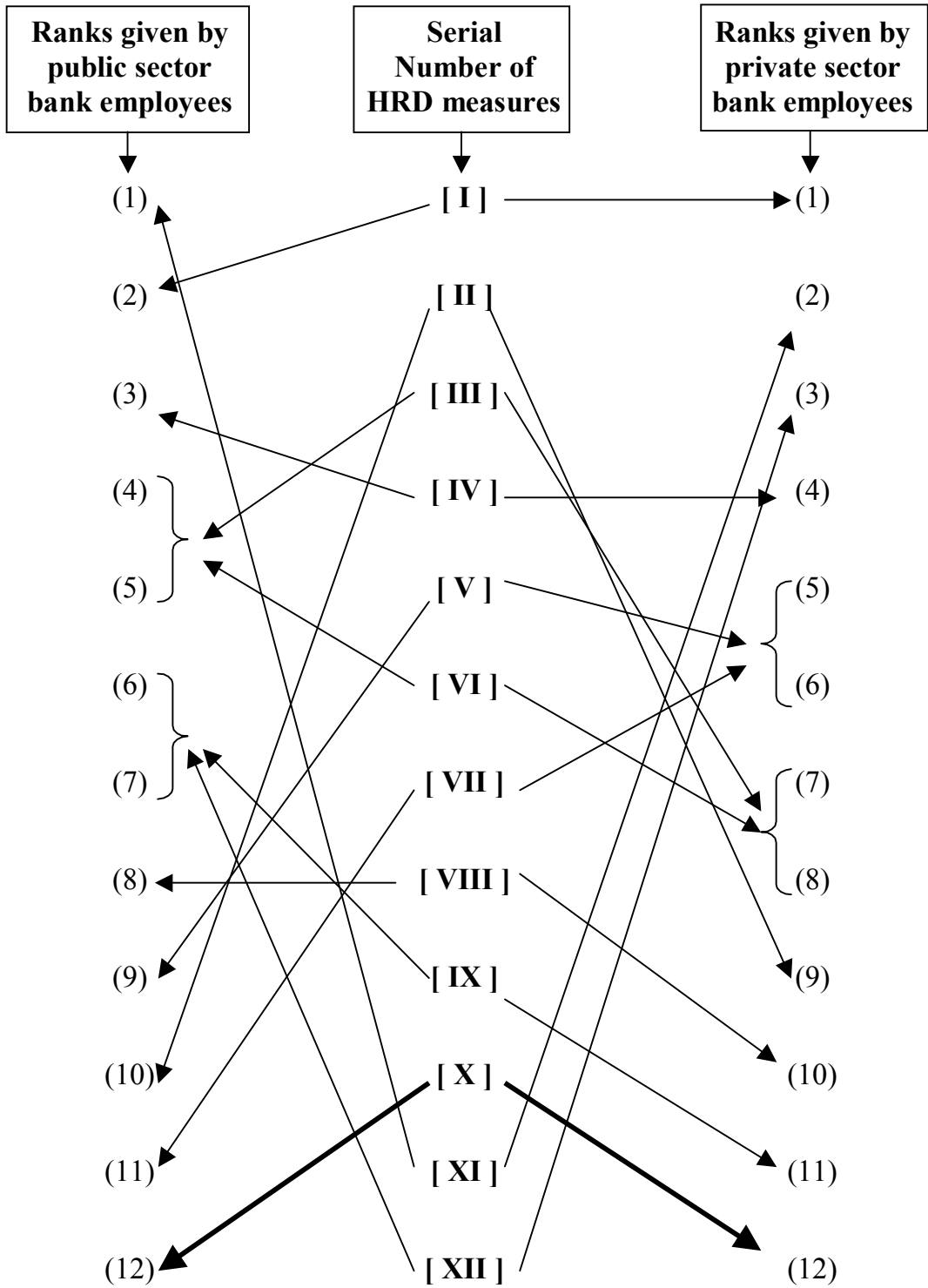
The calculated values of the Spearman's Rank Correlation Coefficients were 0.39 and 0.52 for the public sector and the private sector bank employees respectively, but these values being less than the table value 0.58 of Spearman's Rank Correlation Coefficient at 5% level of significance, the Null Hypothesis stood accepted which implied that there had been no significant correlation between the paired rank values of the levels of expectations and the levels of satisfaction. Instead these values were found independent and random. As such, the rank-wise levels of satisfaction for the different HRD measures were different in the case of both sectors bank employees as summarised below and as displayed vide Figures 4.1 to 4.3.

<i>Rank</i>	<i>Name of HRD Mechanisms</i>	
<i>Order</i>	<i>Public Sector Bank Employees</i>	<i>Private Sector Bank Employees</i>
1	Total Quality Management	Performance Appraisal
2	Performance Appraisal	Total Quality Management
3	Training and Development	Communication
4	Feedback, Performance Appraisal and Coaching	Training and Development
5		Rewards and Recognition
6	Human Resource Information	Career Planning and Management
7	Communication	Feedback, Performance Appraisal and Coaching
8	Organization Development	Employees welfare and Quality Work Life
9	Rewards and Recognition	Potential Appraisal and Development
10	Potential Appraisal and Development	Organization Development
11	Career Planning and Management	Human Resource Information
12	Stress Management	Stress Management

(\*Denote equal ranks)

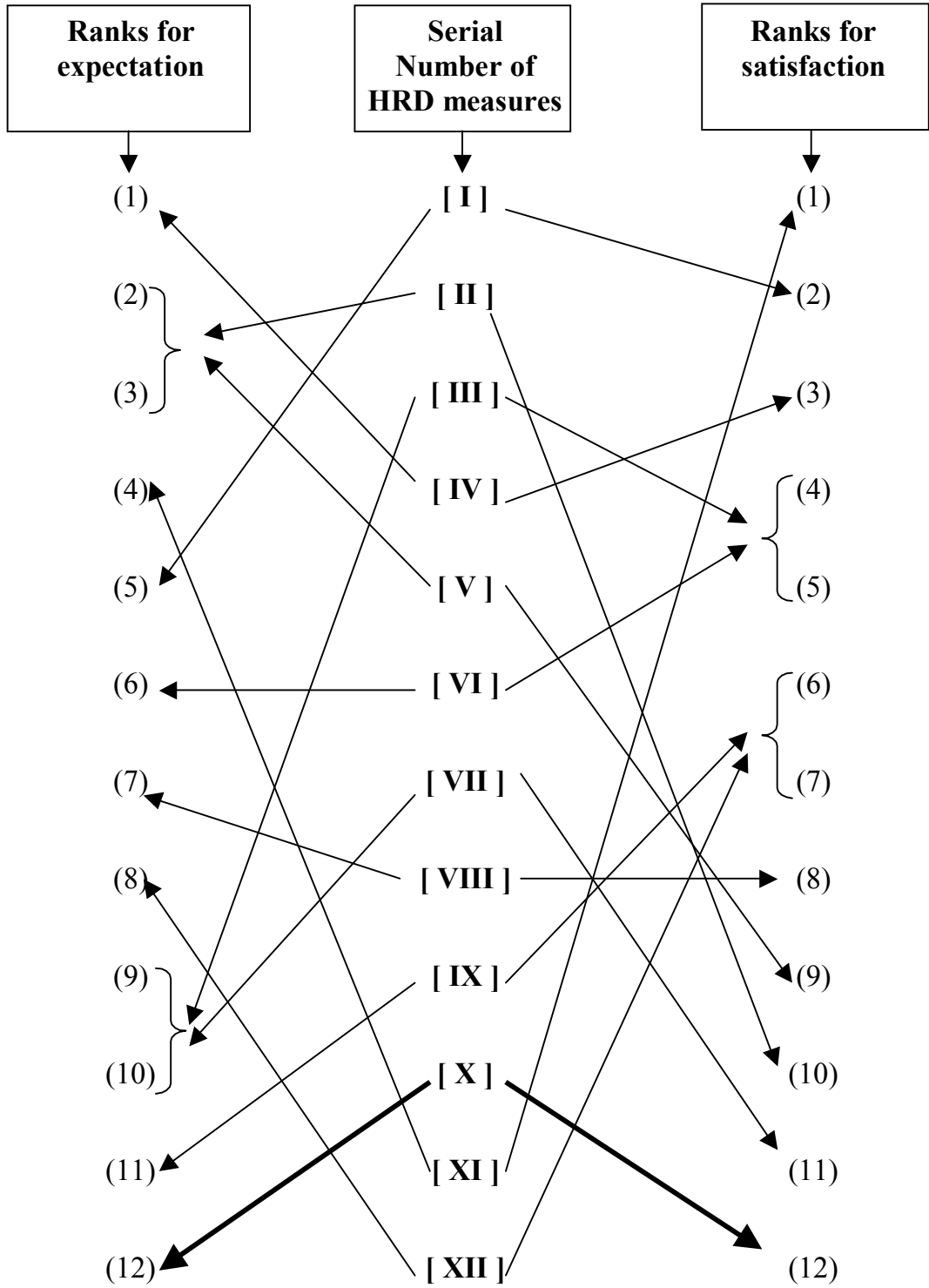
However, it was noticed that both the sectors bank employees experienced the lowest levels of satisfaction in the case of stress management.

