CHAPTER 3

REVIEW OF RELATED LITERATURE

An organization that has better HRD climate and processes is likely to be more effective than an organization that does not have them. HRD climate can be grouped as General climate, HRD (OCTAPACE) culture and HRD mechanisms. HRD encompasses the development oriented activities of the organization. For an individual to perform productively the HRD climate prevailing in the organization needs to be conducive to his development. Various research studies have been conducted to determine and analyse factors affecting the HRD Climate prevailing in the organizations. A review of literature indicates that HRD climate exists in various organizations.

3.1 HUMAN RESOURCE MANAGEMENT IN PUBLIC ENTERPRISES

Human Resources are universally acknowledged as the most valuable asset in any organisation. They are no longer considered problems and costs; they are recognised as a resource, opportunity and strength. However human resource is the least utilised (Bhatia 1980). Human Resource Management has been recognised as an integral function of management all over the world. In any organisation management task is to develop and co-ordinate the willing efforts of employees in accomplishing organisational aims. This is just as true in public enterprises and non-profit organisations as it is in private enterprises. The achievement of the purpose of the enterprise involves the co-ordination of a number of basic functions such as sales, production, procurement, finance, etc. All these functions are carried out by people and therefore human resource management
is an integral part of all other functions in an organisation. “Many types of resources are necessary to manage an industry: Capital, Technology, Goodwill, etc. But the mere existence of these resources is not a sufficient condition for entrepreneurial activity. It needs human resources to make them come alive” (Shah 1990). In fact, the importance of managing human resources is that it is considered as synonymous with personnel management. “Human relations job functions through several major activities and that human relation is the beginning and end of the management job” (Lawrence 1956).

An organization that has better HRD climate and processes is likely to be more effective than an organization that does not have them (T.V. Rao, 1992). Venkateswaran, K.P.Sai (1997) found that, to a large extent, a favourable HRD climate was prevalent in a public sector undertaking in India. Research has identified statistical correlations between specific elements in the organizational climate and four performance measures- profitability, customer loyalty, productivity and employee retention. It is found that there are significant differences between the executives of the old and new public sector organisations on a number of Organisational Role Stress (ORS) as well as Quality of Work Life (QWL) dimensions. Based on the findings, HR solutions have been suggested (BiswaJet Pattanayak 2003).

The Centre for HRD at XLRI, Jamshedpur surveyed the practices of 53 public and private sector organisations (Rao and Abraham 1986). From this survey the following trends were observed:

1) About 32% of them had a formally stated policy focusing on HRD. Another 59% did not have a formally stated HRD policy but claimed to emphasize it. It is only in 9% of organisations that there was no formally or informally known HRD policy.
2) About 89% of the organisations surveyed had personnel policies that emphasize continuous development of their employees.

3) In 30% of these organisations there is a separate HRD department and in another 38% of them the HRD function is a part of the personnel function with specially designated persons to look after it.

4) About 26% of the organisations reported to have fully development oriented performance appraisal systems and another 62% reported to have appraisals that have development as one of the main objectives.

5) Some form of identification of tasks and targets jointly by the appraiser and appraisee, performance review discussions to help appraisee recognise his strengths and weaknesses, appraisal feedback to appraisee for improvement, self-appraisal, identification of development needs, potential appraisal, and identification of factors affecting performance seem to characterise about 70% of the appraisal systems.

6) About 55% of them had a definite training policy. For example, one of the organisations surveyed had a policy that all the executives should be trained in all areas of general management. In 64% of them there is a separate training department.

7) Fifty per cent of the organisations reported that they had someone to look after OD activities although 44% of them only had undertaken some OD activity or the other by the time of the survey. In most of these organisations the OD activity was focussed on team building and role clarity exercises. About 36% of them reported using OD for developing a work organisation, 26% for interpersonal sensitivity and personal growth and 15% on stress management. 8) About 80% of the organisations required their executives to counsel their subordinates at least
once-a-year although a large number of them encourage more frequent counselling sessions.

9) In some of these organisations the top management’s commitment, supportive personnel policies, a positive organisational culture, training, and HRD systems and staff are considered as facilitating HRD.

This is a very positive trend. In the last few years there are more improvements in HRD and today most organisations have a much stronger HRD function and innovative HRD practices in the industrial sector.

Nurmi (2001) conducted a study on "An Investigation of Evaluation of Human Resource Development: A Case Study in the Finish Pulp and Paper Industry". This unpublished dissertation focussed on the evaluation of industrial Human Resource Development (HRD). The literature review emphasized the existing concepts and models in educational evaluation in order to revise the existing evaluation field. In addition, the concept of training success was addressed and discussed, particularly within the context of the Finish pulp and paper industry. The main objective of the study was to analyze the conceptual background of Human Resource Development (HRD). In the area of industry the objective of the study was also to clarify and expand the relationship amongst: (i) The concept of training success (ii) Transfer of training (iii) Academic achievement (iv) Learning. Only two issues were suggested for future research, focused. It was also suggested that the relationship between HRD programs and the strategy of Met-Serla Corporation would provide a very interesting research area. The same approach can easily be applied to the rest of the area of problem. It can also include stake-holders evaluation and the qualitative analysis of the experiences of participants, as an important part.

