

HUMAN RESOURCE DEVELOPMENT CLIMATE: A COMPARATIVE STUDY OF SELECT PUBLIC AND PRIVATE BANKS

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Abstract: Globalization dominates the competitive horizon and entails new markets, new products, new mindsets, new competencies and new ways of thinking about business. A major challenge for any organization in this era of international competition seems to be 'survival and sustainability' amidst cut-throat competition. Banking industry is not an exemption to this. The competition between public and private banks is increasing day by day in India. Therefore, it became a necessity for banks to provide a good and congenial climate to its human resources to develop their capabilities and at the same time such HRD climate should contribute to the organizations' overall performance not only in financial terms but also in other dimensions of Balanced Score Card also.

This paper explores HRD climate prevailing in two banks one of which is Public and another one is a Private bank. It scrutinizes the differences between Public and Private banking with respect to their practices in creating developmental climate along with the three dimensions of HRD Climate. The data was collected through a well-structured 38-item Human Resource Development Climate (HRDC) questionnaire developed by T V Rao and Abraham (1986) to survey the extent to which development climate exists in organizations. The numbers of the respondents were 512 (273 + 239) and they were chosen to cover all the three level employees. The questionnaire deliberately assessed the General Climate, HRD Mechanisms and OCTAPAC (Openness, Confrontation, Trust, Autonomy, Pro-action, Authenticity and Collaboration) within the two banks. According to the findings, the prevailing HRD Climate within both banks is congenial. However, results show that the developmental climate in the Private Banks is more favorable than that of the public banks.

Keywords: HRD, Human Resource Climate, OCTAPAC culture, HRD Mechanisms, public sector bank, private sector bank

INTRODUCTION

Human Resource i.e. knowledge, skills, creative abilities and talent of employees play an important role in deciding the efficiency and effectiveness of an organization. However, utilization value of human resource depends not only on the development of skills, knowledge, creative abilities and talents but also on other aspects like values, believes aptitude and attitude in accordance with the changing requirements of groups, organizations and society at large. This process is the essence of human resource development. Thus HRD assumes significance in view of the fast changing organizational environment and need of the organization to adopt new techniques in order to respond to the environmental changes. The changing environmental factor includes unprecedented increases in competition

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within and outside the country. The concept of HRD is comparatively of recent origin and is now used at both macro and micro levels. At the macro level HRD is described as the care of all developmental efforts in the sense of improvement of quality of life of people of a nation where as at the micro level it confines itself to the development of employees' within the given organization.

Human Resource Development (HRD) is the process of helping employees to develop their personal and organizational skills, knowledge and abilities. It is a set of systematic and planned activities designed by an organization or HR department to provide its members with the necessary skills to meet current and future job demands.

HRD climate is an integral part of organizational climate. It can be defined as perceptions the employee can have on the developmental environment of an organization. This developmental climate has several characteristics:

- Treating the people as the most important resource
- Every manager feels that developing competencies in employees is a part of their job
- Faith in the capability of employees
- open communications and discussions
- Encouraging risk taking and experimentation
- Feedback of strengths and weaknesses
- A general climate of trust.
- Helping each other and enhancing team spirit
- Equality and no favoritism
- Supportive personnel policies

Organizations differ in the extent to which they have these tendencies. The widely used survey instrument developed by T.V. Rao and E. Abraham has conceptualized HRD Climate into three major components i.e dimensions of general climate, OCTAPAC culture and implementation of HRD mechanisms. The general climate deals with the importance given to human resources development in general by the top management and line managers. The OCTAPAC items deal with the extent to which openness (freedom to express), confrontation (facing problem than avoiding), trust (belief in subordinates), autonomy (freedom to experiment with new approaches), proactivity (planning for anticipated problems) , authenticity (adhering to the policies or promises) and collaboration (team work) are valued and promoted in the organization. HRD mechanisms include performance appraisal, potential appraisal, career planning, performance rewards, feedback and counseling etc. which contribute for both establishing an internal climate that fosters inspiration for employees to develop themselves and also developing necessary skills, knowledge and behavior of employees.