**Figure 4.1**  
**Rank-ties between public sector and private sector bank employees**  
**regarding scores of levels of satisfaction from HRD Measures**



(Common Rank-tie in the case of only Stress Management)  
 (Based on Table 4.73)

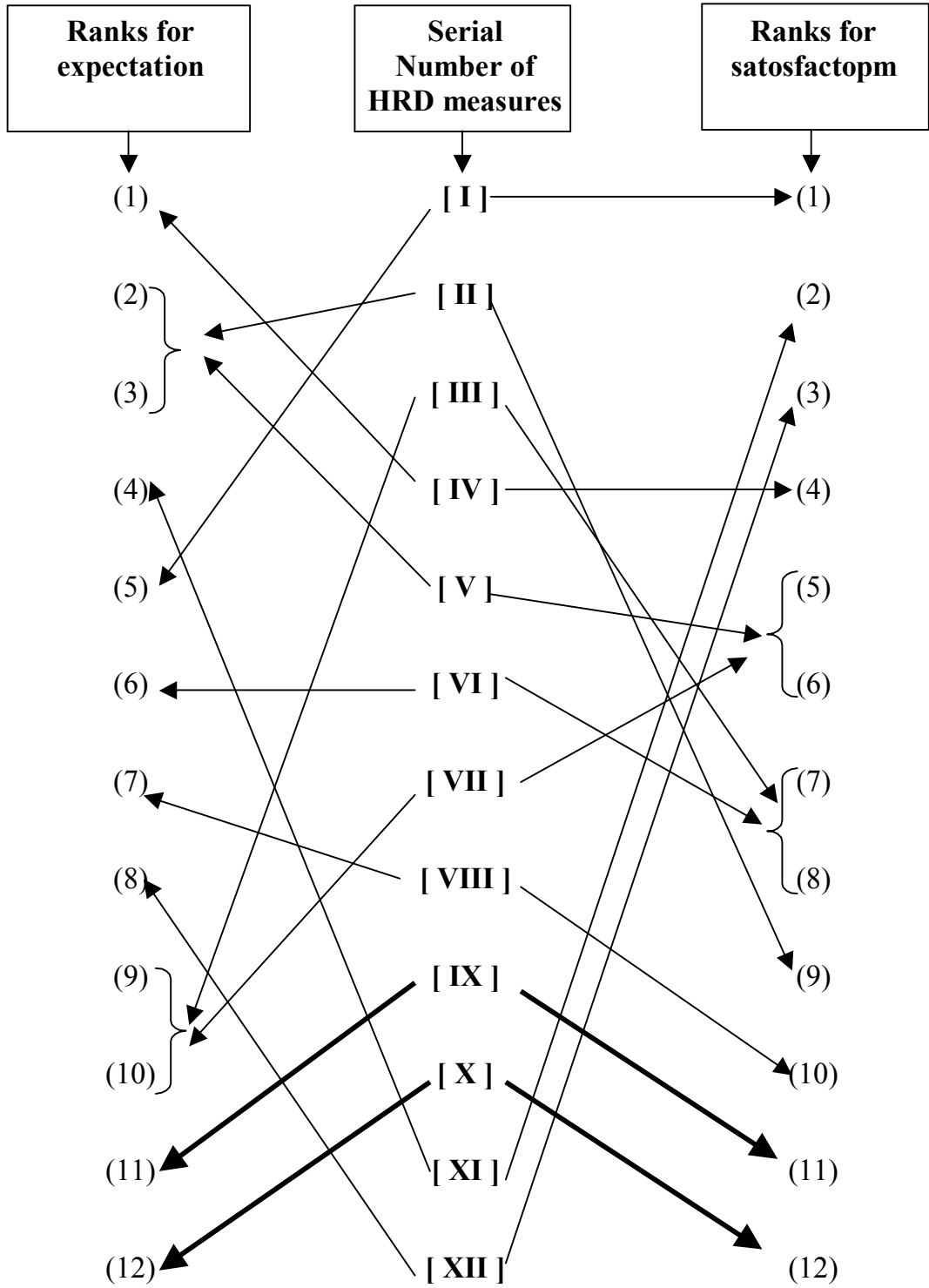
**Figure 4.2**  
**Rank-ties between level of expectations and levels of satisfaction from HRD Measures**  
**(Public sector bank employees)**



(Common Rank-tie in the case of only Stress Management)  
 (Based on Table 4.74)



**Figure 4.3**  
**Rank-ties between level of expectations and levels of satisfaction from HRD Measures**  
**(Private sector bank employees)**



(Common Rank-tie in the case of only Human Resource Information and Stress Management)  
 (Based on Table 4.74)

### ❁ **IMPACT OF HRD PRACTICES :**

An effort was made to know the perception of bank employees regarding the impact of HRD practices on certain aspects, like productivity of bank employees, customer service, profitability, employees loyalty and retention and prevention of voluntary retirement. The responses of the bank employees on these aspects were collected on a five point scale as per the details shown in Tables 4.75 to 4.79. The corresponding average score values for these aspect for all the commercial banks as a whole were 4.47, 4.35, 3.94, 4.23 and 3.34 on a five point scale. The lowest perception score was 3.34 in the case of prevention of voluntary retirement while the highest score was 4.47 in the case of improving productivity of bank employees. The corresponding percentage levels of agreement for these two extremes were 66.8 and 89.4. This way, the perceptions of the bank employees regarding the impact of HRD measures on all the five aspects were encouraging. However, these aspects on the basis of their average scores could be ranked as given below :

- (i) Improving productivity of bank employees.
- (ii) Achieving satisfactory customer services.
- (iii) Increased employee loyalty and retention.
- (iv) Improve profitability of banks.
- (v) Preventing employees from availing VRS.

This way, the impact of HRD efforts in term of preventing employees from availing the VRS could not be found very prominent.

The analysis also supported the Null hypothesis that the average scores of these aspects separately for the public sector and private sector

bank employees did not differ from each other. The different scores were simply because of sampling fluctuations. This conclusion was supported by the Sandler's test at 5% level of significance for four degrees of freedom. The corresponding values of calculated A-statistic were 1.36, 76.55, 3.94, 6.84 and 35.25 for all the five aspects as against the table value of A-statistic 0.304, a condition to support the acceptance of the Null Hypothesis. From this analysis, it could be concluded that the HRD measures as per the perception of the bank employees had resulted into the positive impact and in a way denoted that the bank organization was sincere and employees cooperated in the process of HRD in banks.

❁ **HRD to help handle innovative banking products :**

The responses of the bank employees for HRD being helpful to handle innovative banking products on a five point scale were shown in Table – 4.80. The analysis revealed that the bank employees as a whole scored an average value of 4.19 on a five point scale indicating 83.8% level of agreement; pointing towards highly agreed situation to believe HRD as to help handle innovative banking products.

**TABLE - 4.75**  
**RESPONSES OF BANK EMPLOYEES ON A FIVE SCALE TOWARDS**  
**PRODUCTIVITY OF EMPLOYEES**

Levels of agreement and score points	No. of bank employees			Total scores			Average score		D (P <sub>1</sub> -P <sub>2</sub> )	D <sub>2</sub>
	Public sector banks	Private sector banks	All banks	Public sector banks	Private sector banks	All banks	Public sector banks P <sub>1</sub>	Private sector banks P <sub>2</sub>		
Strongly agree (5)	51	28	79	255	140	395	2.80	2.86	-0.06	0.0036
Agree (4)	35	21	56	140	84	224	1.54	1.71	-0.17	0.0289
Less agree (3)	1	-	1	3	-	3	0.03	-	+0.03	0.0009
Not agree (2)	-	-	-	-	-	-	-	-	-	-
No views (1)	4	-	4	4	-	4	0.04	-	+0.04	0.0016
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>402</b>	<b>224</b>	<b>626</b>	<b>4.41</b>	<b>4.57</b>	<b>-0.16</b>	<b>0.0350</b>

P<sub>0</sub> 4.47

\*Ac = 0.0350 ÷ 0.0256 = 1.36

**TABLE – 4.76**  
**RESPONSES OF BANK EMPLOYEES ON A FIVE SCALE TOWARDS**  
**SATISFACTORY CUSTOMER SERVICES**

Levels of agreement and score points	No. of bank employees			Total scores			Average score		D (P <sub>1</sub> -P <sub>2</sub> )	D <sub>2</sub>
	Public sector banks	Private sector banks	All banks	Public sector banks	Private sector banks	All banks	Public sector banks P <sub>1</sub>	Private sector banks P <sub>2</sub>		
Strongly agree (5)	46	20	66	230	100	330	2.53	2.04	+0.49	0.2401
Agree (4)	40	26	66	160	104	264	1.76	2.12	-0.36	0.1296
Less agree (3)	1	1	2	3	3	6	0.03	0.06	-0.03	0.0009
Not agree (2)	1	2	3	2	4	6	0.02	0.08	-0.06	0.0036
No views (1)	3	-	3	3	-	3	0.03	-	+0.03	0.0009
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>398</b>	<b>211</b>	<b>609</b>	<b>4.37</b>	<b>4.30</b>	<b>+0.07</b>	<b>0.3751</b>