The supremacy of human element and urgency of creating a learning organization through development of organizational capabilities all the time, make out a strong case for the evaluation of HRD climate in organizations. Various
studies reveal that the HRD climate contributes to the organization’s overall health and self-reviewing capabilities which in turn increase the capabilities of individual, dyads, team and the entire organizations. Bhardwaj, and Mishra (2002), conducted a study with a sample of 107 senior, middle and lower level managers of private sector organization which is one of India’s largest multi-business companies. Thus, on the whole, the existence of good HRD climate in the organization covered under study. The managers in general showed a favourable attitude towards HRD policies and practices of the organization. They were satisfied with the developmental policies of top management as well as happy with the prevailing HRD climate in the organization.

Singh.K (2003), conducted a survey of 84 Indian firms representing major domestic business sectors ranging from automobiles and auto components to, cement, engineering, iron and steel, financial services, info-tech, pharmaceuticals, paper and power, etc. The main objectives were to examine how many HR practices have been implemented by the firms and the extent of links between the individual HR practices and firm performance. Each firm was asked to indicate the percentage of employees covered under the final HR practices which consisted of the following HRD practices:

a) use of employment test before selection
b) formal performance appraisal system
c) compensation based on performance appraisal
d) formal job description
e) non-entry jobs filled from within in the recent three years
f) employees covered under formal information system
g) employees administered attitude survey on a regular basis
h) employee participation in the quality of work life program, quality circles, or labour management participation teams
i) average days of training received by an employee in the last 12 months

The result indicated that there were large variations in the HR practices adopted by the organizations included in the sample. It was also found that the combined effect of HR performance index was significant in predicting a firm’s performance as well as employee turnover and productivity.

Alexandre Ardichvili (University of Minnesota) and Jondle Douglas (Center for Ethical Business Cultures) (2009) in the literature review “Ethical business cultures: A literature review and implications for HRD” identifies characteristics of ethical business cultures, describes factors, considered to be important in developing such cultures, describes current practices of developing ethical culture programs, and discusses the role of HRD in developing ethical business cultures. We argue that ethical thinking and behaviour can be learned and internalized as a result of work-based interpretive interactions, and this learning process constitutes an important part of organizational learning. Therefore, to help the organization develop an ethical culture, HRD needs to play a key role in several interrelated activities which include: culture change efforts, focused on the creation of conditions, conducive to ethical behaviours; creation of a dynamic program of ethical training for employees on all levels of the organization; and development of up to-date codes of ethic.

A firm’s competitiveness depends on its capacity to manage performance and improve the development of the skills and competencies of employees – creating a learning environment. Although the Nepalese economy has embraced an open market policy and is attempting to join the global market, competitive advantage is being hindered by a failure to address human resource development (HRD) and by poor performance management (PM) practices. Dev Raj Adhikari (2009) in the paper “Human Resource Development (HRD) for performance management in the case of Nepalese organizations” seeks to address
this issue. The research article raises three research questions: What is the concept of PM and how does it relate to HRD? What is the PM and HRD context and what are the associated issues in Nepalese organizations and, how could new structure and roles improve HRD for PM? In order to answer these research questions Anglo-Saxon and Nepalese literature is reviewed. In order to manage PM in Nepalese organizations a clear link between organizational objectives and outcomes should be established by developing a human capital base in organizations. HRD professionals help to integrate HRD functions and organizational objectives by creating a learning environment.

Abderrahman Hassi, and Giovanna Storti (2011) in the research paper “Organizational training across cultures: Variations in practices and attitudes” have done a review of the existing literature with respect to the variations in training practices and attitudes across national cultures. A content analysis technique was adopted with a comparative cross-cultural management perspective as a backdrop to address the occurrence of differences in HRD practices and attitudes across various national cultures. Most of the extant literature remains distant from providing a systematic and analytical repertoire on the subject. In efforts to bridge this gap, a synthesis of the literature has been elaborated, identifying a range of variations that have been grouped around the following categories: importance of organizational training; access to organizational training; different types of training provided to employees; actors involved in organizational training; and organizational support for training. The heterogeneity of the literature impeded the use of a theoretical training management framework for the present review. Organizations operating overseas and HRM/HRD practitioners should consider the complexity of diverse cultural differences, while managing employee training in culturally diverse settings. Nations ought to be aware of training practices abroad to observe trends and changes caused by globalization, as they may influence the shaping of national training practices and
regulations. From a theoretical point of view, it is important to undertake conclusive research by further examining training practices and attitudes through the various national cultures with the objective of better circumventing the differences and by highlighting their prominent characteristics and implications. The present contribution is the first documented synthesis of the literature on the subject.

3.2 STATE SECTOR PUBLIC ENTERPRISES IN KERALA

The establishment of public sector undertakings in Kerala was a natural outcome of the Industrial (Development & Regulations) Act, 1951 and the development strategy followed since the beginning of the planned development process in the country. The need for public sector investment was all the more felt during the initial five year plans since private capital was acutely limited and was also the least interested in entering the industrial scenario in the State. However, it was a period of national urgency to grow at a rate faster than what would have been possible otherwise relying on private initiative and enterprise. The few public sector industries formed during the fifties and also early sixties along with the few government owned industries started before independence formed the industrial base for Kerala.

There were a number of studies relating to the performance of public sector manufacturing enterprises and utilities owned by the central government. Studies on state sector enterprises owned by state government were rather limited (Pillai Mohanan P. 1990).

