



IMPORTANCE OF HRM FOR EMPLOYEES PERFORMANCE IN BANKING SECTOR IN INDIA

Authors:

Dr. Ashok Kumar Sharma¹ & Esha Gupta²

¹Head & Professor, Department of Business Administration, University of Rajasthan, Jaipur

²Research Scholar, Department of Business Administration, University of Rajasthan, Jaipur

ABSTRACT

The primary worry of the banks should be to bring in proper assimilation of human resource management strategies with the business strategies. The long-term vision for India's banking system is to transform itself from being a domestic one to the global level may sound improbable at present. The main challenges faced by Banks in our country are the role played by financial instrumentation in different phases of business cycle, the emerging compulsions of the new prudential norms and bench marking the Indian financial system against international standards and best practices. To take up this industry to the heights of international excellence requires combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control, external regulations and human resources at the most.

INTRODUCTION

The primary worry of the bank should be to bring in proper assimilation of human resource management strategies with the business strategies. It should faster consistent team work and create commitment to improve the efficiency of its human capital. More than operational skills today are banking call for these "soft skills" to attend the needs and requirement of the customers at the counter. Banks have to understand that the capital and technology-considered to be the most important pillars of banking are repetitive, but not human resource capital, which needs to be viewed as a valuable resource for the achievement of distinctive advantage and efficiency.

The long-term vision for India's banking system is to transform itself from being a domestic one to the global level may sound improbable at present. To take up this industry to the heights of international excellence requires combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control, external regulations and human resources at the most.

CHALLENGES IN BANKING SECTOR

The main challenges faced by Banks in our country are the role played by financial instrumentation in different phases of business cycle, the emerging compulsions of the new prudential norms and bench marking the Indian financial system against international standards and best practices. There is a need for introduction of new technology, skill building and intellectual capital formation. The most important need in this service industry is naturally the Human Resource. During the early phase of banking development in India after independence, opportunities for employment of the educated man-power were relatively limited. This sector was the preferred employer for the educated persons in the country in addition to civil services. In recent years, this position has changed dramatically. Certain complexities have also developed in HRD within the banking system as this system is public sector. Its hierarchical structure gives preference to seniority over performance, and it is not the best environment for attracting the best talent from among the young.

How well Challenges are met will mainly depend on the extent to which the banks leverage their primary assets i.e., HR in the context of the changing economic & business environment.

Many literature surveys reveal that a standard shift is taking place in the role of the HR function in these organizations. There is a real danger of the function itself being outsourced in most organization. The danger comes through the following shifts:

- The line manger has become increasingly competent even to handle the matters.
- The government is seriously thinking of privatization and this leads to a government-protected system, to an environment where it has to be contended with market forces and large corporations with significant brand equity and also follow vastly different HR strategies & practices.
- Technology is eliminating routine paper activities.
- Virtual organizations are coming up.

LITERATURE REVIEW

“Management of Human Assets” by M.G.Rao, a compendium, threw light on the complexities of Managing human beings in the present day organizations. The various aspects of HRM in relation to small scale units operating in industrial estates have been presented initially, followed by theoretical presentation on HRD, different aspects of training, organizational development, employee participation, etc. The effects of training and employee developmental activities have also been put to close examination. It also was put to find how the employee related activities flourish in various other sectors like urban government, cooperatives, informal sector and small sector. “HRM 2000” by P.Subbarao, a compendium, presented the various developments in the HRM in a comprehensive form. It is also attempted to look into the current trends in Human Resource Function with a view to outline the future development that are likely to take place in the years ahead. It also discussed in a lucid manner the topics such as job analysis, job evaluation, employee benefits, recruitment and selection, line staff conflicts, social responsibility policies along with other current topics such as organizational culture and climate, organizational politics, organizational effectiveness, follower ship, participative management, dual career problems, quality of worklife, quality circles and organizational development. “Emerging Issues in Human Resources Management by Pramod Verma, a volume, attempted to present state-of-the-art explanations and experiences on the emerging issues in managing human resources in various organizations. “Excellence through Human Resource Development” by M.R.R Nair and T.V.Rao, an edited compendium, focused on chief executives views and experiences on HRD. It also dealt with the HRD Philosophy, importance, macro level issues, expectations of line managers and workers from HRD, role of HRD managers, dimensions of developing HRD facilitators and programmes. “Management of Human Resources in Public Enterprises” edited by S.Ravishankar and R.K.Mishra provided an understanding of the system of HRM rather than merely the activities assigned to those who provided various personnel services for effective public enterprise management. It also gave a balanced and comprehensive grasp of the concept, problem, approaches and strategies of HRM. Jayanthi Lal Jain, in his study entitled “An Empirical Model on Micro-Level Manpower Planning in Banks”, presented an empirical model for micro-level manpower planning in banks and provided a framework required for evolving certain norms which have already been in vogue in the Indian Bank and have proved to be extremely useful in planning as well as allocating staff to various branches of the bank. It also

