



## HRM PRACTICES AND ORGANIZATIONAL CULTURE IN SELECTED PRIVATE SECTOR ORGANIZATIONS IN INDIA

**Dr. Challuri Praveen Kumar**

Department of Public Administration & HRM  
Kakatiya University, Warangal – 506 009.

### **ABSTRACT**

*This paper examined the relationship between HRM practices and organizational culture in private sector organizations operating in India. Organizational culture has developed in the Indian environment along with global work values. This study is based on a survey of 95 respondents working in two private sector organizations. Although the HRM practices in these organizations differ a lot, there is a significant relationship between HRM practices and organizational culture. The new economic environment is primarily marked by the freeing of shackles for entrepreneurship and economic growth. The “license system” has been replaced, to a great extent, by a “market system”. The challenge of Human Resource Management (HRM) practices would be to create an environment of resilience, which can accommodate and assimilate successfully changes in systems, structures, technologies, methods, etc.*

**Keywords:** Human Resource Management; Organizational culture

## **Introduction:**

In recent years, Human Resource Development (HRD) has emerged as a distinct area of concern in organizations. This paper presents an overview of HRD practices in a variety of Indian organizations and identifies areas that need attention of HRD managers and academicians. There are three distinctly identifiable approaches among Indian organizations that have formal HRD programmes: (a) Man-Centered Approach, (b) Reciprocal Approach, and (c) Selective Approach. Although in practice there are overlaps among these approaches, this classification is useful for discussing the various patterns of HRD management. (Dayal, 1989). The new economic environment is primarily marked by the freeing of shackles for entrepreneurship and economic growth. The “license system” has been replaced, to a great extent, by a “market system”. The challenge of Human Resource Management (HRM) practices would be to create an environment of resilience, which can accommodate and assimilate successfully changes in systems, structures, technologies, methods, etc. People would have to ascribe the right meaning to the change process. India is well-equipped to succeed on global markets. It has a pool of highly educated people, a well-developed judicial system, democratic governance, an established banking industry, and fairly sophisticated and inter-linked financial markets. Knowledge industries will be at the vanguard of economic opportunity, and India will be poised to take advantage of this trend with its corpus of highly skilled people.

The changes on the market scene have necessitated the Indian industry to look inward for the development of human resources (HR). People develop themselves in a globalized scenario with new directions along with new problems and issues arising to develop new competencies to meet the changing requirements, aspirations, and problems. There are, however, some universal goods towards which all human resource management efforts should be aimed at. The emergence of Japanese human resource management has led to the concept of culture in a big way. At the organizational level, the goal of HRM is normally to have competent and motivated employees to ensure managerial effectiveness and growth of the organization. Organizations normally direct their HRM efforts towards the development of competencies and organizational culture. Organizations use mechanisms to achieve HRM goals with competent and committed employees. Organizations can achieve very little even if they have excellent technological and other resources at their command. Such an assertion gains better credibility in the context of developing countries like India, that is, typically in

early growth stages in terms of economic development, and growing more rapidly than the ,traditional‘ developed economies of Japan, North America and Europe. The countries with higher rates of growth are mostly in South East Asia, South Asia and some Latin American countries.

Research evidence shows that HR practices along with culture do affect efficiency in the organization. There are hardly any or very few studies which show a link between HRM practices and organizational culture in India. The review of literature has identified that the major chunk of research in India emanates from descriptive data and experience sharing, which does not serve certain practice-oriented concerns. There is very little systematic, empirical research in the scientific paradigm that has been carried out in the Indian HR lexicon. HR research is inspired by western models, and lacks an indigenous perspective. The review of literature on HRM practices has revealed that the most of the work done is in relation to organizational strategy. The methodology employed a sample of 95 respondents from two private sector organizations. The questionnaire consists of 90 items, of which (1) 69 items concern HRM practices of the organization, and (2) 21 items concern organization culture.

The correlation analysis has been used to infer the relationship between variables of HRM practices and organizational culture. A healthy culture is required for utilizing and enhancing employee competencies and to develop people. This study focuses on the positive significant relationship between HRM practices and organizational culture in private sector organizations. There is a positive significant relationship between HRM practices and variables of organizational culture operationalised in terms of self-realization, status enhancement, inventive values and socio economic support.

