

Analyzing The Impact Of HRD Culture On Managerial Effectiveness

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- 1.HRD Culture
- 2.Managerial Effectiveness
- 3.Performance
- 4.Competency

Abstract

Management's new challenge is to create a work environment that attracts keeps and motivates its workforce. Businesses must step outside their traditional roles and comfort zones to look at new ways of working. They have to create a work environment where people enjoy what they do, feel like they have a purpose, have pride in what they do and can reach their potential as today's workplace is different, diverse and constantly changing.

The purpose of this study is to find out the impact of the HRD culture on Managerial Effectiveness and also to assess the employee's capabilities in adopting the changing market forces and dynamic environment. For this purpose 60 respondents of banking sector including private and nationalized banks were contacted and studied through step wise regression analysis.

The findings of the study show that HRD culture is very vital in terms of increasing managerial effectiveness. Competent managers motivate the employees and increase their performance substantially.

INTRODUCTION

HRD is a specialized area of Human Resource Management. It has a three dimensional focus : building competencies, building commitment and building a learning culture. There are over 50 HRD tools and techniques through which HRD systems and processes are designed and implemented. The eight HRD values, (Openness, Confront, Trust, Authentic, Proactive and Collaboration, Experimentation), give a sense of direction to HRD function. HRD outcomes include : competent people, well-developed roles, high commitment, high job satisfaction, team work and synergy, problem solving and good organizational health.

The HRD function should contribute towards organizational effectiveness indicated in the effectiveness variables such as high productivity, growth and diversification. Cost reduction, profits and a better image of the organization.

The HRD culture plays a significant role in making organizations get the best out of themselves. Abraham's

(1989) study has established clearly the linkage between the HRD climate and organizational performance in financial terms. Even if the climate does not show any direct linkages at a given point of time, logically it makes sense to have a good HRD climate for the benefit of the organization. Most professional organizations, multinationals and well – run organizations by business families like the Tatas and the Birlas are known for their culture. They have a capability to sustain themselves against many difficulties and challenges due to their culture. The culture provides the energy needed to function well by ensuring as it were a proper circulation of the blood through all the organs.

The culture also acts as oxygen in the case of emergency. The HRD culture is one that results from the beliefs of the Top Management initially and subsequently from the HRD systems and practices. Competence and commitment can be built on a continuous basis in a certain type of culture. If the milieu is good, a number of things can happen. Hence creating a culture becomes important in any organization.

WHAT IS CULTURE?

Culture is reflected in various forms of external life of a society or an organization, as well as in the values and beliefs held by its members. Schein defines culture as 'a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration.



Culture is cumulative preferences of some states of life over others (values), response predispositions towards several significant issues and phenomena (attitudes), organized ways of filling time in relation to certain affairs, and ways of promoting desired behavior and ways of promoting desired behavior and preventing undesirable ones.

Culture in an organization plays at different levels, dominant culture which is shared and accepted by the majority of the organizations members, the next level to come are the subcultures that exit at the micro level that reflect the common problems and situations faced by every member in the organization within his own group or department. A culture adopted in the organization may be quite possibly based on the national culture or even the local societal and religious norms.

DIMENSIONS OF CULTURE

Relationship with nature

Orientation to the environments

Time – orientation

Orientation to collectivities

Orientation to sex differences

Orientation to power

CONCEPT OF ORGANIZATIONAL CULTURE

Organizational culture is based on certain values, norms and positive attitudes of an organization. Organizational environment becomes a culture if it is used for motivating people to avoid any friction and adopt the valuable tradition of the organization.

The success of any organization depends on its culture, as it is the invisible power governing the organization. When the thinking and action of the employees are institutionalized, organizational culture takes birth. It continues to guide for a better achievement. Organizational culture is the invisible power, which is accumulated through the constant efforts of its people. It is belief, common perception and understanding of an organization. This unique feature of the organization makes it distinctive from other organizations.

