

HRD and Management- A Case Study of Public Sector Undertakings in India

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Abstract: *Top Management of an organization plays an important role in designing Human Resource policies and their execution. Human Resource policies of an organization are mainly based on top management's assumption about people working in the organization. It reflects the attitude of the top management about the 'people'. Human Resource Development (HRD) is somehow related with the type of approach and commitment of the top management towards its people. Human Resource Development (HRD) has been given due importance by all the organizations in India as it aims at developing all the employees of an organization in a planned manner to acquire and apply their existing capabilities as well as their inner potentials. Theory X and Theory Y developed by McGregor further strengthen the view that the managements who consider its people as its assets plays a positive role in their development and those who consider that they need to be directed and are just a means of production like other means don't make policies for their development and believe it to be wasteful expenditure.*

The present study is an attempt to ascertain whether the top management in public sector organizations believes in employee development and to what extent they are helpful in developing organizational development climate in their undertakings. The study is quite significant as it has significant impact on the efficiency and productivity of the organization.

Key Words: *Perception of the Top Management, HRD Climate, People as Assets, Willingness, Commitment, Trust etc.*

Abbreviations: *Human Resources (HR), Human Resource Development (HRD)*

I. Introduction

The present scenario of industrial change, economic development, liberalization and globalization has necessitated the organizations to be more alert, knowledgeable, analytical and systematic in their approach to achieve their goals. Human resources today provide the greatest challenge as well as the opportunity to an organization. The people come to the organization with diversity of skills, needs, goals, and expectations. But at the same time, the employees today, are free, within limits, to leave the organization causing a significant risks to the organization incurring intellectual capital loss unless individual knowledge, is transferred, shared, transformed and institutionalized (Youndt: 2000). It will depend on the policies of the management that the employees do not leave the organization. However, it is worth noting that sustainable competitive advantage is attained when the firm has a human resource pool that cannot be imitated or substituted by its rivals (Barney: 1991).

This in turn requires Indian Industry to look inward for the development of human resources. Further, to develop and maintain their competitive edge, the potential value of the employees needs to be increased by enhancing and linking their skills and capabilities in tune with the contemporary requirements of the market (Singh: 2005). The human resource development (HRD) has emerged as one of the most important function of human resource management which enables management to achieve its goals of productivity, efficiency and profitability and provides stability to the organization. 'People' are the most important and valuable resource for every organization. Dynamic people build dynamic organizations and effective employees contribute to the effectiveness of the organization. Competent and motivated people make things happen and help the organization to achieve its goals. Organizations, therefore, need to contribute to the dynamism, competency, motivation, efficiency and effectiveness of the employees continuously.

However, the development of human resources in an organization depends on the philosophy of the top management. The top management of an organization makes assumptions about the human resources. The organizational effectiveness will depend on the degree to which these assumptions are translated in to reality. A strong conviction of the top management that its people are significant assets of the organization and capable of being developed is a pre-requisite of HRD which helps to attract, retain and develop people. Further, work relationships are guided by HR philosophy which creates enabling developmental climate of trust, team-spirit, openness, pro-activity and collaboration.

HRD is an instrument which improves the capacities and capabilities of the people in relation to the needs of the organization. It involves the creation of climate in which the flower of knowledge, skill, capabilities

and creativity can bloom. It involves the processes through which the employees of an organization are prepared to give their best for organizational goals and involve optimal effectiveness in their jobs. It involves setting up of a system through which the employee capabilities and potentials can be tapped to the mutual satisfaction of the individuals and the organization (Jain et al: 1995).

Top Management today are working in a volatile economic environment, They have to understand that healthy HRD practices can help to assimilate change in systems, structures, technologies, methods and environment. They must realize the significance of Human Resources in the organization. They must realize that unless individual competencies are enhanced, the organization cannot survive in the competitive market. There is need to share and disseminate knowledge at all levels in the organization. The people are to be treated as an indispensable part of the organization. As such, their active involvement is required for the achievement of organizational goals. The management is facing a great challenge in retaining human resources. Sometimes, investment made in them seems to be wasteful. Effective HR policies can prevent loss due to brain drain for the organization.