suggested values of parameters/norms to be used in micro-level manpower planning and provided a frame work for assessing the viability of norms and gave guidelines for proper implementation of those norms. “A Micro-Level Manpower Planning Model for Banks” by Jayanthi Lal Jain and K.Balachandran, was a modified version of the model suggested by the first author (previous reference) after incorporating the changing requirements of public sector banks for optimal distribution of manpower, of course without any change in the basic model. “Leadership styles among Bank Managers” by O.P.Misra and S.K.Srivastava, a research study, studied the leadership style which is one of the objectives of HRD and its effectiveness among bank managers belonging to nationalized and private sector banks and relationships between styles and effectiveness among sample managers selected from nationalized and private sector banks. “Job Descriptions in a Public Sector Banks” by V.T.Godse and R.Bandyopadhyay, a research study, concerned with the conduct of job description exercise in one of the leading nationalized banks. It identified the problems faced by banks on account of expansion and diversification of business activities, suggested ways and means to handle the problems and portrayed clearly the procedure followed for job description exercise at various levels of management besides, highlighting the use of interval highlighting the use of interval appraisal in identifying structural deficiencies. Uma Sekaran in his study entitled “The perceived quality of working life in banks in major cities in India”, examined the QWL in the

Indian Banking Industry as perceived by organizational members at different organizational levels and in different job positions, several variables such as competence, performance, involvement and satisfaction with various facets of the work life were taken into consideration for the purpose, since these are all indices of the QWL. “Organisational Effectiveness in Banks” by Usha Sunderarajan determined the factors with contribute

a) To organizational effectiveness and

b) To differences, if any, in the effectiveness of public and private sector organizations. The study compared the various climate factors which tend to increase or diminish the effectiveness of organizations, taking into account two public sector banks and one private sector bank. “Innovative practices followed by State Bank of India for educating and developing their employees” by K.Rajendra Prasad, a case and an exploratory study, dwelled upon few of creative and innovative efforts in SBI, Viz., Performance Appraisal, Quality Circles, Job Rotation,

Training and Assessment, HRD Quiz, Self Learning Centre actions, Messenger to Manager Programmes, Organisation Development Intervention exercises, etc., all of which are aimed at training and developing the bank's workforce. R.Prakasam, in his study entitled "Job Rotation Practices in Banks and Employee Attitudes", empirically examined the present state of affairs in the banks in terms of the extent of job rotation practices and the major obstacles faced by them in implementing the same. It also studied the extent of job-rotation practices in the organization. The analysis was based on the data obtained from the NIBM's employee opinion survey. This nation-wide survey collected from the opinions and reactions of about 7,000 bank employees representing the SBI and other fourteen major nationalized banks from all parts of the country, regarding the various personal policies of their respective banks. "A study of motivation profile of SBI officers", by Prabhat Kumar and Rakesh Rastogi, identified the factors that will motivate officers to give their best performance (in terms of both quality and quantity) to the bank, the level of availability of these factors and main causes of frustration in the bank. "An empirical study of bank manager's functioning in rural Punjab" by Rajeev Kansal, identified various factors or characteristics such as political interference, lack of confidence in the banking staff, disinterestedness to maintain cost-effectiveness, lack of confidence, impact of trade unionism, proper decentralization of power at the lower level, lack of impartiality, fairness and security, which make a bank manager effective.

REMEDIAL MEASURES TO BE TO IMPROVE EMPLOYEE PERFORMANCE IN BANKS

- **Staff Meetings**

Staff Meeting aims at group synergy, team building, open culture, family feeling and talent recognition which individually and cumulatively benefit the organizations. Goals/Targets set for the unit/Bank is discussed in the monthly Staff Meetings conducted at all branches/units and action plan is drawn in achieving them. The forum is being effectively utilized for harmonious functioning of all the branches and administrative units through greater involvement and collective contribution of all staff members.

- **Brain Storming (Discussion with colleagues)Sessions**

This is a technique for generating ideas and suggestions on topics of relevance and also to provide alternate solutions to problems by simulative thinking and imaginative power of cross section of employees. Corporate Topics are selected for each quarter and BSS are conducted in administrative offices/ braches on the topic during every quarter. Worthy implement able suggestions emanated are circulated for necessary action.

- **Study Circle**

Concept of Study Circle aims at self development of employees by kindling the desire to acquire/update knowledge, information and experience. Guest lectures/ Power Point Presentation / Group Discussions, etc are arranged on topics of general interest by inviting experts in the field. Study Circle Meeting are conducted once in two months in administrative offices and once in a quarter in braches

- **Quality Circles**

It is a time tested tool of Total Quality Management (TQM) which promotes team spirit, cohesive quality work culture, commitment and involvement of employees.

