

Role of Human Resource Development Practices in Various Services Sectors of India

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Abstract- India is a large country and has vast potential to become a strong and modern nation with its huge natural resources and sizeable population. It is the third body of scientific and technical manpower. Since independence, it has been able to create facilities for manufacturing products and services. The service industry forms a backbone of social and economic development of a country. It has emerged as the largest and fastest-growing sectors in the world economy, making higher contributions to the global output and employment. Its growth rate has been higher than that of agriculture and manufacturing sectors. For achieving the growth one factor which can help a lot is Human Resource and their continuous development. The present paper attempts to identify few HR challenges in the Service Industry of Indian Context and suggests various Human Resource Development practices (PACODIA MODEL) to handle them.

Keywords- Service sector, Human resources, Human resources development practices, challenges, trends.

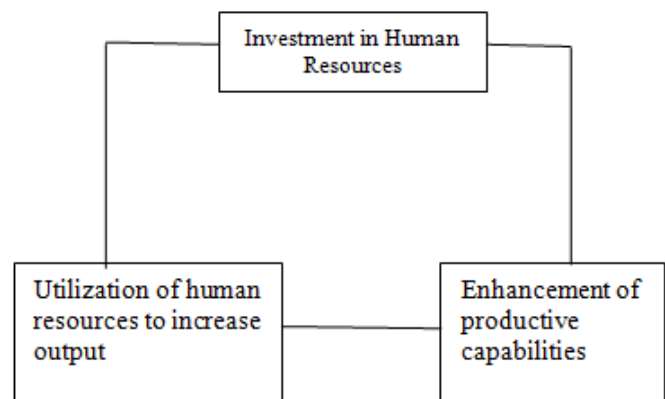
I. INTRODUCTION

India's services sector contributes to about 60 per cent of the country's gross domestic product (GDP), 35 percent of employment, a quarter of the total trade, and over half of the foreign investment inflows. The services industry is one of the largest and fastest-growing sectors in the global market. Its contribution to the Indian economy is particularly significant, with regard to employment potential and impact on national income.

This sector covers a wide range of activities, such as transportation, communication, trading, finances, real estate and health, among others. The services industry provides massive business prospects to investors. Without the sector's capacity to generate revenue, it would be difficult for the Indian economy to acquire the healthy place it currently enjoys on the global platform. Human resources development is a continuing process comprising three interdependent components:

- Investment in human resources to enhance productive capabilities.
- Utilization of those human resources to produce increased output.

- Participation of the human beings who have improved resources (better education, better skills levels etc.) in the consumption of that increased output through a better quality of life. (See figure 1).



Sustainable human resources development must involve all three components, as seen in the diagram above. At a national level, investment in human resources must be turned into effective utilization of those human resources if national output is to be increased on a sustainable basis.

At an individual level, investment in human resources improves earning capabilities. Therefore individuals and families have more money to do many things including pay for their own further skills development. There is a very strong link between investing in human resources development and improvements in the quality of life. Improvements in nutrition, health and education are key elements of an improved quality of life and must be considered important investments in human resources, particularly in developing countries. Human beings cannot be developed if they do not have enough food, are in poor health or cannot read or write. For developing countries, it is extremely important that all members of the society have access to human resource development activities, especially the poor, women and populations in rural areas.

Participation and choice are key elements in this view of human resource development. The financial reward obtained from participation in production activity is the main way that individuals are able to participate in the quality-of-

life benefits that are created by development. Increased job satisfaction and a sense of personal worth arising from increased productivity are also very important contributions to quality of life. The enhanced capabilities created by development enlarge the choices made available to both individuals and nations.

Historically, HRD has referred to developing human resources in order to increase economic productivity and therefore a nation's wealth that is, very closely linked with economic outputs. However, within current definitions and discussions, especially in the context of developing countries, there is more emphasis on the human aspects of HRD. So, in the development context the meaning of the term's human resources development and human development are very much interconnected.

