



# HRD Climate Impact On Service Industry In India

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Present study uses structural equation modelling (SEM) to examine the HRD climate is the perception that the employees have about the policies, procedures, practices, and conditions.

HRD Climate is characterised by tendencies such as treating employees, communicating and motivating. which exist in the working environment Service industry had been longing for viable excellence for long without giving the due share of kindness to the human capital which was perhaps the much neglected, though most important, facet of an organization. Now when the excellence is driven by the human capital an organization has, it becomes important to study the various practices related with the human resource development climate efforts of an organization in a given climate which results to an extent in the expected outcomes. This study is an empirical attempt to examine extent in the expected outcomes.

## **Introduction:**

The human resource development climate of an organization plays an important role in upkeep competency, motivation and development of its employees. Human resource development climate can be created using appropriate human resource development systems and leadership styles by top management.

The extensive review of literature helps in identifying the new intuitions and assists to find out the area yet to be explored. It is the process of identifying the gap. The knowledge of previous studies assists the investigator to come to the pivotal point in defining the problem. Human resource Development concept has emerged in the early seventies. HRD is a relatively new and younger concept when compared to areas of management. From that onwards, plentiful research has been approved from different places of the world to explain the concepts of HRD. HRD aims at achieving the satisfaction of the employee by developing a conducive environment and work culture through identifying their interest, concern towards their wellbeing, creating some parental or healthy relationships.

## Review of literature:

### HRD Climate-Performance:

**Dr Shashi Anand and Kritika** (2014) are presented a paper entitled “HRD Practices and Employee Performance –An Empirical Investigation In Indian Life Insurance Industry”. This study had an endeavor to research effect in impression of workers of associations understudy in regards to HRD Practices and furthermore the relationship of various HRD rehearses with Perceived Employee execution in setting of Indian extra security industry. The discoveries of the study uncovered that organizations are diverse as to Training and improvement and profession arranging as indicated by view of representatives. To the extent relationship of HRD rehearses with apparent worker execution, at that point the outcomes declares that all HRD rehearses have solid positive and critical association with representative execution. Out of the considerable number of practices the representative guiding have most elevated relationship with seen worker execution

**Ashutosh Muduli** (2015) has published a paper entitled “High Performance Work System, HRD Climate and Organizational Performance: An Empirical Study”. This paper thinks about the connection between superior work framework (HPWS) and authoritative execution and to look at the job of HRD Climate in interceding the connection among HPWS and the hierarchical execution with regards to the power segment of India. The outcome demonstrated that HPWS impacts hierarchical execution through a steady improvement condition (HRD Climate) in light of receptiveness, encounter, trust, authenticity, proaction, self-rule, joint effort, and experimentation.

### Satisfaction - performance:

**Weihui Fu and Satish P. Deshpande** (2013) are published a paper entitled “The Impact of Caring Climate, Job Satisfaction and Organizational Commitment on Job Performance of Employees in a China’s Insurance Company”. This study utilized auxiliary condition displaying (SEM) to inspect the immediate and roundabout connections among minding atmosphere, work fulfillment, hierarchical responsibility, and occupation execution of representatives working in a Chinese insurance agency. The SEM result demonstrated that minding atmosphere had a noteworthy direct effect on employment fulfillment, hierarchical order, and occupation execution. Minding atmosphere likewise had a huge aberrant effect on hierarchical responsibility through the interceding job of employment fulfillment, and on occupation execution through the intervening job of occupation fulfillment and authoritative duty.

**Danica Bakotic** (2016) purposefully studied the link between satisfaction and performance. He stated through his study, ‘Relationship between job satisfaction and organizational performance, that the job satisfaction of employee in the croatin company significantly contributing towards the performance of the employee there. He also analyzed two sides of the link. Hence, the job satisfaction is strongly contributing to the organizational performance. However, organizational performance had a weak intensity with job satisfaction of the employee.

## Research Methodology

The research approach is mainly descriptive in nature. The study explores the factors that influence the HRD climate service industry in India. The study identifies the factors of satisfaction in employee in financial services members and their effect on performance. A survey was conducted with the help of a structured questionnaire. The study uses both primary and secondary sources of data.