N. Chandrasekhar Pillai (1983) has done research on “Recruitment and Training of Managers in the Public Sector Concerns in Kerala”. The principal purpose of the study was to investigate the salient features of the Human Resource Development (HRD) system that are available in the various public sector units in Kerala State and to make significant comparison with the practices
prevailing in the private enterprises, and in the governmental system. The study was directed to ascertain the practices followed with reference to recruitment and training of managers in the public sector concerns in Kerala. For the study 50 companies and 4 corporations were selected. This was because only companies having a minimum of three years of commercial operation were selected for the study. The primary data were collected through questionnaire survey and secondary data from various publications, books, periodicals, journals, reports, etc. The major findings were lack of professionalism in managing public sector concerns in Kerala and modern methods and style of management are also conspicuous by their absence. This study points out the absence of the kind of relationship that exists between the type of management and the stage of economic growth. This study reveals that appointment of key personnel were done by or to a considerable extent influenced by government. Also found deficiency of training system in most of the units. The major suggestions were; (1) the public enterprises managers should be stern custodians of public interest, (2) they should develop an integrated human resource planning system within their organisations, (3) all public sector undertakings have to define their objectives and set targets for future after consideration of their internal and external environments, and (4) develop a systematic HRD plan in every enterprise and professionalism in management in these organisations.

P.Mohana Pillai’s (1990) study on public sector enterprises in Kerala was important for two crucial reasons: Firstly the illusion about public sector as the vanguard of socialism has been fading among Kerala politicians as elsewhere in the country. Secondly in Kerala the stranglehold of commercial capital show signs of loosening because of the activated interest in the stock market. Though sickness in small scale industry sector has been massive, the reasons for it have to be sought in other objective factors as well. This paper summarises the major findings of a larger study on the performance of state sector manufacturing enterprises in Kerala. Why
has the financial performance of state sector enterprises been so poor? To answer this question, the capital structures of these enterprises and their implications for their financial viability have been examined. The physical performance of the units on a sample basis has been evaluated and the major problems they confront on the technology front have been briefly discussed. Factors responsible for the growing sickness among the state sector enterprises in Kerala are also examined. Lack of financial autonomy is identified as the major factor in loss making but simultaneously its impact is felt in other major aspects of performance such as management, marketing, technology, inter-industry linkage, etc., which in turn make the enterprises nonviable.

The study on “Pattern of Executive Remuneration in the Manufacturing Public Enterprises in Kerala” by V.A. Sonny (1993), directed to broaden the understanding of executive remuneration in the manufacturing public enterprises in Kerala and to make a comparative analysis between various categories of industries and intra industries. All the public sector manufacturing enterprises consistently carried out production for the last seven years i.e. 1984-85 to 1989-90 were selected for the study. The 46 units selected from the seven categories of industries such as electrical, electronics, engineering, chemicals, textiles, ceramics and wood based industries were employing altogether 1996 executives as on March 1991. The primary data were collected through questionnaire survey method and secondary data from various official publications of Government of Kerala, other publications, books, periodicals, journals, etc. For the analysis of primary data, measure of central tendency such as mean, median, etc. were used. Tools such as correlation coefficient and t-test were also used. For the analysis of secondary data, multiple regression analysis was used. Percentage was also used to show variation in remuneration of executives in different categories of industries and inter industries.
under different periods. The major findings are: 1) the executives in the manufacturing public enterprises in Kerala are very much concerned comparing their remuneration with others in the same level in similar enterprises, 2) application of “moral principle” is expected when the Govt. happened to be the employer, there were several cases where lower level executives were paid more than senior executives, experience was not the criterion for maximum pay, 3) very few executives are working in the department of Research and Development, Quality Circle, etc., and 4) only a few executives were satisfied with their remuneration. The major recommendations were, in Kerala public enterprises: it is necessary to avoid the undesirable disparities in pay between one industry and another in the same category and also among the industries within one sector especially where the qualification, skill and responsibilities are similar or comparable, the remuneration menu must be designed with the help of technique like cafeteria approach, executive career cycle concept, cost benefit analysis, etc., and pay decisions should be taken with the active participation of the personnel concerned.

The research study “Performance Evaluation of State Public Enterprises in the Manufacturing Sector of Kerala” by Varghese Mathew (1997) focuses on modern manufacturing sector of the State of Kerala because it is presumed that the modern manufacturing sector has to sustain and grow in a more competitive environment than the others and it would be possible only if they can perform satisfactorily. Kerala had 106 public enterprises with the total investment of Rs.3448 crore as on 31st March 1993. The study done on 48 industries in the sectors of Ceramic and Refractories (06), Chemical (12), Electrical (05), Electronics (10), Engineering (11), and Textile (04). Published books, periodicals, pamphlets, etc., were the major sources of secondary information of the study. Unpublished documents, Government Orders, and information collected through empirical survey and interviews with the representatives of management were conducted as part of the
study. Data were analysed with a view to establishing correlative relationships between different parameters. Criteria for positive performance were fixed. Reasons for poor performance were established. This analysis gave a better picture of the selected 12 companies over a span of 10 years. Findings of the study were based on Ratio and Regression. From the study, it was seen that the following factors viz. Production, Consumption to Sales Ratio, Working Capital, Current Ratio, and Employment had the maximum impact on net profit of the units. The major findings were, a) performance of the state public sector manufacturing units has not been satisfactory, b) performance of these units were not solely depending on production and turnover, c) enterprise performance is related to either consumption to sales or working capital, and d)most of the public enterprises did not have well planned marketing strategies. The study concluded with the following major recommendations.