P<sub>0</sub> = 4.35

\*Ac = 0.3751 ÷ 0.0049 = 76.55

**TABLE – 4.77**  
**RESPONSES OF BANK EMPLOYEES ON A FIVE SCALE**  
**TOWARDS IMPROVEMENT IN THE PROFITABILITY**

Levels of agreement and score points	No. of bank employees			Total scores			Average score		D (P <sub>1</sub> -P <sub>2</sub> )	D <sub>2</sub>
	Public sector banks	Private sector banks	All banks	Public sector banks	Private sector banks	All banks	Public sector banks P <sub>1</sub>	Private sector banks P <sub>2</sub>		
Strongly agree (5)	33	25	58	165	125	290	1.81	2.55	0.074	0.5476
Agree (4)	45	21	66	180	84	264	1.98	1.71	+0.17	0.0289
Less agree (3)	10	3	13	30	9	39	0.33	0.18	+0.15	0.0225
Not agree (2)	-	-	-	-	-	-	-	-	-	-
No views (1)	3	-	3	3	-	3	0.03	-	+0.03	0.0009
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>378</b>	<b>218</b>	<b>596</b>	<b>4.15</b>	<b>4.44</b>	<b>-0.39</b>	<b>0.5999</b>

$$P_0 = 4.25$$

$$*Ac = 0.5999 \div 0.1521 = 3.94$$

**TABLE – 4.78**  
**RESPONSES OF BANK EMPLOYEES ON A FIVE SCALE**  
**TOWARDS EMPLOYEE LOYALTY AND RETENTION**

Levels of agreement and score points	No. of bank employees			Total scores			Average score		D (P <sub>1</sub> -P <sub>2</sub> )	D <sub>2</sub>
	Public sector banks	Private sector banks	All banks	Public sector banks	Private sector banks	All banks	Public sector banks P <sub>1</sub>	Private sector banks P <sub>2</sub>		
Strongly agree (5)	39	20	59	195	100	295	2.14	2.04	+0.10	0.0100
Agree (4)	41	24	65	164	96	260	1.80	1.96	-0.16	0.0256
Less agree (3)	5	4	9	15	12	27	0.16	0.24	-0.08	0.0064
Not agree (2)	3	1	4	6	2	8	0.07	0.04	+0.03	0.0009
No views (1)	3	-	3	3	-	3	0.03	-	+0.03	0.0009
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>383</b>	<b>210</b>	<b>593</b>	<b>4.20</b>	<b>4.28</b>	<b>0.08</b>	<b>0.0438</b>

$$P_0 = 4.23$$

$$*Ac = 0.0438 \div 0.0064 = 6.84$$

**TABLE – 4.79**  
**RESPONSES OF BANK EMPLOYEES ON A FIVE SCALE**  
**TOWARDS PREVENTING FROM AVAILING VRS**

Levels of agreement and score points	No. of bank employees			Total scores			Average score		D (P <sub>1</sub> -P <sub>2</sub> )	D <sub>2</sub>
	Public sector banks	Private sector banks	All banks	Public sector banks	Private sector banks	All banks	Public sector banks P <sub>1</sub>	Private sector banks P <sub>2</sub>		
Strongly agree (5)	28	09	37	140	45	185	1.54	0.92	+0.62	0.3844
Agree (4)	15	14	29	60	56	116	0.66	1.14	-0.48	0.2304
Less agree (3)	19	14	33	57	42	99	0.63	0.86	-0.23	0.0529
Not agree (2)	23	4	27	46	8	54	0.50	0.16	+0.34	0.1156
No views (1)	6	8	14	6	8	14	0.06	0.16	-0.10	0.0100
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>309</b>	<b>159</b>	<b>468</b>	<b>3.39</b>	<b>3.24</b>	<b>+0.15</b>	<b>0.7933</b>

$$P_0 = 3.34$$

$$*Ac = 0.7933 \div 0.0225 = 35.25$$

**TABLE – 4.80**  
**RESPONSES OF BANK EMPLOYEES ON A FIVE SCALE**  
**FOR HRD HELPFUL TO HANDLE INNOVATIVE**  
**BANKING PRODUCTS**

Levels of agreement and score points	No. of bank employees			Total scores			Average score		D (P <sub>1</sub> -P <sub>2</sub> )	D <sub>2</sub>
	Public sector banks	Private sector banks	All banks	Public sector banks	Private sector banks	All banks	Public sector banks P <sub>1</sub>	Private sector banks P <sub>2</sub>		
Strongly agree (5)	30	22	52	150	110	260	1.64	2.24	-0.60	0.3600
Agree (4)	46	23	69	184	92	276	2.02	1.87	+0.15	0.0225
Less agree (3)	11	2	13	33	6	39	0.36	0.12	+0.24	0.0576
Not agree (2)	4	2	6	8	4	12	0.08	0.08	-	-
No views (1)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>91</b>	<b>49</b>	<b>140</b>	<b>375</b>	<b>212</b>	<b>587</b>	<b>4.12</b>	<b>4.32</b>	<b>-0.21</b>	<b>0.4401</b>

$$P_0=4.19$$

$$*Ac = 0.4401 \div 0.0441 = 9.97$$

Though the scores of the public sector and the private sector bank employees were 4.12 and 4.32 but the difference between the two was simply because of sampling fluctuations. This has been proved by the Sandler's test at 5% level of significance for four degrees of freedom wherein the calculated value of A-stastic 9.97 was much higher than its corresponding table value 0.304, a condition leading to the acceptance of Null Hypothesis. Thus, the bank employees did perceive uniformly similar that HRD process could help bank employees handle innovative banking products.

❁ **HRD - A Burden or Facilitating Step :**

The responses of the employees towards considering HRD as a burden or as a facilitating step were shown in table 4.81. As per the table, 91% of the employees were of the opinion that HRD was being considered by them as a facilitating step and not as a burden. While looking separately for the public sector bank employees and the private sector bank employees, 88% in the public sector and 98% in the private sector considered HRD as a facilitating step. This way, the two sector employees differed but this difference was simply because of sampling fluctuations at 5% level of significance. According to the Sign Test where the probability of one or fewer successes (with  $n=3$  and  $p=1/2$ ) was 0.5 as compared to the alpha value of 0.05, a condition to support the Null Hypothesis. This way, it could be said that 91% of the employees (common to all the banks) favoured the issue that HRD was a facilitating step and not a burden.

❁ **Accounting treatment of the HRD Expenses :**

The responses of the employees of their perception regarding the accounting treatment of the HRD expenses were shown in Table - 4.82 (I and II). As per the table, out of the total employees having their idea in (this connection, 60.86% of them believed HRD expenses as revenue expenditure while 17.40% as capital expenditure and 21.74% as both revenue and capital expenditure. While looking at the percentage shares of the public sector bank employees 68.75 and the private sector bank employees 42.85, the corresponding figures showed differences but these differences were due to sampling fluctuations and not the real differences. This fact has been supported by the sign test at 5% level of significance where the probability of one or fewer success (with  $n=3$  and  $p=\frac{1}{2}$ ) was 0.5 as against the alpha value of 0.05, a condition leading to the acceptance of the Null Hypothesis. Keeping this in view, 60.86% could be considered equally applicable for both the public sector and private sector bank employees supporting the view that accounting treatment of HRD expenses should consider HRD expenses as revenue expenditure. But, uniformity was found lacking in all the responses.



