

Does Employee Characteristics Impact HRD Climate? A Study in Banking Sector

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The study assesses the perception of employees towards HRD Climate with respect to employee characteristics (age, experience and income) in the banking sector. All the three subsets of HRD Climate i.e. General Climate, OCTAPACE and HRD Mechanisms have been studied with respect to employee's age, experience and income. The primary data is collected from 180 employees through a structured questionnaire comprising 40 items. The questionnaire measured General Climate, HRD Mechanisms and Openness, Collaboration, Trust, Authenticity, Proactiveness, Autonomy, Confrontation and Experimentation. It was found that the perception of employees towards HRD Climate, General Climate, OCTAPACE and HRD Mechanisms predominantly vary according to the age and experience.

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Introduction

In this ever increasing competitive environment where human resource is a means of creating a sustainable competitive edge, most of the organizations are investing in HRD such that the growth of employees should be intertwined with the progress of organization.. The term HRD was coined by Nadler where he described HRD as organized learning experiences provided by employers that take place within a specified period of time, and that aim to bring about the possibility of performance improvement and/or personal growth. Rao (1985) elaborately define HRD as “a process by which the employees of an organization are helped, in a continuous, planned way to: acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles; develop their general capabilities as individuals and discover and exploit their own inner potential for their own and/or organizational development purposes; develop an organizational culture in which the supervisor-subordinate relationships, teamwork, and collaboration among sub-units are strong and contribute to the professional well being, motivation and pride of

employees.” Human Resource Development (HRD) was also defined as “a set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands” (Werner & DeSimone, 2006 :5).

The organizational internal capabilities can be a source of competitive advantage.

In organizations today lack of competent workforce is also an ever-increasing challenge, which requires new ways to manage competence and employability of the personnel. So, HRD focus on honing and adding the skills required in the course of time. HRD should keep a balance in number of relevant considerations to get an outcome. They should focus and provide support to the strategic direction of the organization and achievement of the goals too. Then HRD subsystems should be designed by taking into consideration existing knowledge and providing support to acquire new knowledge. To make the knowledge or learning embedded in the organization HRD subsystems like performance appraisal, recognition and reward are considered to be effective methods. The main focus of the HRD is to enhance the work related skills, knowledge, capabilities of employees and employees working as individuals and teams to work more effectively. Prahalad & Hamel (1990), Pfeffer (1994) and Ghoshal et al. (1998) say that the organizational internal capabilities can be a source of competitive

advantage. Such a thought was different from the idea that competitive advantage can be achieved by external environment analysis for justified financial, technological and product market related decisions. HRD is needed for the aspired future status expressed in corporate and business strategies, thus making capabilities driven HRD approach proactive in nature (Subert et al., 1995). Organizations become dynamic and growth oriented if their people are dynamic and pro-active. Every organization can do a lot to make their people become dynamic and proactive through proper selection of such people. Organization cannot survive beyond a point unless they remain continuously alert to the changing environment and continuously prepare their employees to meet the challenges. HRD is an essential process for organizational survival and growth. An optimal level of “Developmental Climate” is essential for facilitating HRD

The study by Pooja Purang (1996) found that the perception towards HRD climate is better in private organizations and multinational organizations than in public sector undertakings. Salokhe (2002) has conducted a study of the HRD climate in selected banks in Kolhapur district of Maharashtra. It revealed that there exists a remarkably good HRD climate in the scheduled, co-operative and public sector banks. There was no substantial variation in the perception of HRD climates across the different cadres of employees. Another study by Mishra and Bhardwaj (2002) reported that the managers in a private organization perceived the HRD climate as favorable.

Rodrigue's (2004) study in the engineering institutes in India found that the HRD climate is highly satisfactory. Srimannarayana (2007) found that a moderate HRD climate was prevailing in Dubai organisations. Prakash R. Pillai in 2008 reported that the level of the learning orientation of the employees working in the banks is highly influenced by the HRD climate fostered by their organizations. Srimannarayana (2008) found that moderate HRD climate was prevailing in the organizations in India. The HRD climate in the management institutes is average and the perception of the employees differs on the basis of gender and experience on HRD Climate (Smruti Patre & Rashmi Gupta, 2011). Santosh K. Mohanty & K. M. Sahoo in 2012 found that an average HRD climate has been prevalent in the IT industry.

