HRD and Management in Banking Sector

BHARTI VIJ
Assistant Professor, G M N College, Ambala Cantt.
Bharti525@gmail.com

Abstract:

Management of an organization plays an important role in designing Human Resource policies and their execution. It reflects the attitude of the top management about the ‘people’. Human Resource Development (HRD) has assumed considerable importance in the recent years. Be it a business organization, or a bank or an office, the development of human resources is necessary for its efficient and effective working. In an evolutionary process when developing economy struggles to attain higher levels of living. It can hardly overlook the need of developing its human resources to meet bigger and developing new challenges of raising the quality of life of the masses. Human Resource development is a continuous process to ensure the development of employee competencies, dynamism, motivation and effectiveness in a systematic and planned way. 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. The present study has been made to analyse and interpret HRD and Management in Banking Sector Industry in India. Major public sector bank SBI has been chosen for the study. The results show that the relationship between management and HRD quite good in this bank and improve in efficiency.

Key Words: HRD, management, People as Assets, Willingness, Commitment, Trust etc.

INTRODUCTION

‘People’ is the most important and valuable resource every organization or institution or institution has in the form of its employees. Dynamic people can build dynamic organizations. Effective employees can contribute to the effectiveness of the organization. Competent and motivated people can make things happen and enable an organization/institution to achieve its goals. Therefore, organization should continuously ensure that the dynamism, competency, motivation and effectiveness of
the employees remain at high levels. Human Resource development is thus a continuous process to ensure the development of employee competencies, dynamism, motivation and effectiveness in a systematic and planned way.

T V Rao (1991) in his work on Human Resource Development has defined HRD in organizational context as a process by which the employees of an organizational are helped in continues planned way to a) acquire or sharpen capabilities required to perform various functions associated with their performance or future expected roles b) develop their general capabilities as individuals & discover & exploit their inner potentials for their own and/or organizational development purposes and c) develop an organizational culture in which superior – subordinate relationship, teamwork & collaboration among the sub-units are strong & contribute to the professional well-being, motivation & pride of the employees.

HRD is concerned with the development of human resource in an organization. Development means improving the existing capabilities & helping them to acquire new capabilities required for the achievement of the corporate as well as individual goals.

Leonard Nadler of George Washington University (USA) who is acclaimed as the originator of the concept of HRD sometimes in the early seventies defines it as a series of organized activities (such as training, education & development) conducted within specified period of time & designed to produce behavioral change.

**HRD in Banking Sector**

The core function of HRD in the banking industry is to facilitate performance improvement. Factors like skills, attitudes and knowledge of the human capital play a crucial role in determining the competitiveness of the financial sector. The quality of human resources indicates the ability of banks to deliver value to customers. HRM strategies include managing change, creating commitment, achieving flexibility and improving teamwork. Liberalisation has not only triggered changes in the whole economy, including the banking sector, but has also thrown up challenges for banks, in general, and public sector banks, in particular. Whether Human Resource Management (HRM), an important element in the business process evolution, post-liberalisation, has given a strategic telescopic focus is subject to debate. The
primary emphasis needs to be on integrating human resource management strategies with the business strategy. HRM strategies include managing change, creating commitment, achieving flexibility and improving teamwork.

‘State Bank of India (SBI), with a 200 year history, is the largest commercial bank in India in terms of assets, deposits, profits, branches, customers and employees. SBI provides a range of banking products through their vast network of branches in India and overseas, including products aimed at NRIs. The State Bank Group, with over 16,000 branches, has the largest banking branch network in India. The Government of India is the single largest shareholder of this Fortune 500 entity with 61.58% ownership. SBI is ranked 60th in the list of Top 1000 Banks in the world by "The Banker" in July 2012.

**Review Of Literature**

A number of studies have been conducted with respect to Large Scale Industries on HRD practices in this bank. However, little effort has been made to study HRD practices in state bank of india.

**Abraham 1988: 48-64**, in his studies on HRD practices have been made in the past. A review of literature has been made to highlight the type of practices, other organizations are making so that a linkage could be established. HRD climate is an integral part of organizational climate.

**Raman (1989:342-365)** in his study on HRD experiences in State Bank of India underlines the main objectives of HRD for the bank is to create a climate of openness and trust, build a collaborative culture whereby everyone is an important member of an effective team, promote human capabilities and competencies in the organization, bring integration of individual and organizational goals, improve quality of life.