The growing competition among public and private sector organizations in every industry after the liberalization and globalization move compelled organization to focus on HRD. Economic reforms in terms of LPG have changed the complexion and dimensions of Commercial Banking too in India. It helped to hasten the pace of geographical and functional diversification. Thus it is essential to understand bank's present HRD philosophy and how far the public and private banks are able to compete on the basis of intellectual capital. The present study has been undertaken in view of the absence of systematic studied on the subject.

REVIEW OF LITERATURE

The most important factor contributing for the average level of HRD climate prevailing in most of the organization seems to be a general indifference on part of employees to their own development through making efforts to recognize their strengths and weaknesses (Rao and Abraham 1986). Methods to address the development of individuals and organizations should always start with assessment of needs, program design, development and evaluation of training, organization development(OD) including change management, team building, learning organization, management development, QWL, MBO, job enrichment etc. to help of HRD progression. (Logan and Patricia 1989). Successful organization pay adequate attention to their human resource development functions. (Uday Pareek, Rao and Abraham 1991) HRD culture is a powerful intervening variable in translating HRD policies into profit. (Abraham Enthemkuzphy: 1993) HRD not only supports the business strategies of organization but it assumes a pivotal role in shaping a business strategy (Richard J Torraco and Richard A Swanson 1995), to survive and excel in the new economy, the HRD climate is a matter of serious concern (Biswajeet Pattanayak: 2003), the legal framework governing human resource development in organizations can be as important as other HR laws but it is seldom fully reviewed (Alan Clardy 2003) Climate arises from inter subjectivity of members as they interact within a context established by an organization's culture (Purang, Pooja: 2006) The proficiency of employees plays a vital role in the context of the diverse challenges faced by the contemporary organizations. In order to maintain and develop their competencies, the employees should have an open mind for learning and change (**Pillai, Prakash R 2008**) HRD climate positively correlates with employee commitment, especially the affective component (**Akinyemi Benjamin 2012**). The emphasis has now shifted towards developing employee competencies and helping them to develop their potentials so as to prepare for future roles for consistent growth and development of the organization (V. K. Jain, 2013). Technology has brought about profound changes in the conduct of banking business in India. There is an enormous increase in the business and also competition to exploit this opportunity. To survive in this competitive environment, banks need to ensure highly motivated, competent and committed people who can

deliver quality service to customers and ensure their retention (L Srinivas, 2014). If an organization provides an appropriate environment where the top management lays policies that are employee centric, the HR interventions as a whole provides a growth trajectory for them, and employees are free to vent out their feelings; trust prevails and the work provides authority with responsibility, it leads for the establishment of developmental climate and the study proved that HRD climate have a positive impact on customer satisfaction. (Shweta Mittal, 2016).

OBJECTIVES OF STUDY

Considering these factors and the significance of HRD climate the present study was carved with the following objectives:

1. To determine the level of HRD climate prevailing in select business organizations of banking sector.
2. To know the perceptions of employees towards HRD climate variables in select organizations.
3. To make a comparison of HRD climate prevailing in select public and private banks

METHODOLOGY

Employees belonging to the two selected banks (one public sector and one private sector banks) i.e., Andhra Bank and HDFC constitute the population of the present study. The total numbers of the respondents were 512 (273 from Andhra Bank and 239 from HDFC) and they were chosen to cover all categories of employees. The sample was selected using stratified random sampling technique.

Primary data of the study was based on the survey instrument distributed to respondents and personal unstructured interviews with employees. Secondary data was collected through printed manuals of concerned banks, internet, magazines, journals etc.

RESEARCH HYPOTHESIS

Based on the objectives of the present study a following hypothesis were formulated and tested to know whether there is any significant difference between the HRD Climate of the two selected banks- Andhra Bank and HDFC Bank.