- The autonomy of the state enterprises must be clearly outlined and maintained continuously.
- The funds required for capital investment may be available in time so that the state enterprises may have a fair chance to recover.
- Better financial management and control should be introduced by appointing properly qualified and competent professionals.
- Find ways to stop multiplicity of trade unions. Otherwise the scope of collective bargaining and participative management becomes limited.
- Training of all the personnel in the enterprise should be more frequently done so that they may acquire better expertise, skill and motivation to contribute to the organisation.
- The remuneration package of the chief executives and other managers should be substantially improved to attract talented persons to the state public enterprises.
• The capacity utilisation should be stopped and production levels should remain high.

Sreedhar P. Nair’s (2005) research study examines and determines the effectiveness of HRM practices in the selected Public Sector Units in Kerala. The SLPEs for the purpose of conducting the study were selected by stratified sampling method. 36 enterprises were selected out of the total 102 performing SLPEs were sorted on the basis of number of employees in these units.

Primary data were collected from sample supervisors and employees by using structured questionnaires and secondary data from diverse sources such as company records, records published by the BPE, Industries Department and other departments in Government. Principal Component Analysis (PCA) was resorted to for evaluating HRM Effectiveness, Job Satisfaction, and Impact of trade unionism and to test the Herzberg’s Two Factor Theory.

The study reveals that sophisticated HRM practices were not adopted by most of the organisations, absence of formal personnel departments, frailties of existing personnel departments like inadequate training programmes, improper performance evaluation system, unscientific promotion systems, etc, hindered SLPEs from an optimum utilisation of manpower. This badly affected productivity, profitability and overall performance of the SLPEs. Major suggestions of the study were that the Government must give more autonomy and powers to lead these enterprises in pursuit of their organisational interests, restructuring the existing HR departments, evolving appropriate techniques of manpower planning, ensuring a judicious selection procedure, adopting a systematic induction process, refining existing training programmes, introducing new methods of training, encouraging employee participation in management and decision making and establishing an industrial relations body.
3.3. HRD CLIMATE

Jain, Singhal and Singh (1997) conducted a study, HRD Climate in Indian Industry, in two public sector organisations i.e. BHEL and NFL and concluded that the HRD climate is mainly a function of the effectiveness variables including individual efficiency, organisational efficiency and productivity, and the HRD variables including management policy on HRD, organisation development, role analysis and training. Ishwar Dayal (1996) carried out a study of HRD Climate in Indian Oil Corporation. It was found that HRD Climate was positive for learning. Gani and Rainayee (1996) conducted a study in HRD Climate in Large Public Sector Organization in Kashmir and concluded that the climate existing in the organization for employee development was picking up and it was further observed that compared to managerial personnel, workers were less sanguine.

Venkateswaran, and K.P. Sai (1997), in a note on Human Resource Development Climate, made a study based on the responses of 132 executives of a large PSU and concluded that early identification of human resource potential and development of their skill represent two major tasks of human resource development. This can be achieved only when a conducive HRD climate prevails. The study found the existence of favourable HRD climate in the organization. Krishna and Rao (1997) carried out a comprehensive empirical study on Organisational and HRD Climate in BHEL: An Empirical Study, and found that HRD climate in the organisation encouraged middle and senior managers to experiment with new methods and try out creative ideas.

Alphonsa (2000) surveyed, HRD climate in private hospitals of Hyderabad with sample of 50 supervisors from different departments. The crux of the study highlights that the supervisors’ perception about the HRD climate is satisfactory and there exists reasonably good climate with respect to top management’s attitude in HRD climate. On the same analogy Mufeed (2006) has
conducted a comprehensive study on major hospitals of Jammu and Kashmir namely Shri-Kashmir Institute of Medical Sciences (SKIMS) about the perception of medical staff towards HRD climate in the said hospital. The result of the study show the existing HRD climate in the hospitals to a large extent is significantly poor. The study also show that HRD in organizations uses various instruments like performance appraisal, training, promotion, rewards, organizational development, counselling etc., to create a climate conducive to achieve organizational efficiency and effectiveness.

Sharma A and Pooja Purang (2000) in their study, “Value Institutionalization and HRD Climate: A Case Study of a Navratna public sector organisation”, found a positive relationship between value institutionalization and HRD climate in a large public sector organisation, meaning thereby that a better and more ethical environment of the organization shall lead to a better HRD climate for the organisation.