II. LITERATURE REVIEW

Parikshit Joshi and Anuj Srivastava (2012) found that an organization became dynamic and growth oriented if their people are dynamic and proactive. Through proper selection of people and by nurturing their dynamism and other competencies an organization can make their people dynamic and proactive. To survive it is very essential for an organization to adopt the change in the environment and also continuously prepare their employees to meet the challenges; this will have a positive impact on the organization.

Dr. P.Jyothi, Ms. V. Sree Jyothi (2009) found that the critical HR challenges in Indian Banking Sector are hiring right staff, retaining talent, cutting staff, staff development, salary inflation, external threats, etc. The other challenges are changing working conditions, re-skilling, compensation etc. Coping with the massive technology adoption programme – change management from employees' as well as customers' perspectives.

According to the researcher (2012) the various HR challenges in Social Sector of India are, recruiting qualified staff (70%) is indicated as the biggest human resource challenge in the sector space. Many sectors are growing, and therefore, are on the constant lookout for qualified employees. Given that sectors are perceived to be more risky and less well paying compared to traditional organizations, they tend to struggle with attracting the best talent.

This challenge is further emphasized by the limited availability of talent to sectors. The second and third biggest HR challenges cited by respondents include clearly defining roles and responsibilities (39%), and distributing decision making authority beyond the founding team (34%). These

challenges indicate that sectors possibly struggle to create a strong layer of middle managers.

Ernst & Young (2010) found that the key HR challenges in the Indian Oil and gas Sector are Aging Workforce leading to difficulty in replenish talent loss due to heavy retirement in the coming years. A study of total attrition by level reveals that the upstream oil and gas sector is faced with significant attrition at the middle-management level, while other sub-sectors are facing this challenge at junior-management levels. Middle management attrition in the E&P sector is due to various international opportunities available for employees with more than 10 years of experience. The lack of career opportunities and extreme working conditions are other primary reasons for employee attrition.

Praveen Kumar Shrivastava (2008) found that the tourism industry lacks competent people and one of the reason behind that is most of the people joining the industry are simply graduate or under graduate not having any specific degree or diploma in tourism course. Moreover the industry does not have any specific recruitment policy regarding recruitment of specialized people in the industry. Moreover most of the respondents agree to the fact that the salary package is very less and the HRD practices are missing in most of the organisation. It has also been studied that the tourism courses are not promoted well and lacks saleability and also the courses taught by university lack promotability.

III. OBJECTIVE OF THE STUDY

The core objective of this paper is to present a model of HRD encompassing all the aspects of human resource development from organizational point of view.

IV. RESEARCH METHODOLOGY

This research article has been developed from descriptive secondary information searched by reviewing literature about Human Resource Development (HRD) and Human Resource Management (HRM), published in research journals in the form of research articles, research reports of various organizations and books of Human Resource Management.

MEANING OF HUMAN RESOURCE DEVELOPMENT

According to the American Society of Training and Development (ASTD), "HRD is the integrated use of training and development, organizational development, and career development to improve individual group, and organizational effectiveness". Society is faced with new challenges and

changes daily which increase the need to provide employees with appropriate learning experiences. Moreover, HRD helps organizations to provide learning related to the goals of the organization and to its employees. This learning is accomplished by providing training, education, and development.

According to Leonard Nadler, author of *Developing Human Resources*,

- *Training* is a learning activity provided by employers to employees, to help them perform, their current jobs more efficiently;
- *Education* focuses on learning designed to prepare an individual for a job different than the one currently held; and
- *Development* focuses on providing knowledge or skills within a specified area, but is not necessarily job related.

HRD TRENDS IN INDIA

The Human Resource Development as a Function has evolved in India very indigenously from the year 1975 when Larsen & Toubro Company conceptualized HRD as an integrated system and decided to separate it from Personnel. Since then, in the last 40 years most organizations have started new HR Departments or re-designated their Personnel and other departments as HRD Departments. Today there are high expectations from HRD. Good HRD requires well structured function and appropriately identified HRD systems, and competent staff to implement and facilitate the change process.