**TABLE – 4.81**  
**RESPONSES TOWARDS HRD AS A BURDEN OR**  
**FACILITATING STEP**

<i>Alternative</i>	<i>No. of bank employees</i>			<i>% shares of employees having idea</i>			
	<i>Public Sector Banks</i>	<i>Private Sector Banks</i>	<i>Total</i>	<i>All Banks P<sub>0</sub></i>	<i>Public Sector Banks P<sub>1</sub></i>	<i>Private Sector Banks P<sub>2</sub></i>	<i>P<sub>1</sub>-P<sub>2</sub> Signs</i>
Burden	-	-	-	-	-	-	-
Facilitating step	80	48	128	91.00	88.00	98.00	(-)
Both burden and facilitating step	07	01	08	06.00	08.00	02.00	(+)
No Idea	04	-	04	03.00	04.00	00.00	(+)
Total	91	49	120	100	100	100	-

\* Calculated value of probability of one or fewer success with n=3 and p=1/2 :

$${}^3C_0 p^0 q^3 + {}^3C_1 p q^2 = \frac{1}{8} + \frac{3}{8} = 0.5$$

\* 'alpha value' at 5% level of significance = 0.05

**TABLE – 4.82(a)**  
**RESPONSES FOR THE ACCOUNTING TREATMENT OF EXPENSES ON HRD**

<i>Alternatives</i>	<i>No. of employees</i>		
	<i>Public sector banks P1</i>	<i>Private sector Bank P2</i>	<i>All Banks</i>
Revenue expenditure	44(48.35%)	12(24.49%)	56 (40.00)
Capital expenditure	08 (8.79%)	08 (16.32%)	16 (11.43%)
Both revenue and capital expenditure	12 (13.19%)	08 (16.32%)	20 (14.28%)
No idea	27 (29.67%)	21 (42.87%)	48 (34.29%)
Total	91 (100%)	49 (100%)	140 (100%)

(Figures in brackets represent percentage shares)

**TABLE – 4.82(b)**  
**RESPONSES FOR THE ACCOUNTING TREATMENT OF HRD EXPENSES BY THE EMPLOYEES NET OF “NO IDEA” RESPONSES**

<i>Alternatives</i>	<i>Number and percentage shares</i>			<i>Sign of difference P<sub>1</sub>-P<sub>2</sub></i>
	<i>Public sector banks P<sub>1</sub></i>	<i>Public sector banks P<sub>2</sub></i>	<i>All banks</i>	
Revenue expenditure	44 (68.75%)	12 (42.85%)	56 (60.86%)	+
Capital expenditure	08 (12.50%)	08 (28.57%)	16 (17.40%)	-
Both revenue and capital expenditure	12 (18.75%)	08 (28.58%)	20 (21.74%)	+
Total	64 (100%)	28 (100%)	92 (100%)	

(Figures in brackets represent percentage shares)

- \* Calculated value of probability of one or fewer success with n=3 and p=1/2 :

$${}^3C_0 p^0 q^3 + {}^3C_1 p q^2 = \frac{1}{8} + \frac{3}{8} = 0.5$$

- \* 'alpha value' at 5% level of significance = 0.05

---

---

❁ **PROBLEMS AND DIFFICULTIES BEING EXPERIENCED IN HRD EFFORTS :**

The researcher also tried to know the perception of the bank employees regarding the type of problems and difficulties being experienced by them in the HRD efforts. For this, nine major problems and difficulties were put forth before the employees with a request to rank first three of them. The responses received in this connection were shown in table - 4.83. On the basis of the responses, another table 4.84 was prepared for analysis and inferences. For this purpose, average rank values were calculated for every problem included in the questionnaire by dividing the total rank values of the problem by the number of employees giving the ranks. The values so calculated were further divided by the number of respondents expressing first rank for every such problem and difficulty, and this way, adjusted average rank values were calculated for all the banks as also for the public sector and the private sector bank employees for every problem and difficulty. Thereafter, first three ranks were found out on the basis of these adjusted average rank values. The analysis showed that the first three problems and difficulties according to the perception of all the bank employees taken together were as per the following order.

- (1) Outdated dysfunctional service rules
- (2) Lack of willingness of employees to handle innovative banking services and to assume risks attached thereto.
- (3) Stereo-typed functioning in the branches.

A surprising fact noticed by the researcher in this connection was that these bank employees expressed 91% level of their agreement to

---

believe HRD as being helpful to handle innovative banking products while they perceived lack of willingness in this connection - a big paradox before the bank management.

The researcher did not find the difference in the rankings given separately by the public sector and private sector bank employees, as per the sign test where the probability of three or fewer successes (with  $n=6$  and  $p=1/2$ ) was 0.65 as against the alpha value 0.05, a condition leading to the acceptance of the Null Hypothesis.

Besides the structured problems and difficulties, some stray comments by the employees also pointed out the following problems and difficulties:

- Ego for employees as one such reason for employees resistance against HRD efforts.
- Ignorance of the benefits of HRD on the part of the employees for the lack of full and whole hearted co-operation.

**TABLE - 4.83**  
**RANKING OF PROBLEMS AND DIFFICULTIES BY THE BANK**  
**EMPLOYEES IN HRD EFFORTS IN COMMERCIAL BANKS**

<i>Serial No. of problems and difficulties in the questionnaire</i>	<i>No. of Bank employees giving Ranks one to three</i>								
	<i>Public sector banks ranks</i>			<i>Private sector banks ranks</i>			<i>Total banks ranks</i>		
	1	2	3	1	2	3	1	2	3
1	24	4	8	8	3	2	32	7	10
2	4	12	5	8	5	2	12	17	7
3	14	22	14	10	18	3	24	40	17
4	17	13	7	13	10	4	30	23	11
5	12	22	16	10	6	15	22	28	31
6	13	8	14	-	4	8	13	12	22
7	7	5	5	-	1	8	7	6	13
8	-	4	20	-	2	7	-	6	27
9	-	1	2	-	-	-	-	1	2



❁ **Suggestions in relation to the Problems and Difficulties in HRD Implementation :**

The researcher put nine likely suggestions being considered relevant in the context of HRD implementation and requested the respondents to rank first five likely suggestions as per their perception. The responses received from the employees were shown in table - 4.85. As per the calculation process narrated earlier, the researcher calculated adjusted average value of the ranks for every suggestion included in the questionnaire for all the banks taken together and separately for the public sector and private sector bank employees as per the details given in table - 4.86. On the basis of the adjusted average values of ranks, the ranks were assigned to the suggestions by giving first rank to the lowest value and the subsequent ranks to the higher values of the adjusted figures. The comparison between the ranks assigned by the public sector and the private sector bank employees did not show similarity. As such, the researcher applied the Sign test to see whether the differences in the ranks were genuine or not. As per the sign test, the probability of three or fewer successes (with  $n=7$  and  $p=1/2$ ) was 0.5 as against a lower alpha value of 0.05 at 5% level of significance, a condition leading to the acceptance of Null Hypothesis. Therefore, their individual rank values were not considered and the ranks found in the case of all the bank employees taken together were applied for the employees of the public sector and private sector banks. On this basis, the first five important suggestions identified were arranged as follows:

- (i) There should be a separate HRD department headed by HRD experts to look after HRD activities.

- 
- (ii) There should be step-by-step implementation of HRD practices.
  - (iii) A need for systematic and objective appraisal of the performance of the employees.
  - (iv) A need to develop accountability among employees regarding their work.
  - (v) HRD measures should be linked with changing banking scenario.

Certain casual observations also indicated the following suggestions:

- (i) HRD efforts should be directed more towards technological upgradation.
- (ii) Proper assignment of work in accordance with the skills developed through HRD efforts.







❁ **Hypotheses viewed as per the Analysis :**

On the basis of the aforementioned analysis and findings, the researcher could conclude as follows :

- (1) All the commercial banks have introduced HRD for their employees and the employees did consider HRD inevitable, and as such the first hypothesis of the study stood accepted.
- (2) The HRD practices and measures were highly viewed by the bank employees as essential for achieving organizational goals as also for developing careers of bank employees, and as such the second hypothesis of the study stood accepted.
- (3) The familiarity of HRD philosophy, practices and measures and resolving the pertinent challenges mentioned earlier were with very high degree of the agreement of the bank employees but the perceptions of their agreement did not show genuine difference between the public sector and the private sector bank employees. This way, the fourth hypothesis stood accepted.
- (4) Against the above three broader conclusions, though no differences were found between the levels of agreement / expectations from the HRD mechanisms between the public sector and the private sector bank employees, the researcher could notice the higher levels of satisfaction among private sector bank employees from the HRD measures than that of the public sector bank employees. Moreover, there has been no relationship of any kind (positive or negative) noticed between the levels of expectations and the levels of satisfaction from the HRD

---

mechanisms. In other words, the levels of expectations and levels of satisfaction were found independent for almost all the HRD measures except one, viz. stress management wherefore both the categories of the employees assigned the lowest rank, though their levels of satisfaction differed for this too. Hence, the third broaden hypothesis of the study stood rejected.

None the less, the importance of HRD could be expressed as follows:

"A well groomed, updated and awarded employee in an organization is just like a close circuit hidden camera" and "HRD is very good and useful if it is practiced in right direction", and the desired results from HRD are possible when "organization is sincere and employees cooperate".



---



**CHAPTER - V**

**SUMMARY OF MAJOR FINDINGS  
AND CONCLUSIONS**

## **CHAPTER - V**

### **SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS**

#### **❁ THE PROBLEM FORMULATION AND IDENTIFICATION :**

In the present day society, the need for well developed and qualified human resources is being felt profoundly by the modern commercial and industrial units which are mega-sized organizations functioning in a scenario characterized by global competition, innovative and newer wide variety of goods and services and ever changing technology; all giving rise to human resource development. HRD is being practised as a dynamic and creative means to achieve increased productivity and profitability, improved morale and career development of employees, better industrial relations, etc., to achieve the overall goals of the organization. In the process of HRD, many challenging issues are being experienced, for example, whether the expenses increased on HRD practices and measures are to be treated as revenue expenditure or capital expenditure, how to retain the human resources once they are developed in the organization and how to overcome the resistance shown by the employees for undergoing the HRD process. Against these challenges, there is a belief among people that employees extend full co-operation to HRD efforts and are ready to accept the change.