Riyaz Rainayee (2002) in a study on HRD Climate in Commercial banks found that the overall level of OCTAPAC values in the banks was perceived at a moderate level. Pooja Purang (2007) in a “Comparative Analysis of HRD Climate in Public, Private and Multinational Organizations” concluded that the Employee perceptions regarding the Human Resource Development Climate are significantly better in the private sector and MNC in comparison to the Public Sector Organization. Chalam G.V. and L.Srinivas (2005) in their study, “Gender wise Perceptions and Attitudes on HRD Climate in Indian Banking Sector”, examines the basic disagreement with respect to HRD Climate in the selected branches of SBI. Vijaya Banu. C (2007) in his study, “A Study on HRD Climate with Special Reference to Public Sector Cement Corporation in Tamil Nadu”, concluded that to survive and excel in the new economy, the HRD climate is of crucial importance to the Indian public sector organizations.
Ajay Solkhe, and Nirmala Chaudhary (2010) in the research study “HRD climate and organizational performance with focus on job satisfaction as a correlate: Exploratory analysis, at HMT Ltd.”, found that HRD climate helps the employees to acquire required competencies that would enable them to execute their present or future expected roles and aids in developing their capabilities for better Organizational Performance. Though the measures of OP are many ranging from financial to behavioural ones’, the researcher has focused only on single measure i.e. Job Satisfaction because of the dearth in amount of studies exploring this relationship. The present paper attempts to analyse and determine the relationship and impact of HRD Climate on Job Satisfaction as an OP measure in selected public sector organization. The study is based on the responses sought from 71 junior and middle level executives from various departments of a public sector undertaking (HMT Ltd.). The questionnaires relating to the HRD Climate (Rao and Abraham 1985), and Job Satisfaction (Daftuar, C.N 1997) were administered to the sample population and the findings indicate that HRD Climate has a definite impact on job satisfaction which in turn leads to increased organizational performance.

HRD climate can be grouped into three broad categories as discussed earlier, viz.

1. General climate
2. HRD (OCTAPACE) culture and
3. HRD mechanisms

These elements can prove to be important instruments for organizational dynamics, growth and effectiveness, if implemented effectively by the top management of organization irrespective of their size, nature of ownership and control. Change brought in a systematic manner by using General Climate along with OCTOPACE Culture and introduction of HRD mechanisms would result in a strategic fit between: a) employee and the organizations and b) Organization and its
business environment. The brief description of the above HRD elements will be discussed hereunder. In order to promote a real HRD climate in any organization, it is imperative to have the prevalence of general supportive climate not only by dint of the support and commitment of the top management and line management but immensely good supportive personnel policies and positive attitudes are equally important towards such development. The general climate therefore, is a combination of support from all the concerned quarters viz. from the management people working in different levels, good supportive personnel policies and practices as well as the positive attitudes towards the development of the people vis-à-vis their organization. (Schneider and Reichers 1983; Chandra, and Coelho 1993, Rao 2001).

All the structures, systems and techniques that an organization uses to help its employees acquire and strengthen their capabilities are viewed under HRD mechanisms. These mechanisms or systems or techniques etc., can be used to facilitate favourable HRD climate in the organization in general and managerial and non-managerial in particular. The HRD function itself has been initiated in most of organizations only in the last few years. Some of them are yet to make their presence felt. It also reveals that no organization has yet introduced all the HRD mechanisms. Several authors have focused on various issues on HRD mechanisms. Some have emphasized on PAS and T&D. Others had their main focus on potential appraisal, job enrichment, and job enlargement.

Arif Hassan, Junaidah Hashim and Ahmad Zaki hj Ismail (2005) Department of Business Administration, International Islamic University Malaysia, Kuala Lumpur, Malaysia, in the research paper “Human resource development practices as determinant of HRD climate and quality orientation” tried to measure employees’ perception of human resource development (HRD) practices, to explore whether ISO certification leads to any improvements in HRD system, and
to examine the role of HRD practices on employees’ development climate and quality orientation in the organization. A total of 239 employees belonging to eight organizations (four of them ISO certified) responded to a questionnaire which measured the following variables: career system, work planning system, development system, self renewal system, and HRD system. Results indicated large inter-organizational differences in HRD practices. In general, however, employees’ ratings were moderate. ISO certified companies, compared to others, obtained higher means on some HRD variables. Organizations with better learning, training and development systems, reward and recognition, and information systems promoted human resource development climate. Quality orientation was predicted by career planning, performance guidance and development, role efficacy, and reward and recognition systems. Comparison between ISO and non-ISO certified companies did yield some significant differences, yet it was difficult to conclude that the differences were due to ISO certification alone as organizations in the sample did not match. The findings can be used by HR practitioners and scholars in building management concerns and advocacy for better HRD systems and practices.

Avinash Kumar Srivastav (2009) ICFAI Business School, Bangalore, India in the research paper “Impact of ISO 9000 implementation on the organisation” studied the impact of ISO 9000 implementation on HRD culture, HRD climate, role stress and coping strategy. ISO 9000 was implemented in different production units of an Indian public sector manufacturing industry by harnessing organisational knowledge through the creative involvement of organisational members. Comprehensive work redesign for enhanced organisational effectiveness was realised while attaining ISO 9000 certification. Pre- and post-ISO 9000 measurements were made for HRD culture in the first unit, HRD climate in the second unit, role stress in the third unit and coping strategy in the fourth unit. Statistical analysis of pre- and post-measurements was carried out to identify
significant changes attributable to ISO 9000 implementation. ISO 9000 implementation enhances the culture of collaboration; transforms the climate from dysfunctional to functional (by strengthening achievement and extension, and weakening control); levels the role stress, reducing it when it is high, increasing it when it is low; strengthens confrontation and problem solving through teamwork; and weakens problem-avoidance. The paper demonstrates that ISO 9000 implementation complements organisational development by enhancing the functionality of HRD culture, climate, and coping strategy; and promoting human wellbeing in the organization.