1. **H₀ (Null Hypothesis):** There is no significant difference in the general HRD Climate of the two selected banks- Andhra Bank and HDFC Bank.
2. **H₀ (Null Hypothesis):** There is no significant difference in the OCTAPAC Culture of the two selected banks- Andhra Bank and HDFC Bank.
3. **H₀ (Null Hypothesis):** There is no significant difference in the HRD Mechanisms of the two selected banks- Andhra Bank and HDFC Bank.

4. **H₀ (Null Hypothesis):** There is no significant difference in the overall HRD Climate of the two selected banks- Andhra Bank and HDFC Bank.

Instrument used and Relative Measures

The instrument used for the present study was the HRD Climate Survey developed by T.V. Rao and Abraham (1986). This instrument consists of 38 items to be rated on a five-point scale covering all the elements of HRD climate. All such elements can be grouped into three broad categories referred to earlier, i.e. general climate, OCTAPAC culture, and HRD mechanisms.

In HRD Climate Survey, the mean score for each item ranges from 1 to 5, where mean score of 1 indicates an extremely poor climate and mean score of 5 indicates extraordinarily good HRD climate on that dimension. Mean score around 3 indicates an average HRD climate on that dimension giving substantial scope for improvement. While mean score around 4 is indicative of a good HRD climate where most employees have positive attitudes towards HRD policies and practices, mean score around 2 indicates a poor HRD climate on that dimension. The same interpretation applies to the overall mean score across all items. In order to make the interpretations easier, the mean scores are converted into percentage using the formula:

$$\text{Percentage Score} = (\text{Mean Score} - 1) \times 25$$

This is done on the assumption that the mean score of 1 indicates zero per cent, 2 corresponds to

25 per cent, 3 indicates 50 per cent, 4 corresponds to 75 per cent, and lastly 5 indicates 100 per cent. The percentage score indicates the degree to which a particular dimension exists in that organization out of the ideal 100. Thus, it is certainly desirable for the organization to have percentage over 50 on each item as well as overall on all items.

ANALYSIS AND INTERPRETATION OF DATA

In the process of meeting the objectives of study data were collected from both the banks and the Mean rating of each statement was calculated separately for both the banks. The following table reveals the mean ratings of all 38 statements used in the survey instrument.

The above table indicates that 29 out of 38 statements has secured mean score > 4 (i.e >75%) in Andhra Bank, where as in HDFC only 18 statements has secured mean score > 4. The overall mean of Andhra Bank is greater than HDFC indicating its strong position. On the whole overall mean of both the banks indicate that the HRD climate is fairly good.

For few variables like item number 8, 14, 15, and 25 the mean score of HDFC is higher than the corresponding items of Andhra Bank by more than 0.5 differences. Item numbers 1, 2, 16, 23, 24, 26, 29, 36 and 37 also secured more score than AB

TABLE 1: ANALYSIS OF OPINION OF RESPONDENTS ON VARIOUS ASPECTS IN TERMS OF MEAN AND RESPECTIVE PERCENTAGES IN SELECT BANKS

State- ment No.	Andhra Bank Mean Score	Andhra Bank percen- tage	HDFC Bank Mean Score	HDFC Bank percen- tage	State- ment No.	Andhra Bank Mean Score	Andhra Bank percen- tage	HDFC Bank Mean Score	HDFC Bank percen- tage
1	4.24	81.04	4.62	90.38	20	3.90	72.53	3.35	58.79
2	4.48	87.00	4.57	89.23	21	3.72	68.04	3.01	50.31
3	4.58	89.38	3.67	66.74	22	3.81	70.15	3.80	70.08
4	4.38	84.50	3.79	69.67	23	4.38	84.43	4.46	86.61
5	4.34	83.42	4.23	80.65	24	4.43	85.71	4.56	88.91
6	4.33	83.33	3.86	71.44	25	4.10	77.56	4.65	91.32
7	4.34	83.52	3.22	55.44	26	4.34	83.52	4.42	85.46
8	2.62	40.48	4.46	86.61	27	4.33	83.33	3.60	64.96
9	4.62	90.57	4.11	77.72	28	4.33	83.33	3.13	53.14
10	2.81	45.33	2.62	40.59	29	4.24	81.04	4.35	83.68
11	4.14	78.48	3.59	64.85	30	3.63	65.66	2.68	41.95
12	4.42	85.53	2.67	41.84	31	3.81	70.24	3.54	63.49
13	4.42	85.53	3.80	69.98	32	4.38	84.52	4.01	75.31
14	3.38	59.62	3.92	72.91	33	4.52	88.10	4.39	84.83
15	3.62	65.48	4.40	84.94	34	4.28	82.05	3.56	63.91
16	4.10	77.47	4.46	86.40	35	4.62	90.57	4.43	85.67
17	4.34	83.42	3.86	71.44	36	4.38	84.62	4.44	85.88
18	4.10	77.38	2.88	46.97	37	4.18	79.58	4.25	81.28
19	4.14	78.57	2.77	44.14	38	4.48	87.00	4.28	82.01
			Overall Mean Score			4.14	78.47	3.85	71.30

