



## HRD PRACTICES FOR DEVELOPING GROWTH RATE IN SERVICE SECTOR-INDIA

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### ABSTRACT

*Development of Human Resources is being given due importance by all the organizations as it aims at developing all the employees of an organization in a planned manner to acquire, sharpen and apply their existing capabilities as well as their inner potentials. HRD is a total system in which its various mechanisms are embedded together to act as an integrated unit. No sub-system can work in isolation. The researches show that the working of each sub-system has its impact on other sub-systems e.g. Performance appraisal is basis for assessing training needs, career planning etc. Training is useful tool for increasing individual efficiency. It is also a part of employee welfare and is used for promotions. Implementing these HRD sub-systems helps in developing a climate in the organization where the people collaborate with each other; respect and trust others and work as a team. This, in turn, develops a highly positive and motivated workforce which enables the organization to achieve its goals. Keeping the significance of Human Resources in an organization in mind, the present study has been undertaken. The study explores the linkages in human resource development mechanisms and HRD climate variables resulting from it. The results have been extracted mainly on the basis of Secondary data However, personal experience of the researcher in few pharmaceutical industries and conversation with the authorities of the companies has been included at appropriate places. 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. The present paper attempts to identify few HR challenges in the Service Industry of Indian Context and suggests various Human Resource Development practices to handle them.*

**Keywords:** HRD Climate, Potential Appraisal, Performance Appraisal, Service industry, Sustainable growth, Human Resource, HR challenges, Human Resource Development practices.

### INTRODUCTION

Growing needs of growth and expansion, on the one hand and increasing efficiency and productivity to combat competition, on the other, emphasize on an increase in creativity and autonomy of the people in the society. The expectations of the people are changing fast. They want to be dealt with and respected as human beings and are to be provided opportunities for the fuller expression of their potentials. HRD helps the organization not only in the attainment of its objectives but also provides opportunities to the people to fulfill their requirements, and get maximum job satisfaction. Human resources are the most valuable of all the resources whether potential or existing in any organization and the most vital for the successful achievement of its objectives. The contribution they make may not be arithmetically calculable but it is indeed highly significant in achieving the organizational



goals.

Human Resource Development (HRD) is, therefore, gaining significance in the success of any industrial organization. The organizations today have realized that it is the contribution of the human resources which helps them to grow, prosper and attain their objectives. Human resource development (HRD) aims at developing all the employees of an organization in a planned manner not only to acquire and apply their existing capabilities but also their inner potentials and helps in building a climate with strong interpersonal bonds which helps the organization to achieve its goals.

The Indian service sector accounts for a large part of the Indian economy – be it in terms of employment potential or its contribution to the national income. Making-up for almost 60 per cent of Asia's third largest economy, the industry spans from sophisticated fields like telecommunications, satellite mapping, and computer software to simple services like those performed by the barber, the carpenter, and the plumber; highly capital-intensive activities like civil aviation and shipping to employment-oriented activities like tourism, real estate, and housing; infrastructure-related activities like railways, roadways, and ports to social sector related activities like health and education.

India Has Highest Increase in Share of Services in GDP at 8.1%. India's services sector has emerged as a prominent sector in terms of its contribution to national and state incomes, trade flows, FDI inflows and employment. For more than a decade the sector has been pulling up the growth of Indian economy with great stability. The share of services in India's GDP at factor cost (at current prices) increased from 33.3% (1950-1951) to 56.5% in 2012-13, as per advance estimates. Including construction, this would increase to 64.8%. With 18%, trade, hotels and restaurants are the largest contributors to GDP among the various sub sectors. This is followed by financing, insurance, real estate and business services with 16.6% share. Community, social, and personal services with 14% share stand in the third place. This is followed by construction at fourth place with 8.2% share.