In order to understand the true state of affairs, the researcher was carious to examine the perspectives of the employees regarding human resource development practices and measures and to see as to what extent the pertinent challenges in the process of HRD are being resolved

---

and as to what extent the prevailing claims for HRD are empirically true.

Like other organizations, commercial banks in India have also undergone several structural changes resulting into mega-sized organizations, increasing level of competition, wide variety of banking and non-banking products, increasing customer focus and market segmentation, even crossing national boundaries.

The composition of Indian commercial banking system includes public sector banks (SBI and its seven Associates), 19 Nationalized Banks and umpteen number of RRB's) and private sector banks covering old generation private banks, new generation private banks and foreign banks employing more than 10 lakh employees (officers, clerks and subordinates)

The present challenging opportunities before the Indian commercial banking system emerged due to globalization-move, banking sector reforms, deregulation process and increasing use of information technology and computerization. All these aspects, inter alia, gave rise to the start of human resource development in commercial banks too. In order to meet the challenges; the employees of the banks became focal point. For, the traditional bank employees needed to be properly developed so as to handle new technology, to manage new risks attached, to cope up with wider markets and to incorporate professional touch. In this backdrop, the researcher undertook a study of HRD in commercial banks.

The concept of HRD, its philosophy and its measures have been popularized by a number of writers on the basis of their experiences in

the field of personnel management. There was a time when personnel manager was expected to manage employees to achieve eventually the overall goals of the organization. But, of late, the practising personnel manager could perceive wider scope of managing the employees with the basic approach 'enlightened self interest' - a two way traffic to manage employees not only for the benefit of the organization but also for the benefit of employees too. In order to know the effectiveness and the real impact of various measures, efforts were made by the scholars and the practising managers so study all these issues.

These efforts were made in the field of entire human resource management and a part of it related to HRD. The names of a few scholars who made contributions in this field were to include Abraham Enthenkuzhy Ulrich Dave, Charles Moseley, M.S. Sambamurthy, T.V. Rao, U. A. Dandekar, S.C. Karnik, S. M. Sathye, Thomas V. John, James W. Walker, S. M. Gangadhar and Madhav Keswarni, Jyotsna Bhatnagar and Deepti Menon, Srinivas R. Kandula, B. Haribapuji, Ganesh Sharma, Kenneth M. Nowack, R. R. Nair, Avnindra Sharma, M. S. Mahajan and M. R. Virmani, R. Prakasan, Jaccob Manked, Aruna Manked, C. S. Shanker, Priya Darshini, Ranigeetha and Venkhatpathy. The contributions of these scholars mainly concentrated, in general, on HRD philosophy, HRD concept, HRD measures / practices, and essential requirements for the success of HRD efforts. However, no study, till date, could be made to know the perceptions of managers regarding the prominent HRD practices and measures with reference to their impact on the profitability of banks and productivity of employees as also to know their reactions with regard to resolving the several



pertinent challenging issues. Moreover, one is yet to come across a study of bank employees, in India, to make a survey of their understanding about the HRD philosophy, concept, measures and practices together with a relationship between their level of expectation and their level of satisfaction from the various HRD measures and practices in use. To fill up this broader gap, the researcher has selected a study of HRD in commercial banks and spelt out the problem of study as follows:

"A Study of the Impact of HRD Practices and Measures to Resolve Pertinent Challenging Issues of HRD in Commercial Banks in India".

#### ❁ **THE RESEARCH METHODOLOGY :**

The population of the study covers all the bank employees (in managerial cadre) working presently in the public sector and the private sector scheduled commercial banks in India. The type of the study is in the form of 'ex-post-facto' enquiry in which the researcher tried to study the existing perceptions of the managerial cadre bank employees regarding the HRD concept and philosophy, HRD practices and measures, expectations and realizations and possible impact of HRD, etc.; without manipulating, in any way, the scenario as it stands today. The study is empirical in approach. The nature of the study is sampling type inquiry, though every effort has been made to ensure that this sampling study largely proves to be representative of the population.

The study has been carried out with the following main objectives:

- (1) To know the extent of familiarity of bank employees regarding meaning and contents of HRD practices and measures.
- (2) To study the various needs which have resulted into human resource development in banks.
- (3) To examine the popularity of various HRD practices according to the perspectives of bank employees.
- (4) To study the attitude of the bank employees with regard to the major contents of the HRD philosophy.
- (5) To study the contents of the HRD climate and to examine the relative popularity of various elements of the HRD climate.
- (6) To study the relative ranks of various prominent objectives of HRD.
- (7) To study the relationship between the perception of bank employees for various elements of HRD and the corresponding level of satisfaction experienced by them in their banks.
- (8) To study the prominence, major problems, and difficulties in the smooth management of the HRD practices and measures.
- (9) To study the mental perception of the employees for resolving the pertinent challenges of the HRD practices and measures.
- (10) To make a survey of the likely suggestions for the effective implementation of the process of HRD in commercial banks.

In this study, the researcher has identified the following broader hypotheses for testing:

- (1) HRD practices are being considered inevitable for both public and private sector commercial banks.

- (2) HRD practices and measures are viewed by the bank employees (managerial cadre) as essential for achieving organizational goals as also for developing careers of bank employees at their own level.
- (3) There is a positive relationship between the perceived scores of bank employees for various elements of HRD mechanisms and the corresponding level of satisfaction experienced by them in their banks.
- (4) The familiarity of HRD philosophy, practices and measures and the resolving of the pertinent challenges, etc., do not differ between the employees of the public sector and the private sector commercial banks.

For this study, the researcher collected primary data through well designed, structured and comprehensive questionnaire developed by the researcher in view of the theoretical literature and existing research findings as also the objectives of the research study. The questionnaire contained scaling questions with five point scale and some ranking questions. The questionnaire was administered to a sample of 200 manager cadre bank employees working in both the public sector and the private sector banks throughout the country.

While selecting the sample, the researcher made an attempt to ensure representation of all the different types of banks spread throughout the country. For this, the researcher contacted the sampled bank employees through nodal persons specified for judiciously selected twenty capital/major urban centers of the country and every such nodal person was requested to contact 10 bank managers randomly belonging

---

to 10 different public and private sector banks. The researcher believed, and rightly so, that various innovative banking and non-banking products and risks attached thereto are being handled by the employees working mainly in the urban branches of the banks. Hence, the study focused only on urban / capital centers of the country to study the HRD practices.

Out of the 200 respondents, the researcher could get 70% response. The data so collected through the questionnaires were classified, tabulated and analyzed with the help of arithmetic averages and percentages and coefficient of correlation; and the hypotheses were tested at 5% level of significance by using Sandler's A-Test, Sign Test and Wilcoxon's Matched Pairs Test.

In this study, the focus was only on the managerial cadre of the bank employees. This was considered appropriate in a sense that these employees were to interact with clerks and subordinate staff and to get along with them for actual work in the branches. Therefore, the branch managers of the banks were the target respondents. The study covered only scheduled commercial banks both in the public and private sectors. But, it did not cover regional rural banks and their employees.

The scope of the study covers HRD concept and philosophy, HRD practices and measures, HRD climate and the employees response for HRD efforts. The word HRD has been used to denote development of abilities and the attitudes of the individuals leading to personal growth and self actualization which enables the individual to contribute to societal well being and development and in achieving personal satisfaction and happiness. It aims at better understanding of people,

---

their needs and hopes. It also seeks to generate an awareness among them of their role as a resource to the organization for attainment of its goals and objectives and for minimizing the areas of conflict between the two and promoting an integrated approach. The most frequently used HRD mechanism are to include :

- (i) Performance and potential appraisal
- (ii) Feedback and performance coaching
- (iii) Employee's career planning and development.
- (iv) Development and training programmes
- (v) Organization development.
- (vi) Recognizing and rewarding the contribution
- (vii) Employees welfare and quality of work life.
- (viii) Self renewal and institution building.
- (ix) Personal growth and worker education programme
- (x) Quality circles, task forces and assignment groups.
- (xi) Developing team spirit.

The major pertinent challenges in the field of HRD include the following phenomenon.

- (i) How to estimate and recover the capital investment incurred in HRD ?
- (ii) How to retain the developed human resources and to avoid the risk of leaving the organization ?
- (iii) Can human beings be treated at par with machines ?
- (iv) How to make HRD practices more effective ?
- (v) HRD who's responsibility ?

- (vi) How to resist and overcome opposition of HRD process by the employees ?

The above aspects were studied by way of :

- (i) Appreciation and endorsement of HRD concept and philosophy by the employees.
- (iv) Experiences and reactions of the employees for HRD measures.
- (iii) The impact of HRD practices and measures on the organizations as also on the employees.