The business organizations attach great importance to human resource, because human resources are the biggest source of competitive advantage and have the capability of converting all the other resources into product/service. The effective performance of this human resource depends on the type of HRD climate that prevails in the organization, if it is good then the employee’s performance will be high but if it is average or poor then the performance will be low. The study of HRD climate is very important for all the organization and the banking sector is not an exception, especially in the present situation of financial recession. The study “HRD Climate in Selected Public Sector Banks : An Empirical Study” by **Prof.Karunesh Saxena** (Director and Chairman, Faculty of Management Studies, Mohanlal Sukhadia University, Udaipur.) and **Pankaj Tiwari** (Doctoral Fellow-ICSSR, Faculty of Management Studies, Mohanlal Sukhadia University, Udaipur.) (2009) is an attempt to find out the type of HRD climate that is prevailing in public sector banks in Ahmadabad. The researcher has also tried to find out the difference in the perception of employees regarding HRD climate on the basis of age, gender, designation, qualification. The researcher collected the data from the employees of selected public sector banks using structured HRD climate questionnaire. The data were analyzed using several statistical tools such as mean, standard deviation,
percentiles, Z test. The result showed that the HRD climate in public sector banks is average and the perception of employees regarding the HRD climate do not differ significantly on the basis of gender, qualification and designation but it differs significantly on the basis of age. The paper ends by offering useful suggestions to the management involved in the operations of the banks.

Undoubtedly any organization's success depends on the efficiency with which they manage their resources. Over the decades the organizations have realized the importance of managing their most crucial resource, that can think on their own, and has emotions and feelings. Many researchers have identified the interrelationship between productivity of the employees and organization. Among the various reasons for employee productivity; one may be the perception of the employees on how the organization is and what the organization values and believes. This may be summed up as the organization climate which deals with the perception of the employees towards the policies, procedures and practices of the organization. The research study of A.S. Famina (2009), “OCTAPACE profile and Human Resource Development Climate in a South Asian public sector undertaking with special reference on Kerala State Financial Enterprises (KSFE)” focuses on ascertaining the organization climate of Kerala State Financial Enterprises (KSFE) and to understand and analyze the various dimensions of OCTAPACE. The data was collected primarily by personal interview and questionnaire of 100 employees in KSFE. The results showed that KSFE scored high in openness, confrontation, authenticity and collaboration. The Mean Score analysis showed Pro-action, Collaboration and Experimentation to be the highest. The factors which scored low were Trust and Autonomy.
3.4. **HRD (OCTOPACE) CULTURE**

The essence of the HRD climate can be well gauged from the amount of importance that is given to the development of OCTAPACE culture in the organization. The term has been coined by Professor T.V. Rao of IIMA. The OCTAPACE items characterized by the occurrence of openness, confrontation, trust, authenticity, proactivity, autonomy, collaboration and experimentation are valued and promoted in the organizations. The literature available on HRD climate is an evidence of the fact that a very meagre amount of research has so far been carried out especially on the critical dimensions of HRD climate. Empirical studies conducted by Kumar and Patnaik (2002); Rohmetra (1998); Kumar (1997); Mishra, Dhar and Dhar (1999); Bhardwaj (2002); Alphonsa (2000); Rao and Abraham (1999); indicate that the culture of OCTAPACE values is imbibed in the culture of the many organizations to a good or moderate degree. These values help in fostering a climate of continuous development of human resources. The eight OCTAPACE values to develop the profile of an organisational culture are discussed as given below.

3.4.1. **Openness**

Krishna and Rao (1997) surveyed the organizational and HRD climate of one of the largest engineering and manufacturing enterprises in India BHEL which show that environment of openness follow ‘good’ among middle and senior managers in the company. Mangaraj (1999) in her study of the HRD system in RSP found that employee’s opportunities to express their viewpoints are quite successful. Rohmetra (1998) conducted study on banking sector of J and K space for determining the HRD climate and the attitudinal perceptions of 102 employees covering senior, middle and lower managerial levels and the clerical staff. The study shows that the environment is less open for employees. Sr. Alphonsa (2000) surveyed HRD climate in private hospital of Hyderabad with a sample of 50
supervisors from different departments. The crux of the study highlights, good level of openness.

3.4.2. Confrontation

Some studies indicate that the value of confrontation has been prompted in some organizations at a good degree. Bhardwaj and Mishra (2002) conducted a study with a sample of 107 senior, middle level managers of private sector organization which is one of India’s largest multi business companies. The existence of good climate for the confrontations observed among managerial personnel of the organization. Kumar and Patnaik (2002) have conducted a study on 135 postgraduate teachers (112 male and 23 female) of JNVS from all parts of the country to find the relationship between HRD climate, job satisfaction, attitude towards work, and role efficiency. The value of confrontation responded good among teachers. Sr. Alphonsa (2000) surveyed HRD climate in private hospital of Hyderabad with a sample of 50 supervisors from different departments. The study highlights that the supervisors’ perception about the HRD climate is satisfactory and there exists reasonably good value of confrontation. Mufeed (2006) has conducted a study in one of the leading hospitals namely Shri Kashmir Institute of Medical Sciences (SKIMS) about perception of medical staff towards HRD climate. The results indicate that there exists a reasonably good climate for value of confrontation. Also, Mufeed and Gurkoo (2007) in their empirical study found that the private sector in their study in the universities of J &K found a satisfactory level of confrontation present in all three universities. However, in some organisations, the value ‘Confrontation’ is yet to take roots. Krishna and Rao (1997), Rohmetra (1998) and Shakeel (1999) in their studies on culture found that the value of ‘confrontation’ was perceived at a low degree.
3.4.3. **Trust**