Indian service sector enjoyed foreign direct investment (FDI) inflows amounting to US\$ 4.75 billion during April-February 2012-13, according to the recent statistics released by the Department of Industrial Policy and Promotion (DIPP). However recently in June 2013 it has been observed that Indian services firms lost momentum as new business trickled in at the slowest pace in nearly two years, dashing hopes of a sustained pick-up in economic growth. So a big question that arises is how the sustainable growth of service sector can be maintained? And for achieving the growth one factor which can help a lot is Human Resource. The availability of trained manpower is essential to achieve excellence in the service industry. The recent scenario of economic liberalisation and process of globalization increased the importance of Human Resource Management by manifold.

The more stress should be given on Human Resource Development. For effective human resource utilization Human Resource Development becomes very essential. The need of the hour is to develop human resources to maximum possible extent. Human Resource Development is, therefore, a continuous process of sharpening the skills, knowledge

of the people, which are adopted by all most all the organisation. It is therefore presumed that the expenses incurred on Human Resource Development and Training is investment, the investment which yields income. The effective Human Resource Development is very essential for the growth and prosperity of the organisation and society in large.

## 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.

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).

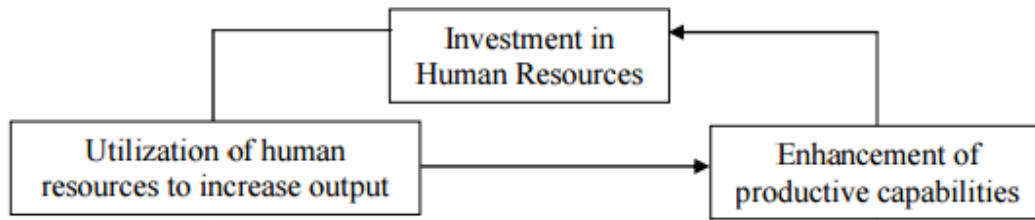


Figure-1

## LITERATURE REVIEW

Human Resource Development (HRD) is a continuous process to ensure the development of employee competencies, dynamism, motivation and effectiveness in a systematic and planned way. In the organizational Context HRD refers to the improvement in capacities and capabilities of the personnel in relation to the needs of the organization. It involves the creation of climate where human knowledge, skill, capabilities and creativity can bloom. It involves the use of processes through which the employees of the organization are prepared to give their best for the achievement of corporate objectives and bring optimal effectiveness in their jobs as well.

Rao, T. V. (1991) has stated that: —Human Resource Development (HRD), in organizational context, is a process by which the employees of an organizational are helped in a continuous and planned way, to

- a) Acquire or sharpen capabilities required to perform various functions associated with their present or future expected roles;
- b) Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and/or organizational development purposes; and
- c) Develop an organizational culture in which superior-subordinate relationship, teamwork, and collaboration among the sub-units are strong and contribute to the professional well-being, motivation and pride of the employees.

Rao (1991) further explained that HRD aims at helping people to acquire competencies. The process of acquisition can be facilitated by HRD mechanisms (instruments/sub-systems) like performance appraisal, training, OD, feedback and counseling, career development, potential development, job rotation and rewards. In his book Handbook of Human Resources Development, Nadler (1984), has defined Human Resource Development as organized learning experiences in a definite time period to increase the possibility of improving job performance and growth. Explaining the various parts of the definition, Nadler defined organized learning experiences as intentional learning structures with objectives, a plan and provision for evaluation.

## HRD PRACTICES AND MANAGEMENT PHILOSOPHY IN INDIA

The objectives of this study are to:

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- Examine the assumptions of the top management about the people working in the organization
- Understand the social organization through HRD belief and the philosophy of management in the organization
- Examine the nature of differences in the philosophy of management subscribed to by the organization towards employees working in the public and the private sector
- Examine the nature of relationship between HRD practices represented by planning, recruitment, selection, performance evaluation, training and development, career management and rewards and the philosophy of management in the private and the public sector organizations. We hypothesize that HRD practices in terms of planning, recruitment, selection, performance evaluation, training and development, career management and rewards are significantly related to the philosophy of management.