- Most organizations seem to have well developed performance management systems or are in the process of having the same. The performance management systems of all the organizations seem to be development oriented. This is more in that organization where there is separate HRD department or there is high emphasis on HRD.
- Feedback and Counseling is the second system most seems to follow. However this is integrated into the performance appraisal and hence diluted. The Feedback and review discussions are conducted more as a formality than with a high development orientation.
- There is no potential appraisal as a separate system in many companies. It is there as a part of the performance appraisal in a few. Only some organizations are planning to use Assessment centers.
- 360-Degree Feedback is being tried out either as part of corporate initiative or on their own initiative.

- Employee satisfaction surveys, TQM interventions, Total Productivity Management, Team Building workshops, visioning exercises, Train the trainer programs etc. are some of the OD interventions being used by the organizations. However there is very little of in-house competencies in OD. OD interventions are largely outsourced. HRD Departments are not yet being developed as internal change agents or OD facilitators.
- Training and development is well developed and well managed in the organizations. Internal faculty has been developed in most of the organizations. Those organizations covered under ISO certification programs have given a systematic and high emphasis to training and development activities. They are still to graduate from Training and Development orientation to creation of a learning environment.

HRD IN BANKING SECTOR

Today's increasing complex and volatile business environment characterized by globalizations, liberalization and the transnational invasion ensure that managing in India would not be the same again. Enhancing competitiveness in the global market place presents the ultimate challenge to policy makers, business leaders and entrepreneurs in any industry including banking.

The banking industry (Axis Bank, HDFC Bank, ICICI Bank) has also realized the fact that the human resource or the personnel are to play an important role to achieve a high rate of growth of the bank. An employee is generally regarded as an innovator and supporter of innovations and a conscious developer of business in any banking industry. The key to successful management in any banking industry lies in effective utilization of the personnel they recruit from time to time (Rao, 1993). Banking industry in our country is fast developing and it has been assigned a crucial role in country's economic development, particularly rural economy.

CHALLENGES IN HRD

- **Rapid changes in Technology:** The world is facing a rapid change in technology and so the organizations. The biggest and foremost challenge which comes before HRD is to make its workers/employees equipped with the changing technologies.
- **Transnational suppliers and customers:** Transnational suppliers and customers have now to be given a new face, as they need to play a transformational role in the changing scenario.
- **Fierce competition:** With the advent of globalization and entry of MNC's & rapid changes in technology the Indian

organizations face a fierce competition. To stand in the market and face the competition successfully has become one of the important challenges of HRD.

- Innovation for survival: Nothing is permanent except change. The biggest challenge, which comes before HRD professionals, is to provide development opportunities, latest updation of skills to the present employees. To meet the challenges and fierce competition Innovation is a key to success.
- World-class Quality-demand of customer: In today’s market Customer is the King. The products are to be manufactured as per the need, demand, want & desire of the customer. Every customer in the market looks for value of money. With increase in competition, and awareness of the customer to maintain quality at an affordable price is the need of an hour.
- Mergers, Takeovers and Acquisitions: With increase in competition, entry of MNC’s mergers, takeovers and acquisitions are bound to take place. With cross cultural mix, with diverse culture of various employees working in an organisation the HRD department is responsible for providing all kind of developmental opportunities to its employees.
- High product differentiation achieved by very low manufacturing costs: Providing a distinct and a different product in the market which can satisfy the needs of the customer. With the increase in competition and ease in availability of substitutes the product should be differentiated with low manufacturing costs. Achieving a differentiation with low cost poses a challenge for HR manages.
- Extremely short lifecycles of products/services: As the memory of people is short so are now the lifecycles of product/services short.
- Quicker response to market: A good MIS accompanied with good HRD can enjoy the quicker response to market.