With the above background, the process of analysis and hypotheses testing have been done for scheduled commercial banks as a whole and separately for sub groups of public sector and private sector bank employees. No other dimension like sex, region, etc., were felt for this type of study, for the researcher's major focus was on studying the perceptions of managerial cadre commercial banks employees (largely a homogenous class) towards HRD practices and measures only. The major findings and the overall conclusions of the study have been summarized below.

❁ **Major Findings :**

The major findings of this study could be narrated as follows :

1. In this study, 65% of the respondents were from public sector banks while 35% from private sector banks. The average length of the public sector bank employees was 23.60 years while private sector bank employees only 7.85 years.

2. It was good to notice that all the respondents were familiar with the word 'HRD' evidencing that HRD process existed in the commercial banks in India.
3. Both the public sector and the private sector bank employees denoted their more than 90% level of agreement for the definition of HRD as one "which helps and encourages employees to acquire and develop their capabilities and change their values, beliefs, and attitudes favourably to their present /.future role." No real difference between the levels of agreement for this definition was noticed between the public sector and the private sector bank employees.
4. Out of the six stimulants included in the questionnaire, the following four stimulants were equally considered as prominent stimulants for the start of HRD in commercial banks, for the level of agreement of the bank employees for them was more than 80%
  - (i) Increased competition
  - (ii) Increased quality awareness in services
  - (iii) Globalization
  - (iv) New banking products

The employees agreed less for the remaining two stimulants, viz., 'Lowering down of service quality' and 'Increasing problems of customers'. No genuine difference was found in the levels of agreement for these stimulants between the public sector and the private sector bank employees.
5. Both the public sector and the private sector bank employees expressed their high degree of agreement (80% to 90%) for all the

even activities of HRD included in the questionnaire and as such these activities were found highly relevant for HRD in commercial banks. The difference between the private sector and the public sector bank employees regarding their agreement for these activities were only due to sampling fluctuations. Keeping in view the levels of agreement, the HRD activities were ranked as follows :

- (i) Developing team spirit.
  - (ii) Development and training programmes.
  - (iii) Potential appraisal and development.
  - (iv) Rewarding and recognizing contribution and qualities.
  - (v) Quality management.
  - (vi) Quality of work life.
  - (vii) Planning overall development of the bank and analyzing changing behavioural pattern of employees.
  - (viii) Performance appraisal.
  - (ix) Employee's career planning and development.
  - (x) Planning welfare programmes.
  - (xi) Taking steps for controlling stress.
- } Equal rank
- (6) No differences were noticed between the levels of familiarity of the public and the private sector bank employees to the meaning of HRD philosophy, and thus 82.6% level of familiarity was equally applicable for both the public and the private sector bank employees.



Moreover, all the bank employees showed 79% degree of their agreement for the six contents of the HRD philosophy included in the questionnaire. But out of the six contents, content number 2 (employees can be developed and activated by stress and strain) was not agreed upon by them for its inclusion in the HRD philosophy. In other words, all these employees did not agree that the HRD philosophy should be oriented by the theme that 'employees can be developed by stress and strain'.

The remaining five contents as per their agreement levels could be ranked as follows :

- (i) Treating employees as most valuable in the organization.
  - (ii) It is the duty of every manager to develop employees.
  - (iii) HRD activities are always in the interest of employees and the organization.
  - (iv) Employees can be fully committed to work by fulfilling their basic and higher needs.
  - (v) HRD activities depend upon supporting organizational climate.
- (7) The employees showed their level of agreement 72.6% or more for all the 13 items as elements of HRD climate included in the questionnaire. The levels of agreement for these 13 elements of HRD - climate did not differ genuinely between the public sector and the private sector bank employees. Considering the relative score values of the agreement for all these elements of HRD climate on a five point scale, the elements could be rank-wise arranged as follows:

- 
- (i) Team spirit
  - (ii) Trust
  - (iii) A tendency on the part of employees to be mutually helpful and collaborative.
  - (iv) A tendency to help employees recognize their strengths and weaknesses.
- } Equal rank
- (v) Management tendency to treat employees as the most valuable resource.
  - (vi) Development - oriented rewards, career planning and performance measurement activities.
  - (vii) A perception that developing the competencies in the employee is the job of every manager.
  - (viii) Openness.
  - (ix) A tendency to discourage favouritism.
  - (x) Confrontation
  - (xi) Autonomy
  - (xii) Pro-action
  - (xiii) Authenticity
- (8) The ranks given to the five objectives of HRD by the public sector and the private sector bank employees did not differ substantially. As such, the objectives could be arranged (commonly applicable to all bank employees) as follow:
- (i) Developing team spirit
  - (ii) Developing employees capability in respect of their present / future role.

- 
- (iii) Developing healthy relations between employees and managers.
- (iv) Developing collaboration / co-operation among various branches of the bank.
- (v) Developing overall health and self renewing capabilities of employees.
- (9) No difference was found between the levels of agreement regarding the 12 HRD process / mechanisms included in the questionnaire between the public sector and private sector bank employees. As such, the overall score value of all the 12 HRD mechanisms was 4.17 on a five point scale representing 83.40% level of agreement / expectations. Considering the levels of expectation separately for these 12 mechanisms, the levels of expectations ranged from the lowest 80% to the highest 85.60% and the variation between these two extreme values was also not large. These mechanisms on the basis of levels of agreement / expectations were ranked as given below:
- (i) Training and development
  - (ii) Potential appraisal and development
  - (iii) Rewards and recognition
  - (iv) Total quality management
  - (v) Performance appraisal
  - (vi) Employee welfare and quality work life
  - (vii) Organization development
  - (viii) Communication
- } Equal  
} rank

- 
- (ix) Feedback, performance appraisal and coaching } Equal  
 (x) Career planning and management } rank  
 (xi) Human resource information  
 (xii) Stress management - controlling stress
- (10) As against the levels of expectations from the 12 HRD mechanisms with no difference of the expectation levels between the public sector and private sector bank employees, the study revealed the opposite view that the average levels of satisfaction from these HRD mechanisms were found higher in the case of the private sector bank employees than that of the public sector bank employees. And this difference was not due to sampling fluctuations. Instead, the differences were genuine. The levels of satisfaction in terms of percentages ranged from 64.8% for HRD mechanism number 10 to 81.20% for HRD mechanism number one in the case of private sector bank employees; while the percentage levels of satisfaction ranged from 55.6% for HRD mechanism number 10 to 78.6% for HRD mechanism number 11 in the case of public sector bank employees.

While comparing the relative ranks assigned to the levels of expectations (common for all the commercial banks) and the relative ranks of the levels of satisfaction found differently for the public sector and the private sector bank employees for all the HRD mechanisms, the researcher could not find any significant co-relationship between the relevant paired ranks. The relative ranks of the levels of expectations and the levels of satisfaction, thus, were found independent and random. However, out of the

12 HRD mechanisms, only one common rank was noticed in the case of stress management where both the sector bank employees assigned the lowest ranking order, though their levels of satisfaction were different even in this case. Hence, the ranking order of HRD mechanisms were found as given below:

Rank	Name of HRD Mechanisms	
	Public Sector Bank Employees	Private Sector Bank Employees
1	Total Quality Management	Performance Appraisal
2	Performance Appraisal	Total Quality Management
3	Training and Development	Communication
4	Feedback, Performance appraisal and Coaching	Training and Development
5		Rewards and Recognition
6	Human Resource Information	Career Planning and Management
7	Communication	Feedback, Performance Appraisal and Coaching
8	Organization Development	Employees welfare and Quality Work Life
9	Rewards and Recognition	Potential Appraisal and Development
10	Potential Appraisal and Development	Organization Development
11	Career Planning and Management	Human Resource Information
12	Stress Management	Stress Management

\*Denotes equal ranks

---

(11) The perceptions of the bank employees regarding the impact of HRD measures on productivity of bank employees, customer service, profitability and employee loyalty and retention were highly encouraging. But, the impact of HRD efforts in terms of preventing employees from availing of the VRS could not be found very prominent. In terms of the degree of impact, as per the perceptions of both the public and private sector bank employees, the four aspects arranged rank-wise were as under:

- (i) Improving productivity of bank employees.
- (ii) Achieving satisfactory customer service.
- (iii) Increased employee loyalty and retention.
- (iv) Improving profitability.

From these results, it was concluded that the HRD measures had resulted into the positive impact and in a way denoted that the bank organization was sincere and employees cooperated fairly well in the process of HRD in the banks.

- (12) Both sectors bank employees equally and highly believed HRD as to help handle innovative banking products.
- (13) About 91% of the bank employees (common to both the sectors of the banks) favoured the issue that HRD was a facilitating step for the growth of banks and not a burden.
- (14) The perception of the employees towards the accounting treatment of the HRD expenses was also found uniformly similar. 60.86% of the employees believed HRD expenses as revenue expenditure, 17.40% as capital expenditure and 21.74% as

---

revenue and capital expenditures, which revealed lack of clear-cut stand in the matter.

- (15) The first three important problems and difficulties as perceived by the bank employees were as follows:
- (i) Out dated dysfunctional service rules.
  - (ii) Lack of willingness of employees to handle innovative banking services and to assume risks attached thereto.
  - (iii) Stereotyped functioning in branches.