### 3.2. Objectives of the Study:

The Primary objective of this research is to study the HRD climate and its impact on job satisfaction and performance of employee working in the service industry in India. Hence, the study is based on the following proposed

**Objective1: To constructs and test the HRD climate on Employee satisfaction and performance.**

**Type of Research:-** The study uses descriptive research & Analytical method. HRD is a learning-oriented program with high-level commitment along with an integrated set of planned programs within a positive environment. The present study is intended to analyze the structure of HRD Climate and its effects on satisfaction and performance

**Table 1.1 The nature of the research study**

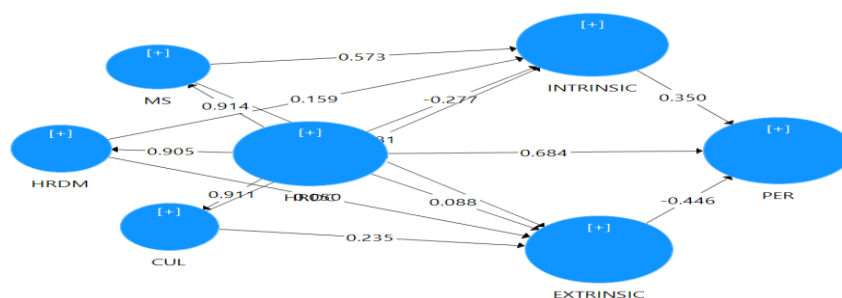
Research Design	Description
Type of study	Descriptive
Sampling Design	Convenience sample
Sample size	313

Variables	Beta	T-Stat	Sig.
Ms->Intrinsic	0.573	5.352	0.000
Ms->Extrinsic	0.651	6.427	0.000
Hrdm->Intrinsic	0.159	2.188	0.029
Hrdm->Extrinsic	0.500	0.784	0.434
Cul->Intrinsic	0.581	5.89	0.000
Cul->Extrinsic	0.235	2.72	0.007
Ms->Intrinsic->Perfor	0.184	2.785	0.006
Ms->Extrinsic->Perfor	-0.266	3.176	0.002
Hrdm -> Intrinsic -> Per	0.056	1.969	0.047
Hrdm -> Extrinsic -> Per	-0.022	0.776	0.438
Cul -> Intrinsic -> Per	0.204	2.825	0.005
Cul -> Extrinsic -> Per	-0.105	2.251	0.025
Hrdc->Intrinsic->Perform	0.350	2.975	0.000
Hrdc->Extrinsic->Perform	-0.376	4.356	0.003
Hrdc->Perform	0.684	4.661	0.000
Intrinsic -> Per	0.35	3.231	0.001
Extrinsic -> Per	-0.446	3.335	0.001

**SEM Analysis through Smart PLS :** To identify the relationship between the constructs the inner model testing has been performed. The basic values like t-stat and P-values were used in testing the hypothesis for inner weight. The results of the analysis were presented in the

Table 1.1

### STRUCTURE EQUATION MODEL – PATH DIGRAM



**SEM analysis between The HRD Climate, Satisfaction, Performance:**

- The support and commitment of the management have a significant positive relationship with the intrinsic satisfaction of the employee in financial services ( $t=5.352$ ,  $P<0.05$ ) as well as extrinsic satisfaction ( $t=6.427$ ,  $P<0.05$ ). According to the results, the employee in financial services had the freedom to choose interesting subjects, career advancement and proper guidance to mold their career all these things by management can cause an intrinsic satisfaction in the employee in financial services. Similarly, the right guidance and support from management have a significant and high positive relation with extrinsic satisfaction of the employee in financial services. The policies aimed at employee in financial services development, necessary resources, pay policies and benefits and learning platform for employee in financial services all things by management can enhance the extrinsic satisfaction.
- According to the results the mechanisms ( $r=0.159$ ,  $t=2.188$ ,  $P<0.05$ ) had been influencing the intrinsic satisfaction of the employee in financial services. Hence, the mechanisms of the institution Recognition & Award system, Feedback system, Retention strategy, and Administrative assignments have been influencing the intrinsic satisfaction of the employee. Intrinsic satisfaction is a strong motive which had a direct relationship between the individual and situation. There is no matter of interference of any material or any other determinants. In the same way, the mechanisms and extrinsic satisfaction ( $r=0.500$ ,  $t=0.784$ ,  $P>0.05$ ), indicates that there no significant influence between them. Hence, there is evidence to interpret that all the mechanisms are working good and influencing the intrinsic satisfaction at 15.9% which indicates a low influence. But the mechanisms should not contribute towards extrinsic satisfaction of the employee in financial services.
- Regarding the Cultural conditions of the institution the path value between work culture and intrinsic satisfaction ( $r=0.581$ ,  $t=5.890$ ,  $P<0.05$ ) indicates that there is an influence of the work culture on intrinsic satisfaction. The existing culture like co-ordination and trust between the employee in financial services, the proactiveness, authenticity, initiation of the employee in financial services, transparency in policies and encouragement, autonomy, and learning the environment from the management side can influence the intrinsic satisfaction at 58.1% which indicates a high influence. The path between the culture and extrinsic satisfaction ( $r=0.235$ ,  $t=3.176$ ,  $P<0.05$ ) and indicate a low influence with 23.5% when compared with intrinsic satisfaction.
- When checking the indirect influence of the management support on Performance through intrinsic satisfaction the obtained value is ( $r=0.184$ ,  $t=2.785$ ,  $P<0.05$ ), indicates that the management support is indirectly influencing the Performance of the employee in financial services at 18.4% with a low rate. Similarly the indirect influence of the management support on Performance through extrinsic satisfaction the obtained value is ( $r=-0.266$ ,  $t=2.785$ ,  $P<0.05$ ) indicates that there is a negative significant effect between the variables.
- Regarding the indirect influence of the HRD Mechanisms on Performance through intrinsic satisfaction, the obtained value is ( $r=0.056$ ,  $t=0.969$ ,  $P<0.05$ ), indicates that the mechanisms had been influencing the performance of the employee in financial services at 5.6% only. At the same time, the