The policies and philosophy of the top management are, therefore, quite significant in development of individual skills, knowledge and competencies. This will enhance organizational efficiency and overall productivity. But the HRD programmes in an organization cannot be implemented without the commitment and willingness of the top management. The present study is an attempt to find out as to what extent the top management of public sector organizations in India is committed to the development of human resources.

II. Survey of Literature

A number of studies have been made by various researchers in the past to study the contribution of management towards the development of human resources in their organization.

Bansal (1991), discussed conceptual study of HRD, its processes and scope, an overview of HRD in public sector undertakings in India and the components of HRD practiced in SAIL in his book 'HRD in Public Enterprises'.

Aurora and Vazirani (2001) reported various subsystems of Human Resource Development as human resource planning (HRP), job analysis, recruitment, selection with different sources and process of selection, training concept and methods, and performance appraisal.

In their article titled as "Future Directions for HRD" Chauhan & Chauhan (2002) concluded that HRD is a continuous process. With the accomplishment of certain goals there is need to re-examine HRD needs, priorities, instruments and strategies, HRD can be considered as an end and a means towards an end. HRD can transform the organization into a human system by developing their commitment and integrating the individual employees with the organization. HRD holds the key for economic development through enabling people to become more productive and investing in human resources pays in the long run. The main challenge for organizations is therefore to create an "HRD spirit" within the organizations where the emphasis is more on approaches that are result-oriented and employee-centered, integrating the HRD Strategy with the organization. Swarajya, (2005) in her study has evaluated the efficacy of HRD processes undertaken in four select public enterprises in Andhra Pradesh. She identified the problems experienced in the course of implementation of HRD programmes She found out that not much worthwhile work is done in these four organizations for developing the competencies, skills, knowledge, abilities, experience, welfare, motivation, growth, career planning and development of women employees in these enterprises.

Based on her own experience Sadri (2006) in her article "HRD in the Era of LPG" has narrated the development of the HR function in India, the side effects of Liberalization on HRD, BPR, empowering and other contradictions. She feels that HRD has become most talked buzz word in Indian industrial centers today.

Reddy (2006) in "HRD : Origin, Concept and Future" has dealt with origin and concept of HRD. He concludes that change is here to stay and we need to understand that all the practices that are working today may not necessarily work tomorrow. Customer's expectations, market changes and strategic decisions will drive the management of human assets. He discussed the emerging challenges and the right steps to be taken so that employees can contribute their best for achieving organizational as well as individual goals.

These studies indicate the increasing role of human resources in the organization in the context of changing business and global environment. The Indian enterprises have to come out of their traditional approach of task-orientation and applying theory X assumptions where people can be made to work by threat and punishment. They will have to think with the new perspective and must understand the contribution of the human resources in an enterprise may not be arithmetically measurable but it alone can build and grow the organizations, if the people working in it are committed, motivated and competent. It is, therefore, the duty of the management to believe in the capabilities of its people, develop their competencies and create an atmosphere of trust.

The present study purposes to examine as to what extent the management in public sector enterprises has been able to develop their new role and has contributed to the development of HR function by developing the people working there.

III. Statement of the Problem

Human Resource Development is a continuous process which ensures the employee development in a systematic and planned manner. It aims at developing the competencies of the employees on the one hand and building organizational culture on the other to utilize these competencies and contribute to the organizational growth. However, the process of employee development depends on the philosophy of the top management about human resources. The liberalization, privatization, and globalization have resulted in a competitive market economy. The need of the hour is to attract high level of initiative and innovation. The role of the management, therefore, becomes inevitable to develop strategies to compete and survive in the global market. One of these strategies is to focus on the development of human resources, enhance their competencies and achieve the desired goals.

3.1 The Present Study

The present study has been made with reference to two major public sector organizations in India. The data for the study was collected on the basis of questionnaire which was administered on the top level executives of the undertakings. As these undertakings have many plants located at various places in India, the study was limited to two plants of each undertaking.

3.2 Objectives of the Study

The study aims at achieving the following objectives.

1. To study the role of top management in developing human resources of their organizations.
2. To study the role of top management in creating developmental climate (HRD Climate) in their respective undertakings.