No difference was noted between the perceptions of public sector and private sector bank employees. But, a surprising fact noticed was that the bank employees expressed very high degree of their level of agreement to believe HRD as being helpful to handle innovative banking products but at the same time they perceived lack of willingness in this connection as a problem and difficulty in the HRD process - a big paradox before the bank management.

Some stray comments of the employees also pointed out the following problems and difficulties:

- (i) Ego among the employees as one such reason for employees resistance against HRD efforts.
  - (ii) Ignorance of the benefits of HRD on the part of the employees for lack of full and whole-hearted co-operation.
- (16) The employees of both public and private sector banks perceived the following five suggestions very prominent for effective implementation of the HRD:

- (i) There should be a separate HRD department headed by HRD experts to look after HRD activities.
- (ii) There should be step by step implementation of HRD practices.
- (iii) A need for systematic and objective appraisal of the performance of the employees.
- (iv) A need to develop accountability among employees regarding their work.
- (v) HRD measures should be linked with changing banking scenario.

Certain casual observations of the employees also indicated the following suggestions:

- (i) HRD efforts should be directed more towards technological up gradation.
- (ii) Proper assignment of work in accordance with the skills developed through HRD efforts.

❁ **OVERALL CONCLUSIONS (HYPOTHESES VIEWED AS PER THE ANALYSIS) :**

- (i) All the commercial banks have introduced HRD for their employees and the employees did consider HRD inevitable, and as such, the first hypothesis of the study stood accepted.
- (ii) The HRD practices and measures were highly viewed by the bank employees as essential for achieving organizational goals as also for developing careers of bank employees; and as such the second hypothesis of the study stood accepted.



- 
- (iii) The familiarity of HRD philosophy, practices and measures and resolving the pertinent challenges were found with very high degree of the agreement of the bank employees; but the perceptions of their agreement did not show any genuine difference between the public sector and the private sector bank employees. This way, the IV hypothesis also stood accepted.
- (iv) Against the above three broader conclusions, though no differences were found between the levels of agreement / expectations from the HRD mechanisms between the public sector and private sector bank employees, the higher levels of satisfaction could be noticed among the private sector bank employees from the HRD mechanisms as compared to the levels of satisfaction amongst the public sector bank employees. Thus, the levels of satisfaction between the public sector and the private sector bank employees differed significantly. Moreover, there has been no relationship of any kind (positive or negative) noticed between the levels of expectations and the levels of satisfaction from the HRD mechanisms. In other words, the levels of expectations and the levels of satisfaction were found independent of each other for almost all the HRD mechanisms except one, viz., stress management, for which both the categories of the employees assigned the lowest rank, though their levels of satisfaction differed substantially for this too. Hence, the hypothesis number three of the study stood rejected.

---

At the end, the researcher liked to conclude that a well groomed, updated and awarded employee in an organization is just like a close circuit hidden camera; HRD is very good and useful if it is practised in right direction, and the desired results from HRD are possible when organization is sincere and employees co-operate.



## BIBLIOGRAPHY

### ❁ BOOKS :

- Agrawal, H. N., *A Portrait of Nationalized Banks : A study with reference to their social obligations*, Inter India Publications, New Delhi, 1979.
- Ashok Kumar, *Human Resource Development : An Interdisciplinary Approach*, Anmol Publications, New Delhi, 1991.
- Abraham Enthenkuzhy, *A study of HRD Practices in Indian Organizations*, Ph. D. thesis, 1989.
- Bansal, M. P., *Human Resource Development in Public Enterprises*, RBSA Publishers, Jaipur, 1991.
- Jain, V. K., *HRD Practices in Indian Industries*, Anmol Publications, New Delhi, 1996.
- Kothari, C. R., *Research Methodology : Methods and Techniques*, Vishwa Prakashan, 1970.
- Likert Rensis, *New Patterns of Management*, McGraw Hill Book Co., New York.
- Mathur, B. L., *Human Resource Development*, Ajanta Publishers, Jaipur, 1988.
- Munjal Satish, *Human Resources and Rural Development*, Printwell Publishers, Jaipur, 1989.
- Mahajan, Y. S. and Virmani, M. R., *Human Resource Development in Public Enterprises*, Centre for Public Sector Studies, 1988.

- Pareek Udai and Rao, T. V., *Designing and Managing Human Resource Systems*, Oxford and IBH Publishing Company, New Delhi, 1981.
- Pattanayak Biswajeet, *Human Resource Management*, Prentice Hall of India Pvt. Ltd., New Delhi, 2002.
- Rao, T. V. and Pereira, D. F., *Recent Experience in Human Resource Development*, Oxford and IBH Publishing Co., New Delhi, 1986.
- Rao, T. V.; Verma, K. K.; Khandelwal Anil; and Abraham, S. J., *Alternative Approaches and Strategies of HRD*, Rawat Publications, Jaipur, 1988.
- Rao, T. V.; Silvera, D. M.; Srivastava and Rajesh Vidyasagar, *HRD in the New Economic Environment*, Tata McGraw-Hill Publishing Co., 1994.
- Ravishanker, S. and Mishra, R. K., *Management of Human Resources in Public Enterprises*, Vision Books, 1985.
- Silveria, D. L., *Human Resource Development :The Indian Experience*, New Book Publications, 1987.
- Tripathi, P. C., *Human Resources Development*, Sultan Chand and Sons, New Delhi, 2002.
- Verma, M. M., *Human Resource Development*, Gitanjali Publishing House, New Delhi, 1988.

❁ ARTICLES :

- M. V. Deekshitulu, "Internet Banking : Online Banking Services", *Central Bank of India Economic Bulletin*, October, 2002
- Dr. Y. Venugopal Reddy, Governor, RBI, "Banking Sector in Global Perspective", *Central Bank of India Economic Bulletin*, December 2003 and November 2004.
- Dr. Ram Sangapure, "Emerging Scenario in Banking Sector", *Central Bank of India Economic Bulletin*, October, 2001.
- G. S. Bhaskara Rao, "HRM in Banking Industry : Towards An Enduring Role for Success", *Central Bank of India Economic Bulletin*, December, 2002.
- Len Nadler, "Defining the Field - is it HRD or O.D. or....", *Training and Development Journal*, December, 1980.
- Mukhtar Nabi Khan, "HRD in Modern Technological Structure", *Indian Journal of Commerce*, Jan-June, 1987.
- Ajay Kumar Singh, "HRD Perspectives in the 21st Century", *Indian Journal of Commerce*, October-December, 1998.
- C. S. Sanker, "HRD in Banking Industry", *Indian Journal of Training and Development*, Jan-March, 1984.
- M. S. S. Vardan, "HRD for Organisational Effectiveness", *Dr. B.S.Mathur Memorial Lecture*, University of Rajasthan, Jaipur on 8-4-1989.
- Vinita Agrawal (Researcher), "Human Resource Development - Certain Pertinent Challenging Issues" (*Seminar Paper* at a State Level Conference in Junagadh), 1999.

Len Nadler, "HRD Helping Managers to Solve Problems", *Training and Development Journal*, January, 1981.

Dave Ulrich, "Measuring Human Resources - An Overview of Practice and a Prescription for Results", *HRM Journal*, Fall, 1997.

Kuldeep Singh, "Strategic HR Orientation and Firm Performance in India", *International Journal of HRM*, June, 2003.

Charles Moseley, "The Human Resource Dimension and Reform", *Human Resources and Labour Issues*, (Training Programme).

James W. Walker, "Integrating the HR Function with the Business", *Human Resource Planning*.

S. M. Gangadhar and Madhav Keswami, "Payouts for the Team", *Human Capital*, February, 2003.

Jyotsana Bhatnagar and Deepti Menon, "Scaling Heights Together", *Human Capital*, October, 1999.

Srinivas R. Kandula and B. Haribapuji, "Stepping Stones to Success", *Human Capital*, January, 2000.

N. K. Singh, "HRD in Public Enterprises", *Scope*, May 1987.

❁ **INTERNET ACCESS :**

Personal Website of R. Kannan, Learning Circle - Banking Theory and Practice - History and Evaluation of Indian Banking System.