**Usha Krishna (1986)** explores the HRD sub-systems in the Sundram Fasteners Ltd. (SFL). The HRD unit there started working on organizational structure (focusing on clarifying reporting relationships, outlined key responsibility areas), manpower planning, placement, development oriented performance appraisal system, training and development, rewards and career planning.

**Rao (1989: 210-25)**, Discussing the HRD initiatives in Steel Authority of India Ltd (SAIL) has mentioned that the areas were identified as ‘Priority of Action’ include-improvement in work culture, optimum use
of installed capacity, increase in productivity, generate profits through control of costs, customer satisfaction.

Rao (1992: 350-371), in his analysis of 14 organizations, mentioned that L & T was the first to start integrated HRD system, inspiring other organizations to do so. Several organizations, however, made some innovations in the HRD Sub-systems. A Study conducted by XLRI centre for HRD in 1984 shows that HRD climate data was available for 6 organizations including Voltas, Jyoti Ltd, SBI, L & T, CGL, SBP and ICC. Examining the results, Rao and Abraham (1986: 73-85) reveal that L & T and Voltas have HRD climate to the extent of 60 per cent on 100 point scale and remaining 5 are in the middle range (around 50 percent).

Objectives of the Study

The study aims at achieving the following objectives.
1. To study HRD and management in public sector bank in India i.e., State Bank of India.
2. To study the subsystem relation to management and HRD.
3. To study the role of management in developing human resources of their organizations.

Research Methodology

Banking sector is large one spread ever length and breadth of the country so we are constrained to limit our study to public sector banks i.e., State Bank of India.

For the purpose of the study the date 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. A sample of 120 respondents on random basis includes employees from both the selected banks. For the present study respondents were drawn from the various branches of the banks located at Ambala, Kurukshetra and Panchkula.

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 there from. 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: (Mean Score -1) x 25 = 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.

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

Analysis and 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 the Perception of the Management about its Human Resources.

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:-

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 33.83 per cent of the respondents sometimes true with the statement whereas 19.83 per cent of the respondents mostly true and rarely true with the statement. It indicates that the managements of this public sector undertaking consider the human resources in their organization to be extremely important to them. Further, 15.70 per cent of the respondents partially mostly true and partially not at all true 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 gives importance to Human Resources

Top Management in State Bank of India believes that human resources are extremely important and are needed to be treated more humanly. More than 27.27 per cent of the respondents described the statement (Table-1: b) as almost always true; whereas 31.40 per cent of the respondents expressed the statement to be sometimes true’.

C) Development of Subordinates by the Superiors

Top Management in State Bank of India believes that human resources are extremely important and are needed to be treated more humanly. More than 27.27 per cent of the respondents described the statement (Table-1: c) as almost always true; whereas 31.40 per cent of the respondents expressed the statement to be sometimes true’.

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

The management of State Bank of India seems to be willing to invest their time and resources for employee development. This view has been confirmed by 31.40 per cent of the respondents expressing it to be ‘sometimes true’(Table-1: d) where as 36.36 per cent of the respondents considered it to be ‘Mostly true’.
E) Management helps juniors to learn their job

from the opinion of the respondents (Table-1: e), in State bank of India, seniors in this bank take active interest in their juniors and help them learn their job. There was good relationship between senior and juniors and they help each other in their job. 31.40 per cent of the respondent viewed this statement as ‘mostly true’ and 14.05 per cent of the respondents considered it to be ‘almost always true’.

F) Creating Atmosphere of Trust and Openness

From the opinion of the respondents (Table-1: f) it can be inferred that management of the organizations are creating an atmosphere of trust and openness. The employees in State bank of India are not afraid to express or discuss their feeling with their superiors. It appears that superior and subordinate relationships are good. 13.23 per cent of the respondents fully agreed with this view point where as 30.16 per cent the respondents considered the statement to be ‘Mostly true’. In the opinion of the respondents of this bank, 56.44 per cent considered the statement to be ‘mostly true’, whereas 23.76 per cent considered is to be sometimes true and another 11.57 per cent felt it to be rarely true.

G) Freedom to take Initiative (Pro-activity)

“Pro-activity” seems to exist in these units as evident from the opinions of the respondents State Bank of India, it appears that the organization partially allows the employees to take initiative and do things on their own without having to wait for instructions from superiors as 25.62 per cent of the respondents considered this statement(table-1: g) to be ‘mostly true’ and another 30.58 per cent of the respondents considered it to be ‘sometimes true’ 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.