3.3 Research Methodology

For the purpose of the study the data has been collected on the basis of questionnaire which included questions on the perception of top management about its human resources and creating HRD climate in its organization. The questionnaire was carried out in two units of each of the two public sector organizations. In all 80 respondents were covered. A 5 point scale was used in the questionnaires.

3.4 Statistical Analysis

The data was converted into scores by using 5- point scale. The data was tabulated and summarized by adding the scores of all the respondents and classified in two parts: The perception of the top management about its human resources and HRD Climate of the organization resulting therefrom. For the 1st part i.e. perception of the top management about its human resources, the opinions of the respondents have been presented on the 5 point scale by converting the respondents for each point of the scale into percentage.

For the second part i.e. HRD Climate, the opinions of the respondents were sought on 13 parameters were added together to observe as to what type of developmental climate existed in the public sector undertakings under study. The opinions were converted into scores on 5 point scale.

Average scale of 3 and around indicated a moderate tendency on that dimension existed in the organization where as score around 4 denotes 'good' HRD climate on that dimension. To make the interpretation easier, the mean score was converted two percentage score by using the formula:

$(\text{Mean Score} - 1) \times 25 = \text{Percentage Score}$ (Rao, 1991: 39).

This was done by assuming that a score of 1 represents 0 percent, a score of 2 respondents 25 percent, a score of 3 respondents 50 percent, a score of 4 respondents 75 percent, and a score of 5 residents 100 percent. The percentage score thus indicated the degree to which the particular dimension existed in the company out of 100.

3.5 Limitations

As the study is limited to two public sector undertakings, its results cannot be generalized due to different management perception and HR practices in different organizations. Despite these limitations, the study provides insight into perception of the top management about HR which can be used for further research in this area and can help the industrialists to improve HRD climate in their organizations and thereby increase their productivity and efficiently.

IV. Analysis & Interpretation

The policy and philosophy of the management plays an important role in the development of Human resources in any organization. Effective management policy is, therefore, viewed as a subsystem of HRD. As indicated earlier, the opinions of the respondents have been analyzed to study:

1. The Perception of the Top Management about its Human Resources
2. HRD Climate resulting from the implementation of Management Philosophy

1.1 The Perception of the Top Management about its Human Resources

The opinions of the respondents on this subsystem on a number of variables including the importance given to Human Resources by the top management, management's commitment to ensure employee development, willingness of the management to invest their resources for employee development, readiness of the people to help each other, team spirit, developing employee potentials, using employee potentials for career planning, enhancing inter-group competence, encouraging people to improve their capabilities, creating climate of trust, openness, collaboration, pro-activity, its commitment to bring in organizational change, and its awareness to the environment changes were obtained and analyzed as under:-



Fig. 1: Management and Human Resource Development

a) Importance given to Human Resources by the Top Management

Top Management believes that human resources are extremely important and are needed to be treated more humanly in the organizations. Opinions of the respondents on this variable (Table-1: a) indicate that more than 43.75 per cent of the respondents agreed with the statement whereas 18.75 per cent of the respondents strongly agreed with the statement. It indicates that by and large the managements of these public sector undertakings consider the human resources in their organization to be extremely important to them. Further, 31.25 per cent of the respondents partially agreed with the statement indicating that some of the employees or the departments are not fully aware of the management policies or do not agree with them.

b) Management's commitment to ensures Employee Development

Managements of these organizations seem to be committed Employees Development as evident from the opinions of the respondents (Table-1: b) who largely agreed that top management of organization makes all out efforts to sure development of its employees. Some of the respondents 33.75 per cent, however, partially agreed with this view. Quite a good number of respondents (31.25 per cent), however, 'partially agreed' with the statement. It appears that the management policies are not fully understood by some of the respondents.