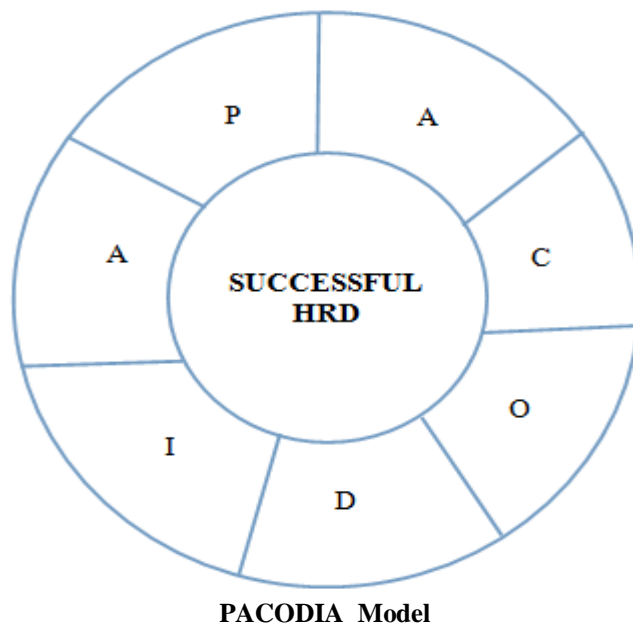
Branch expansion and employment generation has touched new heights in this industry. In view of its expanding role in the national economy and huge public funds at the disposal of banks, it is the need of the hour for banking industry in general and rural banks in particular to adjust to their operation (Yattoo 2000).

HRD acquires special meaning in the banking industry due to variety of factors. First, banking is a labor intensive industry and labor turnover is almost nil. Second, job security of employees is very high even at this age "of global competition. Besides, the quality of banking services and the objectives of banks in achieving its socio-economic goals are highly dependent on the employees who deliver the services (Khandelwal, 1996).

It is increasingly recognized that a sound personnel management is vital to high growth and development of banking services. The personnel of bank are the catalysts in fulfilling the objectives of the bank. The personnel are a resource of the bank just as its capital, deposits and assets are. For numerous functional aspects the banks need a well equipped human resource. Today, the bank needs efficient, polite and enthusiastic bank-men capable of developing close contracts with people especially in rural area and who are perfect in making and maintaining public relations. Therefore, the effective management must ensure that the efforts of personnel are channeled and guided on productive lines (Rao, 1993).

**V. THE ORETICAL FRAMEWORK OF HRD
“PACODIA MODEL”**

To over come the challenges which are coming in the way of HRD practices in the area of service sector, we propose a model through which these problems can be removed in the HRD system.



HRD systems should facilitate participative decision-making.	P
HRD systems should help maximize individual autonomy through increased responsibility	A
There should be a continuous review and renewal of the function.	C

HRD systems should help the company to increase enabling capabilities. The capabilities outlined in their report include: Over all development of human resources in all aspects, organizational health, improvements in problem solving capabilities, diagnostic skills, capabilities to support all the other systems in the company	O
HRD systems should facilitate decentralization through delegation and shared responsibility	D
HRD systems should help individuals to recognize their potential and help them to contribute their best towards the various organizational roles they are expected to perform	I
HRD system should attempt to balance the current organizational culture with adaptability	A

The Integrated HRD systems approach should have the following elements:

- (i) A separate and differentiated HRD department with full time HRD staff.
- (ii) Six HRD subsystems including OD,
- (iii) Inter-linkages between the various subsystems,
- (iv) Linked to other subsystems of Human Resource Function.

VI. CONCLUSION

Thus to conclude it can be said that Human Resource Development Practices pave the way for solving the HR issues in the service sector industries leading to achievement of organizational objectives, employee satisfaction and long term sustainability, which make India a as a strong Nation

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