H) Identification of Employee Potentials for Career Planning

The top management of Punjab National Bank makes efforts to identify and utilize the potential of the employees. In the opinions of the respondents of State Bank of India, were divided as 19.83 per cent of the respondents considered the statement (Table-1:h) to be ‘almost always true’ whereas 33.06 per cent of respondents considered the statement to be ‘sometimes true’. It can be inferred that employee
potentials play an important role in their career development.

I) Management guide and prepare for future responsibilities
In the opinion of the respondents, managers guide their juniors and prepare them for future responsibilities/roles they are likely to take up as 37.19 percent mostly true and 25.62 percent sometimes true in this statement (Table-1:i). The management helps them to find proper path for their role play in the future.

J) Enhancing Inter-group Competence
A study of the Table-1(j) shows that a sizable number of respondents about 36.36 per cent of the respondents of State Bank of India were of the opinion that ‘manager’ in this organization believe that employees behaviour can be changed and people can be developed at any stage of their life by viewing the statement to be ‘mostly true’ whereas 26.45 per cent of them were of the opinion that the statement is ‘sometimes true’ (Table-1: j). This view indicating that management does not pay attention to the developmental needs of all the employees in the organization.

K) 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. Employees are encouraged to experiment with new methods and try out creative ideas in State Bank of India. In the opinion of the respondents of this bank, 27.27 per cent considered the statement to be ‘mostly true’ where as 30.58 per cent considered is to be sometimes true and another 21.49 per cent felt it to be rarely true. (Table-1:k)

L) Creating Team-spirit
‘Team spirit’ is of high order in State Bank of India as evident from the seems to be in the opinions of 34.71 per cent of the respondents who termed it as ‘mostly true’ another 17.36 per cent considered it to be ‘almost always true’. However, 27.27 percent of the respondents ‘sometimes true’ (Table-1:L) to it indicating that more efforts are needed in some of the employees or departments in these organizations.

Table-1
Summary of the Opinions of the Respondents on ‘Management Philosophy on HRD’ on the Variables Mentioned Above (% Respondents; N=120)
Almost always true
15.7 27.27 12.4 7.44 14.05 21.5 14.1 19.8 16.95 11.57 17.4 17.36

Mostly true
19.83 20.66 31.4 36.4 31.4 37.2 27.3 30.6 32.85 25.62 34.7 38.02

Sometimes true
33.88 31.4 34.7 31.4 33.88 25.6 30.6 33.1 34.92 30.58 27.3 33.06

Rarely true
19.83 12.4 19 19 16.53 13.2 21.5 10.7 13.02 23.14 15.7 7.44

Not at all true
15.7 8.26 2.48 5.79 4.13 2.48 6.61 5.79 2.48 9.09 4.96 4.13

Total
100 100 100 100 100 100 100 100 100 100 100 100

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 in this organizations.

Conclusion
The following conclusions can be drawn on the basis of above analysis and discussion:
1. Management policy is an important sub-system of HRD in both banks. In view of the respondents, the management of both public sectors in general believes that its human resources are important to them. In SBI, management policy is better than PNB. Further, it is evident from the opinions of the respondents that the management makes efforts to ensure that employees enjoy their work. It appears that development of subordinate is considered to be an important part of the job of the superiors in most of the cases. Further, management also invests its time and money for employee development to some extent as evident from the views expressed by the respondents.

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 65 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 parameters indicates that the opinions of the respondents are closely associated on all these aspects which again strengthen conviction of the top management about its commitment for the development of its human resources.

5. Existence of good HRD was observed in this public sector undertaking. 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. 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.

References


Annexure

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Particulars</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The top management of this organisation goes out of its way to make sure that employees enjoy their work.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>The top management believes that human resources are an extremely important resource and that they have to be treated more humanly.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Development of the subordinate is seen as an important part of their job by the managers/officers here.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>The top management is willing to invest a considerable part of their time and other resources to ensure the development of employees.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Senior officers/executive in this organisation takes active interest in their juniors and helps them learn their job.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>People lacking competence in doing their jobs are helped to acquire competence rather than being left unattended.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Seniors guide their juniors and prepare them for future responsibilities/roles they are likely to take up.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>The top management of this organisation makes efforts to identify and utilize the potential of the employees.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>People trust each other and free to express with their superiors in this organisation.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>Employees are encouraged to take initiative and do things on their own without having to wait for instructions from supervisors.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>Team spirit is of high order in this organisation.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>Career opportunities are pointed out to juniors by seniors’ officers in the organisation.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>