Table-1
Summary of the Opinions of the Respondents on ‘Management Philosophy on HRD’ on the
Variables Mentioned Above (% Respondents; N=80)

| CONTENTS | a | b | c | d | e | f | g | h | i | j | k | l | m |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Strongly Agree | 18.7 5 | 16.2 5 | 62.5 0 | 20.0 0 | 10.0 0 | 12.5 0 | 32.5 0 | 15.0 0 | 25.0 0 | 17.5 0 | 15.0 0 | 22.5 0 | 12.5 0 |
| Agree | 43.7 5 | 42.5 0 | 20.0 0 | 57.5 0 | 45.0 0 | 50.0 0 | 60.0 0 | 50.0 0 | 55.0 0 | 68.7 5 | 68.7 5 | 55.0 0 | 52.5 0 |
| Partially Agree | 31.2 5 | 33.7 5 | 7.50 | 20.0 0 | 32.5 0 | 16.2 5 | 3.75 | 26.2 5 | 20.0 0 | 3.75 | 15.0 0 | 18.7 5 | 25.0 0 |
| Disagree | 5.00 | 6.25 | 3.75 | 1.25 | 10.0 0 | 2.50 | -- | 7.50 | -- | 5.00 | 1.25 | 2.50 | 6.25 |
| Strongly Disagree | 1.25 | 1.25 | 6.25 | 1.25 | 2.50 | 18.7 5 | 3.75 | 1.25 | -- | 5.00 | -- | 1.25 | 3.75 |
| Total | 100 0 | 100. 0 |

c) Willingness of the Management to Invest their Resources for Employee Development

The managements of the two public sector undertakings also seems to be willing to invest their time and resources for development of their human resources. This view has been confirmed by 62.50 per cent of the respondents expressing themselves to be ‘strongly agree’ and another 20 per cent of the respondents who agreed with the statement ((Table-1: c).

d) Creating Atmosphere of Trust and Openness

From the opinions of the respondents (Table-1: d) it can be inferred that managements of the two organizations are creating an atmosphere of trust and openness in their organizations as other. 57.50 per cent of the respondents stated ‘agreed’ and 20.00 per cent of the respondents ‘strongly agreed’ with this view.

e) Freedom to take Initiative (Pro-activity)

‘Pro-activity’ seems to exist in these units as evident from the opinions of the 45 per cent of the respondents who ‘agreed’ and 10 per cent who ‘strongly agreed’ with the statement that the management allows that freedom to take initiative (Table-1: e). It is worth noting that 32.50 per cent respondents ‘partially agreed’ to this statement indicating that in some of the departments there is lesser degree of freedom to take initiative. It may be due to the nature of work requiring precision and quality in these departments.

f) Management belief about Development of Employee Potentials

Management believes in development of employee potentials in the opinions of 50 per cent of the respondents who ‘agreed’ with the statement. In addition to it, 12.50 per cent of the respondents ‘strongly agreed’ with this view. It appears that management is concerned about potential appraisal in their organization. However, the potential appraisal is not fully developed as 18.75 per cent ‘strongly disagreed’ to it (Table-1: f).

g) Identification of Employee Potentials for Career Planning

In the opinions of the respondents, employee potentials are used for their career planning as 60 per cent ‘agreed’ and 32.50 per cent ‘strongly agreed’ to this statement (Table-1: g). It can be inferred that employee potentials play an important role in their career development.

h) Enhancing Inter-group Competence

A study of the Table-1(h) shows that a sizable number of respondents (65 per cent) either ‘strongly agreed’ or ‘agreed’ with the statement that management makes efforts to enhance inter-group competence of the employees in these organizations. Some of the respondents (26.50 per cent) however, partially agreed to this view indicating that management does not pay attention to the developmental needs of all the employees in the organization.

i) Encouragement to Improve Employee Capabilities

Employees are encouraged to improve their capabilities by the managements of the public sector undertakings. The managements believe that this will result in enhanced employee competencies, better performance and achievement of organizational goals. This viewpoint was confirmed by the respondents as 80 per cent of the respondents expressed their agreement with this statement while remaining 20 per cent partially agreed to it (Table-1: i).

j) Commitment to bring in Organizational Change

The Managements of the public sector undertakings seem to be committed to bring in organizational change as apparent from the opinions of the respondents. 68.75 percent of the respondents expressed their agreement with this statement while remaining 17.50 per cent ‘strongly agreed’ to it (Table-1: j). The organizational change is likely to develop good HRD climate in these organizations.

k) Management’s Awareness about Environmental Changes

It appears that management is aware of the environmental changes and their impact on the organization. The organizational change studied above also confirms this view. It is quite evident from the opinions of respondents stated in (Table-1: k). Nearly, 83 per cent of the respondent seem to agree with this statement whereas 15 per cent of the respondents ‘partially agreed’ to it.