Patel (1999) has conducted a comparative study of 20 branches of DCCBs, using 105 employees from 10 high performing branches and 10 low performing branches, found that trust recorded above average. Rohmetra (1998) conducted a study on banking sector of J and K for determining the HRD climate and the attitudinal perceptions of 102 employees covering senior, middle and lower managerial levels and the clerical staff. The study show that there exists an intimate degree of trust and components of attitudinal perception in the bank. Sharma and Purang (2000) surveyed 27 middle level managers in the engineering sector, manufacturing primarily power sector equipment with a view to understand relationship between value institutionalization and HRD climate. The study show there exists a good degree of trust among middle level managers in the organization.

3.4.4. **Authenticity**

Mufeed (2005) in his empirical study of the HRD climate in Hospitals found that the value of authenticity had been well developed and signified cohesion and trust exist in the employees’ personal relationship. Mishra and Dhar (1999) conducted a study on 200 middle level managers of manufacturing (Pharmaceutical) and service (Banking) companies which show that the value of authenticity was recorded average.

3.4.5. **Proactivity**

Mufeed and Gurkoo (2007) conducted a comparative study in Universities of Jammu and Kashmir with a sample of 521 employees about perception of teaching and non-teaching staff towards HRD climate in universities and found the value of proactivity as unfavourable. Mishra, Dhar and Dhar (1999) conducted a study on 200 middle level managers of manufacturing (Pharmaceutical) and service (Banking) companies which indicates good value of proactivity in the
banks. **Kumar** (1997) conducted an investigation into the extent of the presence of HRD culture/climate/values in a post training selling, and contribution of training towards the HRD/culture climate/values in a public sector organization, using 150 executives. The conclusion of the study show that the training has the potential to contribute to all the values of HRD climate especially the value of proactivity.

3.4.6 Autonomy

**Krishna** and **Rao** (1997) surveyed the organizational and HRD climate of one of the largest engineering and manufacturing enterprises in India BHEL which show that the value of autonomy responded poorly by employees. **Rainayee** (2002) in his empirical study, found that value of autonomy is a missing factor in the banks. **Rao, Raju** and **Yadav** (2001) surveyed HRD practices in 12 Indian organizations covering financial services, consumer products, electronics, cement, tyres and automobiles which show that employees perceived as favourable the value of autonomy.

3.4.7 Collaboration

**Priyadarshini** and **Venkatapathy** (2004) conducted a comparative study on 20 leading banking Industries in India. Hence, from a total of 324 responses, 200 complete responses were collected from 20 banks. The study highlights that employees have a strong feeling of belongingness and there is a sense of equality in the common facilities provided to the employees. **Mishra** (2002) in his empirical study found that the HRD climate among private sector managers on the states of collaboration in their organization was perceived above average. **Sarathi** and **Rao** (1988) in their HRD experiences in BHEL found that good collaboration existed among the employees in the organization wherein the superiors and subordinates work together.
3.4.8 **Experimentation**

Alphonsa (2000) in her empirical study indicates that the employees do not encourage when they suggest new things or new ideas. Krishna and Rao (1997) found that the value of experimentation responded favourably among middle and senior managers. Mufeed (2006) in his study in hospital as stated earlier found that the value of experimentation has been discouraged. They never encourage potential employees by sharing their new ideas and suggestions.

Keeping in view the paramount importance of managing people at work places effectively, the present study focused on the need for promoting favourable OCTAPACE culture in organizations irrespective of their size and nature of control. Despite the fact that the field has been quite fertile for researchers, not many comprehensive studies have been conducted to examine the need for implementation OCTAPACE value system among the employees across the hierarchies in the Indian industries in general and Public sector Industries of Kerala in particular. In order to fill the reported gap in research, the present study has been undertaken in the Steel based Public Enterprises in Kerala State, where hardly any such research work has even been attempted so far keeping in view of the present identified research objectives.

3.5. **HRD MECHANISMS (SUB SYSTEMS)**

Successful implementation of HRD involves taking an integral look and making efforts to use as many mechanisms as possible (Rao and Abraham 1986). Human resource development is considered the key to higher productivity, better relations and greater profitability for any organization. Iqbal (2007) says human productivity is crucial for the growth and survival of the organizations. Cheney (2002) supported the concept that higher productivity leads to ultimate societal benefits. As far as the dimensions/components/sub-systems of human
resource development are concerned, mechanisms of human resource development have been designed in different ways, and various thinkers and professionals have offered divergent views. Rao (1988) suggests that human resource development sub-systems comprise performance appraisal, potential appraisal, career planning, training, performance coaching, organization development, employee welfare, rewards, qualities of work life and human resource information system. Pareek (1983) refers to performance appraisal, feedback, counselling, potential appraisal, career advancement, career planning and training as dimensions of human resource development. Varadan (1987) traces human resource development mechanism into performance appraisal, role analysis, organization development and quality circles. Though there is diversity among these arguments, one can trace out that on some of the dimensions there is unanimity of opinion among the experts.