Source: Authors Compilation

but with a meager difference (Between 0.05 to 0.37). For the rest of the items the mean score of Andhra Bank is higher than HDFC.

HYPOTHESIS TESTING

Hypothesis 1

In order to test the **first** hypothesis which is stated as “H0: There is no significant difference in the general HRD Climate of the two selected banks- Andhra Bank and HDFC Bank”, the one way ANOVA test was conducted using SPSS and the result of which is shown below:

	State- ment 1	State- ment 2	State- ment 3	State- ment 4	State- ment 5	State- ment 6	State- ment 7	State- ment 8	State- ment 11	State- ment 13	State- ment 36
AB	4.24	4.48	4.58	4.38	4.34	4.33	4.34	2.62	4.14	4.42	4.38
HDFC	4.62	4.57	3.67	3.79	4.23	3.86	3.22	4.46	3.59	3.80	4.44

Source: Authors Compilation

Anova: Single Factor
SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Row 1	11	46.25275	4.204795	0.289572
Row 2	11	44.23431	4.021301	0.21455

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>Df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.185186	1	0.185186	0.734688	0.401522	4.351243
Within Groups	5.041214	20	0.252061			
Total	5.2264	21				

Source: Authors Compilation

INTERPRETATION

The above ANOVA table of General HRD climate indicates that the P value is .40. Hence, the null hypothesis is accepted and the alternative hypothesis is rejected. **Thus it can be concluded that there is no significant difference in the general HRD climate of both the banks i.e. Andhra Bank and HDFC bank**

Hypothesis 2

In order to test the **second** hypothesis which is stated as “H₀: There is no significant difference in the OCTAPAC Culture of the two selected banks- Andhra Bank and HDFC Bank”, the two factor ANOVA without replication test was conducted using SPSS and the result of which is shown below:

	<i>Openness</i>	<i>Confron- tation</i>	<i>Trust</i>	<i>Autonomy</i>	<i>Proactivity</i>	<i>Authenticity</i>	<i>Collabora- tion</i>
AB	3.87	4.31	4.19	4.01	4.06	4.17	4.51
HDFC	3.24	3.87	3.39	3.53	3.08	4.36	4.31

Source: Authors Compilation Anova: Two-Factor Without Replication

<i>Summary</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Row 1	7	29.12692308	4.160989011	0.043435061
Row 2	7	25.78033473	3.682904961	0.259815253
Column 1	2	7.11460297	3.557301485	0.196661867
Column 2	2	8.182039021	4.09101951	0.094689553
Column 3	2	7.580818531	3.790409265	0.322064
Column 4	2	7.539650865	3.769825433	0.11773745
Column 5	2	7.140200571	3.570100286	0.486870893
Column 6	2	8.527154505	4.263577253	0.017733467
Column 7	2	8.822791342	4.411395671	0.019595205

ANOVA

Source of Variation	SS	Df	MS	F	P-value	F crit
Rows	0.799975255	1	0.799975255	10.54038665	0.017541073	5.987377584
Columns	1.364124707	6	0.227354118	2.995593042	0.103806657	4.283865714
Error	0.455377178	6	0.075896196			
Total	2.619477141	13				