The pressures are most likely to be felt by those who have led and managed the change process in such a volatile economic environment. HRM would have the ability to attract and retain people and this would be the key to manage this macro change—in terms of both pace and rate. Change leaders would be confronted with the need to reorient culture, thinking and paradigms. HRM as a function and as a prime mover would need to focus on this changing and emerging role with the help of organizational culture.

Indian organizations are tending to become competitive to meet globally relevant standards. The growing emphasis on privatization has warranted a new focus in terms of

result orientation, long-term strategies, consumer focus, initiative and different mindsets for internal and external communication.

The Indian business scenario is characterized by the historical rigidities arising largely out of centralized planning. Our decision-making is influenced, among other factors, by posing more a constraint rather than a facilitator. The practice of protecting Indian industries through protective tariffs and quotas for over four decades has led to a lack of global competitiveness in terms of quality of products, services and prices.

Indians are more accustomed to thinking in terms of narrow identities like our own selves, caste, and community, regional and linguistic groups. A failing and deficient infrastructure and frustrating bureaucracy at operating levels, and the cultural and indigenous barriers added fuel to fire. Hamel and Prahalad (1991) contend that a competitive advantage is obtained if a firm can obtain and develop human resources, which enable it to learn faster and apply its learning more effectively than its rivals.

The HRM has emerged and evolved as one of the most important areas of organizational science and practice. It has not been developed in isolation, but rather in the context of industrial change and economic development. The uniqueness of the Human Resources (HR) approach requires a totally different type of attention from managers. The HR has characteristics that provide the greatest challenge as well as opportunity. A company's HR is fragile with delicate relationships, along with unpredictable contributions, and permanency is uncertain (Guest, 1991).

Wright, Smart, and McMahan, (1995) mention that the crucial inputs, among others, to an organization are its human resources. People bring to their jobs diversity of skills, needs, goals, and expectations. They are socialized into the organization through their hiring to begin with, and their continuous functioning in the organization. According to Bulla and Scott (1994), we need to ensure that the human resource requirements of an organization are identified and plans are made for satisfying those requirements.

Guest, Conway, Briner and Dickman (1996) are of the opinion that the interface between the individual and the organization is critical to full utilization of human resources. The individual and the organization establish a „psychological contract“. Individual members expect to make contributions to the organization and receive certain rewards in return. The

organization provides certain rewards and expects in return certain contributions from the individual. It is at this interface between the individual and the organization that issues such as HR planning, work analysis, career development, leadership, job motivation, the appraisal-reward process, and the organizational culture become important.

The patterns of work relationships at work reflect the HRM philosophy. The practices and philosophy of HRM are perpetuated by managers who are encouraged to follow the role model of their seniors. In the process of organization socialization they internalize the values and attitudes of their leaders. The entire process is thus institutionalized. In general, HRM has been described as: broad and strategic; involving all managerial personnel; regarding employees as the single most important organizational asset; being proactive in its responsibilities; and having the objective of enhancing organizational performance and meeting employee needs (Poole, 1990).

### **Organizational Features**

The practices followed by organizations for growth of individuals differ considerably. They range from job redesign (e.g. Bharat Heavy Engineering Corporation where responsibility for planning and results now rests with the employee on the shop floor) to counselling, job rotation, training and the like. Both in focus and variety, HRD in each organization is designed to serve its own needs and follows an approach that is unique. Some HRD practitioners have developed HRD systems which include mainly functions that earlier well developed personnel departments carried out in organizations (Strauss and Sayles, 1985; Pigors, Myers, and Malm, 1959; and Athreya, 1988). Athreya suggests that an HRD system consists of the following 12 elements (p 380): Corporate Planning; Manpower Forecasting; Selection, Induction, and Placement; Role Analysis; Appraisal; Counselling; Self-development; Career Planning; Succession Planning; Job Rotation; Training; and Data Bank. It is assumed that these functions will be carried out with a developmental orientation and will have a sharper humanistic perspective. A review of HRD programmes in organizations suggests that three distinct features differentiate HRD from traditional personnel management:

- The growth of the individual as a total human being should be the most important aim of an HRD programme. In whatever activity the organization may be involved, one significant output should be growth and development of individuals who are engaged

in that activity. Therefore, involvement, exercise of discretion in performing the job, autonomy, job design, etc. become areas of concern for HRD programmes.