Performance appraisal consists of a framework of planned goals, standards and competence requirements and plays an important role in integrating the individual’s needs with the organizational needs (Armstrong, Michael 1999). Iqbal (2007) says that, improvement in human productivity is crucial to a country like Pakistan where the rate of investment has already been low and falls in the range of 17 to 18%. Therefore organizations need to develop employees to enhance productivity.

Chunn and Thacker (1993) believed that training is a very effective tool for modern organizations where attitudinal change towards new programs was needed, effective training programs attained positive alteration of human behaviour, which had been crucial to achieve desired results (Ali 1999).

It was estimated that in United States during 1929–1982, twenty-six percent increase in production was attained due to education and training interventions (Desimone 2002). Focus of training and development activities is on change and/or improvement in knowledge, skills, and attitude of employees
Desimone 2002). Prokopenko (1987) mentioned, “Only after adequate education, training and development people do become a valuable resource and the most important productivity factor.” He also suggested that skills and abilities could be upgraded through training and development. Training can contribute to the effective use of the organization’s resources, but only if approached systematically. The importance of clearly defining needs before embarking on a training programme should be emphasized (Noorjahan 2007).

Pareek, Uday and Rao (1981), in their discussions of career planning say that in most Indian organizations, the normal practice is to promote people on the basis of past performance. In organizations that subscribe to HRD, the career enhancement possibilities of every employee are assessed periodically (T.V. Rao 1985). Such assessment is used for developmental planning as well as for placement. Most young executives coming to organizations are career minded, ambitious and looking for fast growth (J. Philip 1987). Rewarding employee performance and behaviour is an important part of HRD. Organizations with better learning, training and development systems, reward and recognition, and information systems promoted human resource development climate (Arif Hassan, Junaidah Hashim, and Ahmad Zaki Hj Ismail 2006).

Noble (2001) conducted a study on "Human Resource Management Strategic: The Dual Pursuit of Employee Investment and Workforce Adaptability". The main purpose of the study was to confirm the apparent features of strategic challenge of dual pursuit of enhancing commitment to continuous improvement in performance in the form of the participation of employees and the flexibility and adaptability of the employees to the current market conditions. This strategic dilemma has its own consequences which can be understood through the influence of this dual pursuit, when it is examined on the basis of firm’s performance. For the firms there is a possibility of maximum performance provided the sustainable
competitive advantages are ensured particularly through the effective deployment of human resources. It is possible only in case of the choice of a variety of employees’ involvement and workforce adaptability policies. The dual pursuit of these strategic options communicates 67 inherently different (and contradictory) philosophies to employees. On the one hand, employee involvement policies and practices reinforce management's value of employees and management's commitment to empower employees to continuously improve performance. On the other hand, workforce adaptability policies and practices create uncertainty and threaten employment and compensation security of employees.

The findings indicate that certain employee involvement and related practices have positive effects on commitment, whereas certain adaptability practices have negative effects on commitment. Commitment, in turn, is shown to have a strong positive association with performance outcomes. Last, the evidence also show that certain employee involvement and related practices have positive, direct effects on performance outcomes, whereas certain adaptability practices have negative direct effects on performance outcomes.

Luo (2001) conducted a study on "The Rise of Personnel Development Training in Organizations: A Historical and Institutional Perspective on Workplace Training Programmes”. This dissertation explains why the content of employee training has expanded in the 20th century from specific-technical training to include a wide range of personnel development training programmes such as leadership, creativity and career management. Personnel development training does not seem to follow an instrumental logic in the sense of technical rationality, human-capital and technology-based arguments, it cannot adequately explain the rise of such training in organizations.

Based upon the institutional perspective of organizations, it was proposed that the historical rise of the participatory citizenship model of organization should drive the expansion of personnel development training. The participatory
citizenship model consists of two dimensions. One dimension is that individual employees (especially middle management) are empowered and regarded as the main source of organizational rationality rather than "adjunct of machines" or rule-followers. The second dimension is that organizations incorporate diffused demand from the state and society as corporate citizens rather than simply production or service centres’. The rise of the participatory model is accompanied by the decline of the bureaucracy and community models, which emphasize training in specific-technical and human relations skills rather than personnel development training.

The impact of the study revealed the participatory organizational model in personnel development training at these levels: ideological, organizational, and cross-national. Findings of the study explain both the historical changes and contemporary diversity in employee training.

In addition to these, a good number of books and journals were also referred to for obtaining more information on similar works carried out by learned researchers. These are given under 'Selected Bibliography' in the later part of the thesis.

3.6. CONCLUSION

Review of literature of Human Resource Development Climate is detailed in this chapter. Human Resource development is a new discipline in the world at large and is considered as a hybrid that has emerged from the interaction of the variety of disciplines. No long term strategies were, in any case, required for its development and it automatically geared to the market of HRD personnel. Now in addition to the multinational organizational level this discipline is getting into public sector enterprises. Various literatures on Human Resource Management in public enterprises, HRD climate, HRD (OCTOPACE) culture, HRD mechanisms (sub systems), etc., were explained.
The review of literature highlights the important role played by HRD Climate in the successful performance of organizations.