l) Management’s belief about the role of Employee Co-operation in achieving goals

The opinions of the respondents depict that management has strong belief that employee co-operation is must for achieving organizational goals. (Table-1: l). 55 per cent of the respondents ‘agreed’ and another 22.50 per cent ‘strongly agreed’ to the above statement. As such the management appears to make all out efforts to seek employee co-operation.

m) Creating Team-spirit

Management also seems to be equally concerned about developing team spirit as evident from the opinions of 65 per cent of the respondents who either ‘strongly agreed’ or ‘agreed’ on this viewpoint (Table-1: m). However, 25 per cent of the respondents ‘partially agreed’ to it indicating that more efforts are needed in some of the employees or departments in these organizations.

From the above discussion, it can be inferred that in the present economic scenario of globalization, the public sector undertakings seem to be quite aware of the changes taking place in the world market. The increasing competition from the MNCs has necessitated improving employee competencies, efficiency and professionalism in their approach. The public sector undertakings are trying to develop employee potentials and creating a climate of change and development in their organizations. Much more is needed on their part to cut costs and build quality and efficiency.

In the succeeding discussion efforts have been made to analyse the existing HRD Climate in these organizations.

1.2 HRD Climate Resulting from the Implementation of Management Philosophy

The philosophy of the management has been built around developing employee potentials, enhancing their skills, using potentials for development and career planning, creating a climate of trust, openness, co-operation and team-spirit to bring in overall efficiency in the organization at all levels. Efforts were made to study whether these variables were correlated with each other and to what extent, inter correlations were derived as mentioned in Table-2 below.

Table-2: Correlation Matrix

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|----|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1 | | 0.995 | 0.361 | 0.961 | 0.952 | 0.921 | 0.855 | 0.977 | 0.960 | 0.869 | 0.915 | 0.958 | 0.957 |
| 2 | | | 0.277 | 0.941 | 0.973 | 0.910 | 0.801 | 0.975 | 0.930 | 0.843 | 0.902 | 0.931 | 0.958 |
| 3 | | | | 0.352 | 0.064 | 0.199 | 0.596 | 0.235 | 0.479 | 0.269 | 0.209 | 0.426 | 0.161 |
| 4 | | | | | 0.921 | 0.983 | 0.938 | 0.984 | 0.990 | 0.970 | 0.984 | 0.997 | 0.977 |
| 5 | | | | | | 0.928 | 0.733 | 0.975 | 0.878 | 0.857 | 0.922 | 0.894 | 0.977 |
| 6 | | | | | | | 0.892 | 0.975 | 0.951 | 0.980 | 0.997 | 0.967 | 0.984 |
| 7 | | | | | | | | 0.866 | 0.965 | 0.934 | 0.902 | 0.960 | 0.846 |
| 8 | | | | | | | | | 0.960 | 0.938 | 0.974 | 0.971 | 0.996 |
| 9 | | | | | | | | | | 0.945 | 0.952 | 0.998 | 0.942 |
| 10 | | | | | | | | | | | 0.989 | 0.963 | 0.946 |
| 11 | | | | | | | | | | | | 0.970 | 0.982 |
| 12 | | | | | | | | | | | | | 0.958 |
| 13 | | | | | | | | | | | | | |

Pearsons’s values of r at .01 & .05Level of Significance(n=80 and df=n-2) = 0.284 and 0.217 respectively

The table-2 shows 78 correlations of which positive and significant inter-relation existed in almost all the variables in the present study as 74 correlations were found to be statistically significant. Further, high degree of correlation (> 0.9) was observed in 55 correlations. It indicates that there is consistency in the viewpoints of the respondents on these parameters. It is also evident from the pattern of relationships that management has strong conviction about it human resources. It seems to be committed to their development and aware of the fact that

the growth of the organization cannot take place without providing them climate of trust, openness (freedom to express their views), pro-activity (freedom to take initiative), co-operation and team work. As such, management is willing to invest in its HR and considers them to be an important resource of the organization. It appears that management is enthusiastic to tap their potentials to enable them to build their careers with the organization and enable its stability and growth.