- The individual is seen to be a total person and not an employee in an assigned job. In this respect, the concept of self-development assumes considerable significance. The implications of this concept for HRD are discussed later.
- The growth of the organization must form an integral part of an HRD programme. Growth of individuals without that of the organization is not sustainable. Hence, the HRD programme should aim at development of the system as a whole. In this respect, organizational analysis often becomes an important concern for the management. Hence, a programme with individual growth as the objective and linkages that enable and sustain organizational growth are necessary.

### **Selective Approach**

The third approach is succession planning which has been practised for many years by personnel departments in a number of organizations. It consists of identifying promising persons and carefully grooming them for leadership positions. Generally such programmes apply to senior and middle level managers and not to employees as a whole. The important elements of this approach consist of skills in identifying promising persons and developing special programmes such as assignments, placement in select positions, training and the like. Being selective, this approach does not strictly fit the definition of HRD in this paper.

### **HRD Perspective**

The HRD approach has philosophical underpinnings— it encompasses employees as a whole and does not confine itself to development of managerial manpower or succession planning. The HRD perspective has to examine intrinsic besides extrinsic factors for human satisfaction (McGregor, 1966). In this sense, HRD approaches come close to the concerns of programmes on quality of work life (Davis and Chermis, 1975; De, 1984). The HRD programmes include initiatives for growth and satisfaction of employees at all levels, redesign of work, discretionary component in the job, and autonomy. Hence, HRD has three related aspects:

- Widely shared belief by the management in developing the individual and the desire

to convert this philosophy into a strategy.

- Link between the work organization and individual plan for development and encouraging flexibility in the administrative organization.
- Several programmes to improve organizational performance

### **Future Directions**

HRD deserves increased attention of both managers and the academicians. HRD in organizations is necessary for effectively coping with changes in the environment, expectations of the new breed of employees, and the need for adjustment to rapid changes in technology. Sustained leadership of organizations is likely to depend on the success of their HRD programmes. HRD is also important in the societal context. Lack of development at work is reflected in unsatisfactory relationships in the family and society. Alienation at work contributes to growing discontent among the young and a feeling of anger toward or withdrawal, from the established institutions. Positive experiences at work are necessary for developing collaborative societal relationships.

### **Review of literature**

**Rao and Abraham: 1986** stated in their research paper entitled “HRD Climate in Indian Organizations” that human resource in an organization makes it dynamic and growth oriented. The top-level managers are responsible for creating a healthy climate and providing appropriate training measures needed for the development of employees. The authors conducted a survey to examine the prevailing climate in organizations for which a 38 items questionnaire was developed, grouped into 3 broad categories of general climate, OCTAPAC culture and HRD mechanism. Coefficient of correlation was computed between those 38 items of the instrument. The overall interpretation of the study was that there exists an average level of HRD climate in Organizations.

**Enthenkuzhy: 1989** pinpointed in his research study entitled “A study of HRD Practices in Indian Organizations” that HRD mechanisms plays more significant role rather than the HRD profile as a whole. He said that HRD philosophy, training, promotions and rewards are extensively used HR instruments but still there exists a wide gap between the belief and practice of HRD especially at the top level of management.

**Dayal: 1989** in his published article entitled “HRD in Indian Organization: Current

Perspectives and Future Issues” focused on the patterns of the HRD management and identifies the three approaches to HRD namely: Man Centred, Reciprocal and Selective approach that are prevalent in Indian Organizations. The author further highlighted those areas of concerns from the management and the academician’s point of view where they need to work out and pay attention. According to the author, HRD is a shared belief of management that links the organizational development with individual growth. The author also raises some relevant issues concerning the future of HRD in Indian organizations.

Hendry and Pettigrew (1992) propose that a number of internal factors such as the organizational culture, structure (positioning of HR), leadership, level of technology employed and business output directly contribute to forming the contents of HRM. HRM could be seen as a menu of strategic choices to be made by human resource executives in order to promote the most effective ‘role behaviours’ that are consistent with the organization’s strategy and aligned with each other (Sparrow and Hilltrop, 1994).