HRD Climate

A major challenge for any organization in this era of international competition seems to be 'survival and sustainability' amidst cut throat competition. It is increasingly argued that the organizations, best able to meet the challenges will be those that can acquire and utilize valuable, scarce and inimitable resource (Barney, 1995). Human resources can fall into this category, particularly, if they are effectively deployed through appropriate human resource practices & management of organizational culture (Barney and Wright, 1998). Human resource being one of the important factors of production, HRD is needed to develop competencies of individual employees through its various interventions.

In order to be developed, the individual should perceive that there is a climate favorable for their development. This responsibility lies with the HRD department which has to provide a proper climate in the organization conducive for employee development, termed as the climate. Organizational climate has been defined in numerous ways. According to Schneider (1990) it is the individual perceptions about salient characteristics of the organizational context. Tagiuri and Litwin (1968:25) define it as "the relatively enduring quality of the total environment that: (a) is experienced by the occupants, (b) influences their behavior, and (c) can be described in terms of the values of a particular set of characteristics (or attributes) of the environment." Organizational Climate comprises characteristics which distinguish one organization from another, it persists over time and influences the behavior of the people. HRDC is a component of Organizational Climate. Many researchers have stressed the relevance of climate. According to Pattanayak (1998) HRD climate affects performance in three ways: first by defining the stimuli that confronts the individual, placing constraints on the individual's freedom and providing source of reward and punishment. Gonzalez (1999) states that companies must realize that the "health of the organizational climate will determine their ability to sustain high performance". Rao and Abraham (1986) listed important characteristics for the developmental climate as: a tendency at all levels starting from top management to the lowest level to treat the people as the most important resource; a perception that developing the

competencies in the employees is the job of every manager/supervisor; faith in the capability of employees to change and acquire new competencies at any stage of life; a tendency to be open in communications and discussions rather than being secretive (fairly free expression of feelings); encouraging risk-taking and experimentation; making efforts to help employees recognize their strengths and weaknesses through feedback; a general climate of trust ; a tendency on the part of employees to be generally helpful to each other and collaborate with each other; team spirit ; tendency to discourage stereotypes and favoritism; supportive personnel policies; supportive HRD practices including performance appraisal, training, reward management, potential development, job-rotation, career planning, etc. Organizations differ in the extent of having these tendencies. In this competitive environment where the initial stress is to harness the potential of employees, making them innovative, creative, and proactive. This can only be achieved if they have an enabling culture in their organizations.

Research Questions

This study aims to answer the following questions according to the perceptions of employees in the banking sector according to their characteristics:

- Q1: Does the perception of top management support for HRD in banking vary according to the age , experience and income?
- Q2: Does the perception of HRD subsystems vary according to the age,

experience and income in the banking sector?

Q3: How is the banking sector faring in terms of OCTAPACE Culture with respect to age, experience and income?

Q4: What is the perception of bank employees towards HRD Climate?

Research Methods

In answering our research questions the primary data was taken from the full time employees of public and private banks. The 40 item HRD Climate questionnaire developed by T.V.Rao and Abraham was filled by the respondents. The questionnaire comprises 40 items where in 38th and 40th items were included at the researcher's end. Both the items are assessing experimentation in the banks. The 40 item questionnaire has been grouped under three parts: General Climate, OCTAPACE and HRD Mechanism. The General Climate refers to the support provided by the top management towards the development of employees and it is assessed by 12 items. The OCTAPACE culture measures the existence of eight factors such as Openness, Collaboration, Trust, Autonomy, Proactivity, Authenticity and Experimentation and it is done by 14 items. The HRD Mechanism refers to the HR subsystem such as performance appraisal, potential appraisal, career planning, performance rewards, feedback and counseling, training, employee welfare for quality work life and job rotation and it is measured by 13 items. To measure the variables of HRD Climate respondents were requested to indicate

their perception on a Likert scale which is divided into five intervals where 5 indicates almost always true and 1 indicates not at all true. A total of 180 employees were taken from the public and private banks which is suitable for the data analysis.