CHARACTERISTICS OF ORGANIZATIONAL CULTURE

Assumptions and Values

Organizational culture includes the assumptions and values of an organization. These assumptions are believed explicitly. Workers, managers and the top management view the organizational culture in the same pattern, although they have different views individually.

Sharing Of Perception

The people of an organization mutually agree on certain perceptions although they have different attitudes and beliefs. Their common beliefs and attitudes are part of the organizational culture.

Risk Taking

Organizational culture is influenced by the degree of risk and challenges faced by the employees. The methods of recruitment and training decide the risk taking factor. Internal and external environment have a close connection with the decision of risk taking.

Management attitude

The management attitude has a direct impact on the behavior of the employees. The management for inculcating a healthy culture supports subordinates. This study is an attempt to show the impact of HRD culture on managerial effectiveness.

MANAGERIAL EFFECTIVENESS

Managerial Effectiveness is recognized as one of the most important determinants of organizations success in a fast changing business environment. The extent to which any organization is able to achieve its goals or objectives depends upon how effectively its managers adapt themselves is dynamic market forces and achieve results.

Roger and Langord (1979) explained that 'Managerial Effectiveness' is the relationship between performance and task objectives and between achievement assessed against goals and purposes within the constraints imposed by the managers himself, by his position in the organization and by the working environment.

Pareek (1987) viewed that "an effective manager is one who integrates his skills and capabilities with his role, attempts to be pro-active and creative faces problems, considers his role important, his capacity to influence important decisions, sees opportunities to grow in his role, links his job with those of others, helps others and seeks help of others and likes to contribute to something beyond his own.

RATIONALE OF THE STUDY

Organizations are continuously in search for improvement in order to meet the competitive environment in changing the global scenario. Benchmarking has become a necessity for gaining a competitive edge and maintaining quality. Organizational climate is an essential part of such benchmarking effort.

The culture of any organization has a tremendous impact on its success and therefore, culture building is a critical function. It is the top management and other influential



people in the organization who create an HRD culture through their role and style of functioning.

To work with people effectively, we have to be knowledgeable about the various systems and practices available to help us build a skilled and motivated workforce. At the same time, we have to be aware of economic, technological, social and legal issues that either facilitate or constrain our efforts to achieve organizational goals. While people have always been central to organization, today they have taken on an even more central role in building a firm's competitive advantage. Many experts say that the key to a firm's success is based on establishing a set of core competencies-integrated knowledge sets within an organization that distinguish it from its competitors and deliver value to the customer. Every organization can do a lot to make their people become dynamic and proactive through proper selection of such people and by nurturing their dynamism and other competencies. An optimal level of developmental climate is essential for facilitating HRD.

Indian managers have been found to exhibit benevolent or paternalistic, critical (autocratic and coercive) and developmental (participative and empowering) styles. Of these the developmental style is the most conducive for enhancing the managerial effectiveness of HRD culture.

LITERATURE REVIEW

Good management is essentially freethinking, sound inquiry, good understanding of the issues and timely decisions. Moving from a state of management control to one of shared decision making requires a commitment by management to the participation process and significant changes in the management's role and modus operandi. Widespread employee support by way of involvement and commitment is sine qua non for involving employees in information sharing, consultation and job-related decision making.

Understanding and analyzing the influence of key organizational culture elements, such as leadership, structure, support, cohesion, innovation and ethical practices, are essential to understanding organizational culture. Cultural influences change the character and identity of an organization. In this manner the organizational climate, a social force that constrains individual behavior, can be permanently changed. Perceptions and behavior of organizational members can be altered.

However, unless the underlying shared assumptions and values in organizational culture are changed, the climate will revert back to the old climate as soon as the pressure from organizational leaders or citizens, for example are

removed. (Ott 1998)

Organizational culture is the "basic assumptions and beliefs that are shared by members of the organization" (Schein 1985).