On the whole, the pattern of inter-relationships shown above is a good indicator of change in managements' beliefs to a great extent as the traditionally theory "X" driven managements are shifting their philosophy to incorporate the assumptions of theory "Y". The management now are trying to create an environment where employees develop their core competencies and have a sense of belongingness to the organization.

The opinions of the respondents studied on 13 parameters were added together to observe as to what type of developmental climate existed in the public sector undertakings under study. To analyse the nature of HRD climate in these organizations the total score of all the respondents on the above parameters was obtained and composite mean was derived as given in Table-3.

Table-3: HRD Climate Score

| Composite Score | Mean Score | Percentage Score |
|-----------------|----------------------|------------------|
| 3991 | $3991/(13*80)= 3.84$ | 71 |

It appears that 'good' HRD climate existed in these public sector undertakings. However, there is still a possibility of improvement. The management has to find out the areas where these undertakings are lacking to implement their employee oriented policies.

From the above discussion it is evident that the managements of these public sector undertakings are quite aware of the need of developing and utilizing employee potentials and their overall competencies. They have realized that without enhancing the efficiency of the people, productivity cannot be increased, costs cannot be reduced and the competition cannot be combated. Therefore, they are creating a climate in which development of the employees takes place automatically.

V. Conclusion

The following conclusions can be drawn on the basis of above analysis and discussion:

1. Managements seem to assign due importance to their human resources. However, 31.25 per cent partially agreed indicating that management has yet to make whole-hearted efforts in this regard. Further, the management also appears to be willing to invest their resources for the development of HR in their organizations in the opinion of 82.50 percent of the respondents. Although, management is committed to ensure employee development but some of the respondents (33.75 per cent) seem to be 'partially agreed' indicating that the employee development programs are not adequate in these undertakings.
2. More than 60 per cent of the respondents in general agreed that the managements are making efforts for identifying and developing employee potentials. Further, these potentials are used for career planning of the employees. Employees are also encouraged to improve their competencies and management enables them to enhance their inter-group competence.
3. The management is trying to build up developmental climate as evident from the opinions of the respondents. Nearly 70 per cent of the respondents stated that there exists climate of trust, co-operation, proactivity, openness and team work. It indicates that the HR development practices in these organizations are picking up due to the philosophy of the management.
4. A study of the correlations on all the parameters indicates that the opinions of the respondents are closely associated on all these aspects which again strengthens conviction of the top management about its commitment for the development of its human resources.
5. Existence of good HRD climate was observed in these public sector undertakings. It indicates that the management is building congenial atmosphere for all round development of the employees.

On the whole, the study reveals that the top management has a strong perception about the importance of its human resources that the organization cannot grow without the development of the people working in it and therefore, it is committed to invest its resources for their development. Secondly, in these organizations 'good' HRD climate exists. However, there is still a good scope for improvement as indicated earlier. The changing paradigms in HR need to be incorporated for better development of the HR and the organization. New concepts are to be practiced and new policies need to be framed for further growth of the organization.

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Appendix

| S. No. | Management and HRD | Strongly Agree 5 | Agree 4 | Partially Agree 3 | Disagree 2 | Strongly Disagree 1 |
|--------|---|---------------------|------------|----------------------|---------------|------------------------|
| 1 | The top management believes that human resources are extremely important resource and that they can be treated more humanly. | | | | | |
| 2 | Management ensures that the employees develop their competencies. | | | | | |
| 3 | Top management is willing to invest a considerable part of their time and other resources to ensure the development of the employees. | | | | | |
| 4 | People have a freedom of self expression and trust each other in this organization. | | | | | |
| 5 | People are given the opportunity to take initiative. | | | | | |
| 6 | The top management of the organization makes efforts to develop the potentials of the employees. | | | | | |
| 7 | Employee potentials are identified for career planning | | | | | |
| 8 | Management encourages to enhance inter-group competence. | | | | | |
| 9 | Employees are encouraged to improve their capabilities | | | | | |
| 10 | Management is committed to bring in organizational change i.e. change in beliefs, values and attitudes of the people. | | | | | |
| 11 | Management is aware of environmental changes and tries to adapt itself to such changes | | | | | |
| 12 | Efforts are made to seek employee so-operation at all levels. | | | | | |
| 13 | Team work is encouraged | | | | | |