To find the perception of General Climate, OCTAPACE and HRD Mechanisms according to their age, income and experience in the Banking sector Anova is used. The reliability test was run on SPSS 16.0. Cronbach's Alpha came 0 .840

General Climate: Support of the Top Management.

In finding the top management's support to HRD Climate, 12 items were identified from the HRD Climate questionnaire and the perception of the respondents was scored according to their age, experience and income. The Anova was applied to the data to find out the perception whether the responses differ according to the age, experience and qualification towards General Climate in banking sector.

Table 1 General Climate of Banking Sector

S.no	Hypothesis	F-value	P-value
1	Mean scores of General Climate in Banking sector do not vary according to age of employees.	2.496	.061
2.	Mean scores of General Climate in Banking sector do not vary according to experience of employees.	2.225	.068

According to Table 1, the p-value is less than .10 which indicates that the employees have a different perception towards the general climate with respect to age and experience. Employees in the age group of 25- 35 years should be given sufficient time and resources by their line managers to develop them and gain competence. Employees having the experience of 0-10 yrs and 10 -20 years want the top management show more concern for their development and consider employees as an important resource. Top management should make supportive policies in developing employees in this experience bracket and make them learn new competencies which will be helpful in the growth of employees as well as organization. The General Climate in banking sector does not vary according to income of the em-

ployees. It means that respondent from all income groups have the same perception of the general climate. All respondents perceive that top management has a positive attitude towards their development and seniors believe that it is their important job to invest time and resources to develop employees and help them to attain competence.

OCTAPACE Culture

OCTAPACE (Openness, confrontation, trust, autonomy, pro-activity, authenticity, collaboration and experimentation) culture is essential for facilitating HRD. Openness exists when employees share their ideas, feelings, thoughts and information without any hesitation. By confrontation problems and issues are

brought out into the open to solve them jointly rather than escaping from it. Trust is giving assurance that the information shared will not be misused and confidentiality of information will be maintained. Autonomy is giving freedom to let people work independently with responsibility. Proactivity is encouraging employees to take initiative, plan the

things and weigh the alternative options and take the best course of action. Authenticity is doing what person feels and say. Collaboration is to accept interdependencies, to be helpful to each other, and work as teams. Experimentation means looking at the things from the fresh perspective and creative in solving the problem (Rao & Abraham, 1986).

Table 2 OCTAPACE Culture in Banking Sector.

S. no	Hypothesis	F-value	P-value
1.	Mean scores of OCTAPACE in Banks do not vary according to age of employees.	5.535	.001
2.	Mean scores of OCTAPACE in Banks do not vary according to experience of employees.	2.145	.077
3.	Mean scores of OCTAPACE in Banks do not vary according to income of employees.	2.951	.055

Respondents from different age groups have different perception for OCTAPACE.

Respondents from different age group have different perception for OCTAPACE. The respondent in the age group of 41-45 want more policies towards OCTAPACE. It means that employees in this age group want to feel free to discuss their ideas, activities & feelings. They want to bring out problems and issues into the open with a view to solving them rather than hiding them. They want to take people at their face value and believe what they say. They want more freedom to work independently and take initiative to experiment new ideas.

Respondents who have an experience of 11-15 years in their career want more openness, collaboration, trust, autonomy, proactiveness, authenticity, confrontation

and experimentation. They want to be open about their ideas, work in team and want to take people on their face value. They want to work before the problem arises and want freedom with responsibility. They want to do what they say and confront the problems rather than hide them. Such factors should be taken in to account while making the performance appraisal forms for such employees.

Respondents who have an income of Rs. 20000/- and above want more openness, collaboration, trust, autonomy, proactiveness, authenticity, confrontation and experimentation. The respondents with an income of Rs. 20000/- and above want to be more open with their ideas, to confront the problem in open to solve it and trust the people at their face value. They want freedom with responsibility to accomplish their work. They want more encouragement in taking initiative and risks.