mechanisms influence the performance through extrinsic satisfaction the values are ( $r=-0.022$ ,  $t=0.776$ ,  $P>0.05$ ) and indicated that there is a negative insignificant of the HRD Mechanisms on Performance of the employee in financial services .

- The results of the indirect effect of the Cultural conditions on performance through intrinsic satisfaction ( $r=0.04$ ,  $t=2.825$ ,  $P>0.05$ ) indicates that there is a positive significant effect of the culture on performance at 4%. Another indirect effect between the culture and performance through extrinsic satisfaction ( $r=0.105$ ,  $t=2.251$ ,  $P>0.05$ ) indicates that there is a negative insignificant of the culture on Performance of the employee in financial services .
- The overall HRD Climate influencing performance through intrinsic satisfaction ( $r=0.350$ ,  $t=2.975$ ,  $P>0.05$ ) at 35%. Hence, there is a shred of evidence to say that there is a significant indirect impact of intrinsic satisfaction on the path between HRD Climate and Performance. Similarly, with extrinsic satisfaction, the obtained values are ( $r=-0.376$ ,  $t=4.356$ ,  $P>0.05$ ) and prove that there is no room for extrinsic satisfaction to had an indirect the impact between the overall HRD Climate and performance.
- When investigating the mediation effect of the Satisfaction on The HRD Climate and performance, the obtained values are ( $r=-0.350$ ,  $t=3.231$ ,  $P>0.05$ ) with intrinsic satisfaction and ( $r=-0.376$ ,  $t=4.356$ ,  $P>0.05$ ) with extrinsic satisfaction. There is a shred of evidence to say that there is a partial mediation effect of satisfaction on Performance.
- The direct effect of HRD Climate on Performance is highly significant. However, any positive changes will bring the positive impact in Performance of the employee in financial services .

## RESULTS OF SEM-PATH ANALYSIS:

In order to recognize the effect of mediation on Satisfaction variables in the path of HRD Climate and performance, a theoretical model was developed and the results were discussed in earlier. In path algorithm the values of composite reliability, Average variance explained, Cronbach's Alpha presented and they are high beyond the norm. It indicates that the model is extremely fit. To examine the relationships and effects of the exogenous variables in path analysis the final step of the bootstrap method was used.

- The results revealed that the Management support, Autonomy of the employee in financial services have been highly influencing the intrinsic satisfaction as well as extrinsic satisfaction. According to the HRD Mechanisms, the four mechanisms had a positive direct influence on intrinsic satisfaction with 15.9% which is a less influence. However a negative insignificant effect on extrinsic satisfaction.
- The indirect effect of Management support, Autonomy of the employee in financial services , HRD Mechanisms and HRD Climate had been positively and significantly affecting the performance of the employee in financial services . In the case of extrinsic satisfaction, the dimensions had been negatively affecting the Performance of the employee in financial services .
- The direct effect of intrinsic satisfaction is directly influencing the Performance, whereas extrinsic satisfaction is negatively affecting the Performance of the employee in financial services . Hence, it is concluded that there is a partial mediation effect has existed between the HRD Climate and Performance.



- The results proved the direct effect of HRD Climate on Performance is higher than indirect effect.

**Conclusion:** Management support is highly contributing towards HRD Climate, Intrinsic satisfaction and extrinsic satisfaction. Any positive change in Management support can bring the possible developments in HRD Climate of institutions, intrinsic satisfaction and extrinsic satisfaction of the employee. The Management support and Autonomy of the Employees of service industry were moderately correlated with each other as well as with other HRD Mechanisms except for Administrative assignments. Administrative assignments had a low relation with all mechanisms except Management support. Hence, the management is encouraging the faculty by offering admin oriented roles to the capable employee. At same time Administrative assignments are a separate entity. However Administrative assignments do not have any relation or impact on mechanisms like Recognition & Award system, Feedback system, and Retention strategy. The mechanisms had a moderate relation with the satisfaction variables as well as the management support. Hence, they need to improve. Management should make policies which strengthen the mechanisms. Recognition and Award system had low relation with The Management support, Autonomy of the employee, HRD Mechanisms and HRD Climate have been more influencing the extrinsic satisfaction than intrinsic satisfaction. Management should focus on mechanisms which cause intrinsic satisfaction.

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