**Human Recourses Challenges in Indian Banking:** According to the Hudson report (2008) 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.

**Human Recourses Challenges in Social Sector:** According to the researcher the various HR challenges in Social Sector of India are, recruiting qualified staff (70%) is indicated as the biggest human resource challenge in the Social Entrepreneurship. Many social enterprises are growing, and therefore, are on the constant lookout for qualified employees. Given that social enterprise 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 social enterprise. 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 social enterprise possibly struggles to create a strong layer of middle managers.

**Human Recourses Challenges in Oil and Gas Sector:** The key HR challenges in the Indian Oil and gas Sector is 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. The sector is also facing issues around the availability of a solid talent pool from universities and institutes that typically contribute to its talent base.

**Human Recourses Challenges Tourism industry:** The researcher has 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 specialised 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 promotional ability.

**Analysis:** After analysing the above data it can be interpreted that proper Human Resource Development Practices should be adopted in the service sector for sustainable growth. The various HRD practices that can be adopted are-

**1. Performance Appraisal:** A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain re-established criteria and organizational objectives. A central reason for the utilization of performance appraisals (PAs) is performance improvement.

**2. Career Planning and Development:** Career planning aims to identify needs, aspirations and opportunities for individuals' career and the implementation of developing human resources programs to support that career.

**3. Employee Training:** It is a systematic process by which employees learn skills, knowledge, abilities or attitudes to further organisational and personal goals.

**4. Executive Development:** It is a process of designing and conducting suitable executive development programmes so as to develop managerial and human relations skills of employees.

**5. Organisation Development:** It is an organisation wide, planned effort, managed from the top, with a goal for increasing organisation performance through planned interventions. OD looks in depth at the human side of the organisation. It seeks to change attitudes, values, organisation structures and managerial practices in an effort to improve organisation performance.

**6. Quality Circles:** A quality circle is a volunteer group composed of workers (or even students), usually under the leadership of their supervisor (or an elected team leader), who are trained to identify, analyse and solve work related problems and present their solutions to management in order to improve the performance of the organization, and motivate and enrich the work of employees.

**7. Employee Counselling:** It is a psychological health care intervention which can take many forms. Its aim is to assist both the employer and employee by intervening with an active problem-solving approach to tackling the problems at hand.

**8. Monetary and Non-Monetary:** Rewards It is well known that motivation schemes, if the employer gets them right, can have a dramatic impact on sales figures,



customer service, and improve individual, team and business productivity. They can also be a major contributor to employee engagement.

**9. Team Work:** Teamwork is "work done by several associates with each doing a part but all subordinating personal prominence to the efficiency of the whole".

**10. Role Analysis:** Role analysis (also known as job evaluation) is a systematic approach used to determine the relative value (or size) of roles within an organisation by measuring the demands and responsibilities of the role (but not the performance of the individual undertaking the role).

**11. Grievance Mechanism:** All workers and migrant workers in particular, should have access to grievance mechanisms that allow them to voice concerns without fear of punishment or retribution. Grievance mechanisms have many helpful purposes. They can serve to channel conflict into an institutionalized mechanism for peaceful resolution. They facilitate communication between workers and management regarding problems that arise, and enable workers to complain with dignity, knowing that there is a system of appeals leading to an impartial decision maker. Finally, they assist the company in ensuring that their staffs are complying with company standards on ethical conduct.

## CONCLUSIONS

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 organisational objectives, employee satisfaction and long term sustainability.

## FUTURE WORK

In future in depth study is needed to know how these HRD practices suggested above can be implemented in the best possible way in different industries included in service sector for sustainable growth. Moreover it can also be studied that which HRD practice can contribute in the best way for achieving sustainability. HR researchers can conduct similar studies in other sectors also for reaping the benefits of HRD practices.

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