File: //C: Windows/Desktop/viewibamembers 1.1.htm

RBI Home Publications, Banking Statistics, Summary Tables, March 19, 2001; <http://www.rbi.org.in>

"Indian Banking : Withstanding the Challenges" [http: //www.actmindia.org/pages/alm/jan-c.s.htm](http://www.actmindia.org/pages/alm/jan-c.s.htm)

---

❁ **JOURNALS / PERIODICALS AND NEWS PAPERS :**

R.B.I. "Trend and Progress of Banking in India"

IBA Bulletin

Indian Journal of Commerce

CBI Economic Bulletin

RBI Bulletin

HRD News - letter

Training and Development Journal

The Economic Times

Business Today

Prajnan



## APPENDIX

### “A STUDY OF THE IMPACT OF HRD PRACTICES AND MEASURES TO RESOLVE PERTINENT CHALLENGING ISSUES OF HRD IN COMMERCIAL BANKS IN INDIA”

#### Questionnaire for Bank Managers of Commercial Banks in India

#### PART – I : PERSONAL PROFILE

- 1.1 Name of the Respondent : \_\_\_\_\_
- 1.2 Name of the Bank : \_\_\_\_\_
- 1.3 Place of the Branch : \_\_\_\_\_
- 1.4 Designation of the Respondent : \_\_\_\_\_
- 1.5 Length of Service in the Bank : \_\_\_\_\_  
(In completed years)

#### PART – 2 : HRD THEORY AND PRACTICE

- 2.1 Are you familiar with the word “HRD” ? (Select any one)  
Yes  No
- 2.2. HRD means helping and encouraging employees to acquire and develop their capabilities and changing their values, beliefs and attitudes favourably to their present / future role.  
Strongly Agree  Agree  Neutral   
Disagree  Strongly Disagree



2.3 Please give your opinion on the following by ticking relevant columns:

<b><i>HRD Needs emerged due to:</i></b>	<b><i>Highly agree</i></b>	<b><i>Agree</i></b>	<b><i>Less agree</i></b>	<b><i>Not agreed</i></b>	<b><i>No idea</i></b>
1. New banking products					
2. Increased competition					
3. Globalisation					
4. Lowering down of service quality					
5. Increasing problems of customers					
6. Increased quality awareness in services					

2.4 Kindly express your views on following HRD activities by ticking relevant column :

<b><i>No.</i></b>	<b><i>Activities included in HRD</i></b>	<b><i>Your views</i></b>				
		<b><i>Highly agree</i></b>	<b><i>Agree</i></b>	<b><i>Less agree</i></b>	<b><i>Not agreed</i></b>	<b><i>No idea</i></b>
1.	Maintaining systematic performance record in service books (Performance appraisal)					
2.	Analyzing career advancement chances in the light of potentiality and developing accordingly (Potential Appraisal and Development)					
3.	Employees career planning and development					
4.	Planning welfare programmes					
5.	Development and training programmes					
6.	Rewarding and recognizing the contribution and qualities					
7.	Developing effective environment for rendering services (Quality of work life)					
8.	Taking steps for controlling stress					
9.	Planning overall development of the bank and analyzing changing behavioural pattern of employees					
10.	Developing team spirit					
11.	Rendering quality and satisfactory services (Quality Management)					

2.5 Are you familiar with the meaning and contents of HRD Philosophy ?

Completely

Largely

No Idea

Some what

Not at all

2.6 HRD Philosophy contains the following aspects (Give views by ticking relevant columns) :

<i>No.</i>	<i>Item</i>	<i>Highly agree</i>	<i>Agree</i>	<i>Less agree</i>	<i>Not agreed</i>	<i>No idea</i>
1.	Treating employees as most valuable in the organisation					
2.	Employees can be developed and activated by stress and strain					
3.	HRD activities depend upon supporting organizational climate					
4.	HRD activities are always in the interest of employees and the organisation					
5.	Employees can be fully committed to work by fulfilling their basic and higher needs					
6.	It is the duty of every manager to develop employees					

2.7 HRD climate consists of the following items. (Please give your opinion on the following elements determining “HRD Climate” by ticking every column corresponding to each of the elements)

<i>No.</i>	<i>Elements included in HRD climate of your Institute</i>	<i>Opinion</i>				
		<i>Highly agree</i>	<i>Agree</i>	<i>Less agree</i>	<i>Not agreed</i>	<i>No idea</i>
1.	Openness (freedom of expression)					
2.	Confrontation (face to face problem discussion without fear of criticism)					
3.	Trust (faith in the capacity of an employee to change and acquire new competency at any stage of life)					
4.	Autonomy (certain degree of freedom of action to employees)					
5.	Pro-action (employee’s willingness to initiate work and take risk at any stage of life)					
6.	Authenticity (employees do what they say)					
7.	A tendency on the part of employee to be mutually helpful and collaborative					
8.	Management’s tendency to treat employees as the most valuable resource					
9.	A perception that developing the competencies in the employee is the job of every manager.					
10.	A tendency to discourage favouritism					
11.	Development – oriented rewards, career planning and performance measurement activities					
12.	A tendency to help employees recognize their strengths and weaknesses					
13.	Team spirit					

### PART – 3 : HRD MEASURES

3.1 Kindly rank the following objectives of HRD in your Institute in order of importance :

<i>No.</i>	<i>Objectives / Goals (Items)</i>	<i>Rank</i>
1.	Developing employees capability in response to their present / future role	
2.	Developing healthy relations between employees and managers	
3.	Developing team spirit	
4.	Developing collaboration / co-operation among various branches of the bank	
5.	Developing overall health and self-renewing capabilities of employees	

3.2 HRD process consists of the following mechanisms, (please give your views on the mechanisms by ticking the relevant columns in the context of your Institute):

<i>No.</i>	<i>HRD Process Mechanism</i>	<i>Your views</i>				
		<i>Strongly agree</i>	<i>Agree</i>	<i>Less agree</i>	<i>Not agreed</i>	<i>No views</i>
1.	Performance Appraisal (maintaining systematic performance record of an employee in service book)					
2.	Analysing employee's career advancement chances and developing them accordingly (Potential appraisal and development)					
3.	Feedback, performance appraisal and coaching					
4.	Training and development					
5.	Rewards and recognition					
6.	Employee welfare and quality work life					
7.	Career planning and management					
8.	Organisation development					
9.	Human resource information					
10.	Stress management – controlling stress					
11.	Total quality management					
12.	Communication					

3.3 Please tick below only those measures of HRD (HRD Mechanisms) which have been undertaken by your bank during last five years and show your level of satisfaction :

<i>No.</i>	<i>HRD Mechanism undertaken</i>	<i>Your level of satisfaction</i>				
		<i>Highly satisfied</i>	<i>Satis- fied</i>	<i>Less satisfied</i>	<i>Dis- satisfied</i>	<i>Neutral</i>
1.	Performance appraisal (maintaining performance record of the employee in service book)					
2.	Potential appraisal and development					
3.	Feedback, performance appraisal and coaching (on the job training)					
4.	Training and development					
5.	Rewards and recognition					
6.	Employees welfare and quality work life					
7.	Career planning and management					
8.	Organisation development					
9.	Human resource information (maintaining detailed record of the employee, in general, includes his choice, ambitions etc.)					
10.	Stress management (taking steps to control stress of an employee).					
11.	Total quality management (serving customers effectively and satisfactorily in terms of customer service)					
12.	Communication (up to date and well informed employee regarding his surroundings)					

## 3.4 In your opinion could HRD practices help

No.	Items	Your opinion				
		Strongly agree	Agree	Less agree	Not agreed	No views
1.	Improve productivity of bank employees					
2.	Achieve satisfactory customer service					
3.	Improve profitability of your bank					
4.	Increase employee loyalty and retention					
5.	Prevent employees from availing VRS					

## 3.5 Could HRD be helpful to the employees for handling innovative banking products?

Highly Agree Agree Less Agree Not Agree No Idea 

## 3.6 Do you consider HRD a burden on the banks or a facilitating step for the growth of the bank.

i) Burden ii) Facilitating step iii) Both Burden as well as facilitating step iv) No Idea 

## 3.7 In your bank the expenses incurred on HRD are treated as :

i) Revenue Expenditure ii) Capital Expenditure iii) Both Revenue and Capital Expenditure iv) No idea

3.8 What problems and difficulties are being experienced in the efforts for HRD in your Bank ? Please rank first three of them.

<i>No.</i>	<i>Problems and difficulties</i>	<i>Rank</i>
1.	Outdated dysfunctional service rules	
2.	Resistance from the employees	
3.	Stereotyped functioning in the branches	
4.	Lack of willingness of employees to handle innovative banking services and to assume risks attached thereto.	
5.	No proper linkage between the qualifications of employees and measures used for HRD.	
6.	Absence of effective system of feedback and performance appraisal.	
7.	Pressures from employee union.	
8.	Isolated efforts for HRD	
9.	Any other, please specify.	

3.9 Your likely suggestions in relation to the problems and difficulties in implementing effective HRD practices. Kindly give your views by providing first five ranks :

<i>No.</i>	<i>Likely Suggestions</i>	<i>Rank</i>
1.	There should be step by step implementation of HRD practices	
2.	There should be a separate HRD department headed by HRD experts to look after HRD activities	
3.	Employees training programmes should be planned properly	
4.	Refresher / Orientation programmes should be renovated from time to time in the light of emerging new banking services and risks attached thereto.	
5.	Those showing good performance in training should be motivated and benefited in the service.	
6.	A need to develop accountability among employees regarding their work	
7.	There should be a periodic review of HRD practices	
8.	A need for a systematic and objective appraisal of performance of employees	
9.	HRD measures should be linked with changing banking scenario	

3.10 Your overall observations regarding HRD, if any.

\* \* \*