HRD Mechanism

This section examines the implementation of HRD sub-systems such as training, performance appraisal and feedback, potential appraisal, career planning, rewards and employee welfare based on 14 items. The percep-

tion of the employees towards the HRD mechanism was assessed with respect to their age, experience and income. The Anova was applied to find whether the perception of employees differ according to age, experience and income towards HRD mechanism in banking sector.

Table 3 HRD Mechanism : Implementation of HRD Sub-Systems in Banks.

S. no	Hypothesis	F-value	P-value
1.	Mean scores of HRD Mechanism in Banks do not vary according to age of employees.	2.331	0.076
2.	Mean scores of HRD Mechanism in Banks do not vary according to experience of employees.	3.887	.005
3.	Mean scores of HRD Mechanism in Banks do not vary according to income of employees.	1.502	.226

Table 3 shows that employees of different age groups have the different perception about the HRD mechanism. Employees in the age group of 25-35 years want a mechanism where good work is rewarded and promotions are based on merit. The superiors should appreciate the good work of juniors and take special effort to find their strengths and weakness.

HRD mechanism vary according to the experience of the employees.

HRD mechanism vary according to the experience of the employees as the p-value is .005 is less than .10. It means that employees from different experience groups have different perceptions about HRD mechanisms. Positive attitude towards HRD mechanism is highest in the experience bracket of 26 and above. The respondents in the experience group of 11-15 yrs want performance appraisal

where objective assessment of employees is preferred. They want promotion to be given on the basis of the work done rather than favoritism. Training should be given based on training needs assessment and what has been learnt should be given an opportunity to practice. Career opportunities should be pointed out by the seniors. Job rotation should be done to ensure their development.

HRD mechanisms do not vary according to the income of employees. The respondents believe that banks have mechanisms to reward good work and appraisal is based on objective assessment. Promotions are based on the suitability of the candidate. Feedback is given to the employees and they take it seriously and work on their weakness.

Respondents of different age and experience groups have different perceptions about the overall HRD climate. The respondents in the age group of 25-

Table 4 Overall HRD Climate in Banking Sector

S.no	Hypothesis	F-value	P-value
1.	Mean scores of overall HRD climate in Banks do not vary according to age of employees.	4.161	.007
2.	Mean scores of overall HRD climate in Banks do not vary according to experience of employees.	3.622	.007
3.	Mean scores of overall HRD climate in Banks do not vary according to experience of employees.	1.894	.153

35 and 41-45 want more stress on overall HRD Climate. Those having experience of 11-15 years want supportive climate consisting of not only top management and line management commitment but also good personnel policies and positive attitude towards development. They want performance appraisal, potential appraisal, career planning, performance rewards feedback, counseling, training, employee welfare and job rotation to be given more preference in the organization. They want openness, confrontation, trust, autonomy, proactivity, authenticity & collaboration to be more institutionalized in the organization. Employees with different incomes have the same perception towards HRD Climate.

Conclusion

The main objective of this study was to find the perception of employees towards GC, OCTAPACE, HRD Mechanisms and overall HRD Climate according to the age, income and experience in the banking sector. The employees with different age and experience have different perceptions of the General Climate. Employees in the age group of 25- 35 years should be given sufficient time and resources by their line managers to develop them and gain competence.

Employees with the experience of 0-10 yrs and 10 -20 years want top management to show more concern for their development. Employees from different age groups, experience and income have different perceptions of OCTAPACE. The respondents in the age group of 41-45 want more policies towards OCTAPACE. Employees who have an experience of 11-15 years and income of Rs. 20,000/- in their career want more openness, collaboration, trust, autonomy, proactiveness, authenticity, confrontation and experimentation. Employees of all age groups and experience have different perceptions about the HRD Mechanism. Employees in the age group of 25-35 years want a mechanism where good work is rewarded and promotions are based on merit.

The respondents in the experience group of 11-15 yrs want performance appraisal where objective assessment of employees are preferred and promotion to be given on the basis of their work done rather than favoritism. Respondents of different age groups and experience have different perceptions about the overall HRD climate. Respondents in the age group of 25-35 and 41-45 want more stress on overall HRD Climate. Those having an experience of 11-15 years want

supportive climate not only consisting of top management and line management commitment but also good personnel policies and positive attitude towards development.

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