Organizational climates are the "psychological environments in which behavior of individuals occur" (Ott 1998)

The essence of an organization's culture lies in the patterns of underlying assumptions, beliefs and values (Schein 1992), not over the behavior. Schein (1985, 1992) and Ott (1989) define organizational culture as a pattern of shared basic assumptions that are learned by organization members in solving its problems of external adaptation and internalized integration. These shared assumptions have worked well enough to be considered valid and, therefore, are taught to new members as the correct.

Teece (1998) noted that the organizations are facing competition from the MNC in the new liberal and global economy in domestic markets. The competition was in terms of reduced costs, improved quality products with a better service. These environment constraints place a higher pressure on managers. More often than not these concerns were looming large on the horizons of Indian organizations.

Drucker (1967) notes that effectiveness is the foundation of success whereas efficiency is the minimum condition for survival after success. Effectiveness is doing the right things. The question if effectiveness is concerned with performance "which means the execution of an act." The manager is expected to get the right things done and it is simply saying that he/she is expected to be effective. The majorities of people, who have been schooled to use the knowledge theory and concept rather than the physical force or manual skill, work in an organization and are effective in only so far they can make a contribution to the organization. Managerial effectiveness can no longer be neglected.

Schein (1990) indicates that people identify with the visionary leaders – how they behave and what they expect. The enterprise vision and mission will not become a reality unless the employees are involved and integrated with the company's goals. The HRM provides enabling the work culture of the organization comprising of managerial values, attitudes and styles.

Nair and Yuvaraj (2000) found that the internality of the focus of control was positively and significantly related with the overall managerial effectiveness. Internally controlled managers were significantly higher in the overall

managerial effectiveness as compared to externally controlled managers.

OBJECTIVES OF THE STUDY

To examine the influence of HRD culture on managerial effectiveness, which includes autonomy, trust, openness and monetary schemes etc.

To build a conducive environment for the employees.

To develop a healthy working environment when can lead to higher job satisfaction and ultimately results into managerial effectiveness.

HYPOTHESES

In pursuance of the objectives of the study the following hypotheses were formulated:-

H01 There is no impact of HRD culture on managerial effectiveness

H02 There is no relation between trust and managerial effectiveness

H03 There is no relation between Autonomy and managerial effectiveness

RESEARCH METHODOLOGY

This study attempts to measure the perception of employees in Indian Nationalized Banks regarding the frequency with which various situations with dimensions of OCTAPACE culture. It focuses on the various dimensions of OCTAPACE culture and their impact on the effectiveness of employees.

DATA COLLECTION PROCEDURE AND SAMPLE

Primary data for the study was collected through structured questionnaire which formed part of our study on the HRD culture. As it was not possible to reach all employees of the banks because of very busy schedule, it was decided to use convenience sampling method to obtain the study sample. A convenience sample was obtained by requesting the higher officials for filling in the questionnaire.

HRD climate survey involves obtaining data from the members of the banks using standardized instruments for the measurement of members' perceptions about HRD systems and their impact on the members' satisfaction prevalent in the banks. One such instrument which deserves scrupulous regard is developed by TV Rao (1990). This instrument incorporates 38-items which reflect OCTAPACE culture. This instrument has been found to be consistently reliable and valid across various organizations for more than a decade. The population for the study comprised the employees of service (Private Banking Sector) sector in the Indore city of M.P. 60 Respondents (from middle and upper

level employees) were chosen for this study. The questionnaire was based on 4 point Likert Scale.

ANALYSIS AND RESULT

For the analysis of data, we need the step – wise regression analysis. Managerial effectiveness has been taken as dependent variable and HRD culture as independent variable.

DISCUSSION

The Regression Analysis and the Analysis of Variance (ANOVA) are shown in the Table1 and Table 2 respectively.

As shown in the tables, there is a variation between the variables under study of models 1, 2, and 3. So, there must be some relation between the variables under study that we have tried to explain with the help of the regression equation.