V. **Challenges Faced by Banking Sector in India**

- The real challenge of this sector is the “Indian companies”, how to transform into global corporations without losing the positive values and culture that they have developed.
- As most part of the jobs in this industry is monotonous/repetitive and routine, the HRD Department has to empower, engage and energize employees to create effectiveness & efficiency through motivation organizational structures, systems & procedures are facilitators of these, and there is a need to focus greater attention on these aspects by the industry.
- However, the emergence of a core and peripheral workforce in many organization has presented new challenges for HR managers public & private sector organizations are fast becoming diverse communities for core workers, flexibly employed casual and part-time workers, consultants, contractors & business partners.
- Certain complexities have also developed in HRD within this banking system itself because this industry is largely in the public sector.

SUGGESTIONS AND RECOMMENDATION

Following suggestions are very essential to adhere for effective Banking Administration and Employees Performance:

- HR functions to be linked to corporate goals.
- Shift from Industrial relations manager to Business manager or Commercial manager.
- Team work is another important and essential soft skill that is necessary in this industry.
- The HR Professionals have to introduce & improve the adaptability of their structure that will be able to absorb, draw and retain the best.
- As people are primary asset, it is essential not only to invest in them, but also to ensure that the supporting elements for this asset are such that it can provide the maximum value on a constant basis.
- HRD is to be regularly reviewed against business outcomes as part of strategic and operational planning.
- To overcome the public sector's hierarchical structure, which gives preference to seniority over performance, is not the best environment to attract the best talent from among the young.
- It is worthwhile to consider broad-basing the courses conducted in these institutions among other higher –level educational institutions, so that specializations in the area of banking and financial services becomes an option in higher education curricular.
- There is a need to adopt global best practices in financial sector regulation and supervision and adapt them to the domestic environment. This largely depends on the functioning and policies of public institutions, such as the RBI as it is increasingly subject to public discussion and debate.
- This calls for greater transparency more effective communication, and a high degree of professionalism in the bank's staff, are the need of the hour.
- Continuous up gradations of human resources management strategies with a view to enhancing the level of knowledge, sharpening skills are and also to important the necessary and work culture must be installed.
- There is a pressing need to develop work practices which encourage efficiency in this banking sector.

- Incentive structures need to be conceived, supported by appropriate training and motivations, which aligns the employee's goals and orientations with the core competencies and strategic advantages of the institution
- This service sector has to explore the feasibility of entering into collaborative arrangements with universities and other institutions in India and abroad to identify and provide specialized training in the financial services industry with an ongoing flow of emerging training packages.
- Information technology is an area where human resources development is critical fortunately, Indian professionals are world leaders in this area and spirit of co –operation and partnership between them in banking industries will result in a strong and modern financial system comparable to the best in the world.

CONCLUSION

In a nutshell, it is felt that, the changing environment, the forces of globalization and liberalization and the advances in information and communication technology have major HR implications for the RBI as well. The long-term vision for India's banking system is to transform itself from being a domestic one to the global level may sound improbable at present. To take up this industry to the heights of international excellence requires combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control, external regulations and human resources at the most. Financial products are becoming increasingly complex and diverse, while the markets in which they trade get progressively deregulated. It also possesses both opportunities & threats particularly for this public sector banks.

REFERENCES

- Agarwal D.R.Labour Problems Social welfare and Security, Kitab Mahal, New Delhi,2000.
- Agnihotri V., Industrial Relations in India, Atma Ram & Sons, New Delhi, 1970.
- Ahmad Abad, Management and Organization Development, Rachana Prakashan, New Delhi,1972.

- Balu. V. Human Resources Management Sri Venkateswara Publications Chennai 2002.
- Barnard Chester, The functions of the Executive, Harward University Press, Cambridge, Mass, 1938.
- Bertram A., Colbert, The Management Information System in Management, Mc.Graw – Hill, New York, 2001,p.554
- Bolar, Multi Performance Appraisal, Vikas Publishing House, New Delhi, 1979.
- Brown J.A.C., The Social Psychology of Industry Penguin Books Ltd., Harmondsworth, 2001
- Chatterjee, T.N. Principles and Practice of Management Dhanpet Raj & Sons, New Delhi, 1988.
- Chhabra, T.N. Principles and Practice of Management Dhanpet Raj & Sons, New Delhi, 2002.
- Chopra Rakesh. K. Management of Human Resources Text & Cases, Kitab Matial, Allahabad, 2001
- Dale, Ernest, Management : Theory and Practice, Mc Graw-Hill Publishing Co., New Delhi, 2005.
- Davis, Keith Human Behaviour at Work, Mc Graw-Hill Publishing Co., New Delhi, 2001.
- www.reports.rbi.org.in