Source: Authors Compilation

INTERPRETATION

The above ANOVA table of OCTAPAC culture rows indicates companies and columns indicates variables of OCTAPAC culture and the P value for rows is 0.01. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted. **Thus it can be concluded that OCTAPAC culture of both the banks i.e. Andhra Bank and HDFC banks differ significantly.**

Hypothesis 3

In order to test the **third** hypothesis which is stated as “H₀: There is no significant difference in the HRD mechanisms of the two selected banks- Andhra Bank and HDFC Bank”, the one way ANOVA test was conducted using SPSS and the result of which is shown below:

	7	12	13	14	15	16	17	21	24	25	26	35	36	37	38
AB	4.34	4.42	4.42	3.38	3.62	4.1	4.34	3.72	4.43	4.1	4.34	4.62	4.38	4.18	4.48
HDFC	3.22	2.67	3.8	3.92	4.4	4.46	3.86	3.01	4.56	4.65	4.42	4.43	4.44	4.25	4.28

Source: Authors Compilation

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
Column 1	15	62.88645	4.19243	0.124994
Column 2	15	60.35146	4.023431	0.371121

ANOVA

Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	0.214205	1	0.214205	0.863527	0.360696	4.195972
Within Groups	6.94562	28	0.248058			
Total	7.159824	29				

Source: Authors Compilation

INTERPRETATION

The above ANOVA table of HRD mechanisms indicates that the P value is .36. Hence, the null hypothesis is accepted and the alternative hypothesis is rejected.

Thus it can be concluded that there is no significant difference in the HRD mechanisms of both the banks i.e. Andhra Bank and HDFC banks differ significantly.

Hypothesis 4

In order to test the **fourth** hypothesis which is stated as “H0: There is no significant difference in the overall HRD climate of the two selected banks- Andhra Bank and HDFC Bank”, the one way ANOVA test was conducted using SPSS and the result of which is shown below:

ANOVA					
OVERALL HRD CLIMATE					
	<i>Sum of Squares</i>	<i>Df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Between Groups	13783.234	1	13783.234	485.485	.000
Within Groups	14479.235	510	28.391		
Total	28262.469	511			

INTERPRETATION

The above ANOVA table of overall HRD climate comparison between Andhra Bank and HDFC indicates that significant value is less than 0.05. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted. **Thus it can be concluded that overall HRD climate of both the banks i.e. Andhra Bank and HDFC banks differ significantly.**

FINDINGS & CONCLUSION

In the present paper researcher made an attempt to explore the HRD climate prevailing in the banking sector on the basis of study on two banks, one of which is Public and another one is a Private bank. It scrutinizes the differences with respect to the three dimensions of HRD Climate, i.e general HRD climate (the support extended by management and the philosophy of management towards incurring resources and time for creating HRD climate), the OCTAPAC culture (which indicates the variables of ideal HRD climate where each letter stands for one dimension) and the third and most important dimension or component is HRD mechanisms (i.e. policies and practices of organization with regard to HR function). From the analysis it was found that all there is no significant difference in the general HRD climate and mechanisms of both the banks, but it was found that the culture of the bank differs significantly in terms of OCTAPAC variables. Thus it showed impact on overall HRD climate and the analysis proved that there is significant difference in the overall HRD climate of both the public and private sector companies of service sector. The overall mean scores of both the banks indicate that Andhra Bank could create a better climate than HDFC.

LIMITATIONS OF THE STUDY

The present study is confined to only two banks and conducted for a limited period. This study basically aims to explore the climate and culture that is prevailing and how far such climate is contributing for the development of employees. Thus its scope is limited to this and other elements such as its impact on organization performance; employee commitment etc. was not covered.

SCOPE FOR FUTURE RESEARCH

The concept HRD is gaining significance day by day and organization are slowly able to realize it. In this context research can focus more on the impact of HRD on many other variables such as organization commitment, organizational excellence, strengthening intellectual reservoir, strengthening industrial relations, cost benefit analysis of HRD etc.

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