### *The present study*

The present study is to examine the relationship between HRM practices and organizational culture. To this end, HRM practices are viewed in terms of planning, recruitment, selection, training and development, performance evaluation, career management and rewards. Organizational culture is viewed in terms of self-realization, status enhancement, inventive values and socio-economic support. Self-realization consists of values such as achievement, ability utilization, advancement, aesthetics, personal development, and peace of mind. Status enhancement, one of the variables of organizational culture, consists of values of altruism, authority, physical activity, and prestige. Inventive values, another variable of organizational culture, consists of values of autonomy, creativity, lifestyles, risk-taking, and variety. Socio-economic support consists of work values of social relationship and interaction, comforts, dependency, good working condition and economic gains. The self-realization and inventive values give inner satisfaction to a person while performing a job in an organization. The variables of status enhancement and socio-economic support are extrinsic values, which are required in the Indian environment. Indian society and developing societies are ridden with insecurities and lack of resources and people generally have a history of failures. Fear of failure leads to giving importance to socio-economic support and lack of resources lends too much importance to status enhancement

(Sinha, 1990).

The idea that individuals are capable of development rests on the conviction that people are important and their involvement is necessary for an organization to be effective. This conviction is translated into practice through a variety of programs that facilitate individual development and lead to better adjustment with the environment.

In a growing economy, the emergence of the new organization and shift in the HRM paradigm have necessitated a review of the skills, roles and competencies of the 'new' HR managers (Ulrich, 1997); in this new era, HRM has evolved in the context of the globalized economic environment. As such, it represents a response to the dramatic and continuous change that globalization has had on society and the world of work. Those who will man the HRM will undergo a change in roles. It will be necessary to inculcate in employees the required new skills, competencies and motivation (Dyer jr., 1999).

The understanding of HRM practices would require a comparative study of practices in the organizations. The relationship between HRM practices and organizational culture among private sector organizations is studied. This paper also studies similarities and differences in HRM practices and organizational culture between two different organizations in the private sector.

### **Objectives of the study**

1. To investigate the various HRM practices, i.e., planning, recruitment, selection, performance evaluation, training and development, career management and rewards at the managerial levels in private sector organizations.
2. To study and examine the relationships between various aspects of HRM practices and organizational culture.
3. To find whether there is any difference in the organizational cultures of the two organizations under study.

### **Sample of the Study:**

This study is based on a sample of managers from two different private organizations. At the time of selection of companies, both were profit-making organizations. The data was collected personally by the researcher and also by mail using convenience sampling with an

assurance that information obtained would be kept confidential. The sample was obtained from all the management levels, but most of the respondents were from middle-level management, with an assumption that they would possess an accurate and comprehensive perception of HRM practices being employed. The sample included all departments such as production, marketing, finance, HRM, etc. The sole purpose of this sampling was to get an honest picture of HRM practices of the organization; out of 150 questionnaires distributed, 95 computed questionnaires were used for the final analysis.

## **Conclusions**

This paper has shown a significant, positive and meaningful relationship between HRM practices and organizational culture. HRM practices become the means whereby organizational culture is created and sustained. Designing new culture requires that HRM professionals are ahead of the cultural change curve with innovative and exciting HRM practices. HRM has been proposed by others to be a potentially powerful lever for shaping and changing the culture of an organization to make the organization more effective (Schien, 1983; Ulrich, 1997). This is a study of HRM practices in two large private sector organizations in India. HRM practices differ between the private sector organizations. This variation provides support to the fact that the adoption of HRM practices is contingent on the specific requirements of each organization. There is a significant difference between the socio-economic support variable in organizations A and B. One finds no significant difference in the other three variables of organizational culture in private sector organizations, i.e., self-realization, status enhancement and inventive values.

The results developed through inferential analysis to measure differences among the variables of HRM practices and organizational culture in private sector organizations are as follows:

1. The two private sector organizations showed that the perceived mean of organization A was higher for all HRM practices.
2. The comparison of the dimension of organizational culture in the two private sector organizations showed that employees of organization A perceived the socio-economic support more than those in organization B.
3. It is evident that organization A showed relatively better perception of planning, recruitment processes, selection, performance evaluation and career management aspects of HRM practices in comparison to organization B.

4. There is no significant difference between organization A and organization B in training and development and rewards as per the response of the respondents.
5. Planning, recruitment, selection, training and development, performance evaluation, career management and rewards are significantly correlated with all the dimensions of organizational culture.

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