The co-efficient are given in Table 3

We have three models by step-wise regression method.

Model 1

This model explains about 60% co-efficient of determination (R²) between managerial effectiveness and HRD culture.

$$Y = 9.049 + 1.179 X_1$$

Model 2

This model explains about 71 % co-efficient of determination (R²) between managerial effectiveness and HRD culture and Trust.

$$Y = 6.324 + .711 X_1 + .371 X_2$$

Model 3

This model explains 50% co-efficient of determination (R²) between managerial effectiveness and HRD culture, Trust and Autonomy.

$$Y = 15.679 + .542 X_1 + .321 X_2 + .461 X_3$$

CONCLUSION

From the above table, we can conclude that HRD culture; Trust and Autonomy are the important factors which affect managerial effectiveness. The positive relationship is being established. And hence it can be said that autonomy, trust and other important concepts that form an HRD culture are important and motivating factors that affect the working and effectiveness of a manager. An open environment can definitely nurture the thinking in a constructive manner as compared to a binding and autocratic environment.

Many investigators (Medcof, 1989) have shown that the HRD culture is instrumental in motivating employees and



Table - 1

Model	R	R – square	Adjusted R- square	Std error of the estimate
1	0.792 (a)	0.619	0.519	4.6264
2	0.849 (b)	0.717	0.619	4.0204
3	0.991 ©	0.778	0.728	3.1234

a Predictors : (Constant), HRD culture (X1)

b Predictors: (Constant), Trust (X2)

c Predictors : (Constant), Autonomy (X3)

Table 2 - ANOVA

Model	Sum of Squares	Degree of freedom	F (Ratio)	F Value
Regression	1336.223	1	60.255	.000(a)
Residual	749.277	38		
Total	2085.500	39		
Regression	1680.441	2	50.849	.000(b)
Residual	600.049	37		
Total	2280.490	39		
Regression	1815.228	3	45.436	.000©
Residual	449.500	36		
Total	2264.728	39		

Predictors same as in Table no.1

Table - 3 Co-efficient Un-standardized : Co-efficient

S no	Model	Beta	Std Error	t vlue	Significance
1	(constant)	9.049	3.152	3.177	.003
	HRD Culture	1.179	.150	8.012	.000
2	(constant)	6.324	2.743	2.159	.030
	HRD Culture	.711	.171	4.162	.000
	Trust	.371	.110	3.210	.000.000
3	(constant)	15.679	4.108	4.062	.000
	HRD Culture	.542	.161	3.772	.001
	Trust	.321	.108	3.642	.000
	Autonomy	.461	.120	3.810	.003

Dependent variable : managerial effectiveness

Level of significance

enhancing their skills and competencies. Autonomy provided by the organization may develop a feeling of motivation to schedule their work and set up their own pace of work. They also feel more responsible for the work outcomes when employees schedule their own work; they think that outcome depends upon their efforts, initiatives and decisions.

HRD research of organizational culture is limited to the rational managerial perspective on culture, employees, and organization. This limitation can be explained by the HRD focus on performance improvement and some researchers' educational and work background in business. A diversity of views on organizational culture is needed to better understand organizational culture and its contribution to HRD practice, to avoid trivialization of organizational culture, and to increase rigor of research. Research on organizational culture from other disciplines can help HRD professionals critically examine their views on and knowledge of the phenomenon. HRD professionals can also collaborate with researchers and practitioners from fields other than business and HRD. Existing research within HRD on changes in organizations and work practices can also help re-define the concept of an organization and how the elements of culture inform that concept. Hofstede (1980) Kagitcibasi (1997) viewed this embedded HRD culture: People are viewed as entities in the collectivity who finds the meaning in life largely through social relationships, by identifying with a group. The shared way of life and striving towards its shared goals results in managerial effectiveness.

Managers of the banking sector strongly underlined the trust and autonomy (the variables of organizational culture) as the most significant prerequisites of managerial effectiveness.

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