



Research Article

HUMAN RESOURCE DEVELOPMENT IN BANKS

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ABSTRACT

The Human Resource Development (HRD) is an emerging concept today which no organization with long term objectives can afford to ignore or take lightly in case it wants to achieve the standards of excellence. Human Resource Development is an important component for the success of any organization. Effective management of human resources plays a vital role in sound management is a central sub system of modern management system. HRD facilitated for all round development of banks in addition to allowing them to be dynamic and responsive to the environmental changes. The Human Resource Development in Banks, under present scenario in the country is essential to understand bank's present HRD philosophy, practice and outcome with a view to offer suggestions for formulation of right philosophy and practice of HRD in Banks. The present study has been undertaken in view of the absence of systematic studied on the subject. Nationalization has changed the complexion and dimensions have placed the varying responsibilities on the shoulders of commercial banks such as expansion branch offices to unbanked and remote rural areas on a massive scale so as to cover small scale sector, cottage and rural industries, self employed persons, artisans, weaker sections of the society, small traders and other persons of small means. This paper covers all the important areas of Human Resource Development in Banks. These areas include conceptual clarification about Human Resource and Human Resource Development in Banks, essentials of HRD, the sub-system of Human Resource Development like Performance Appraisal, Training & Development, Career Planning and Development, Organization Development, Participative Management, Quality Circles etc. These primary areas of Human Resource Development will be studied thoroughly to the maximum extent through the means of discussions, reports, accounts, observations etc.

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INTRODUCTION

The Human Resource Development is an emerging concept today which no organisation with long term objectives can afford to ignore or take lightly in case it wants to achieve the standards of excellence. Significance of HRD is felt in all types of organizations like manufacturing, trading, services, etc. Proper development of human resources is all the more relevant in result oriented organizations like banks which are not only service organizations but are also considered wheels of social change for improvement of general standards of prosperity of the society along with public accountability. The HRD concept is much wider and embraces almost all areas of an organisation but this paper an attempt has been made to highlight its relevance to the banking industry.

The term HRD was first introduced by Leonard Nadler, he defined HRD as those learning experiences which are

organized for a specific time and designed to bring about the possibility of behavioral change. In the promising global market place, human capital is more important to enterprises than physical capital and human capabilities will determine the value of enterprise and give the competitive edge. In today's modern era, the quality of employment is more important than quantity and HRD issues are directly related to the quality rather than quantity of the workforce.

What is HRD?

HRD has been defined as "activities and processes undertaken by an organisation to prompt the intellectual, morale, psychological, cultural, social and economic development of the individuals in an organisation in order to help them to achieve highest human potential as a resource for the community". It means to bring about 'total all-round development' of the people so that they can contribute their best to the organisation, community, society and the nation. In the context of banking service, HRD means not only acquisition of new knowledge and skills but also acquiring capabilities to anticipate and manage both internal and external

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environment and attaining self confidence and motivation for public service. Further, HRD is not a piecemeal or a onetime exercise but it is a continuous process requiring to keep pace with the changes and developments taking place, by which employees in an organisation are helped in a planned way to:

- a. Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles.
- b. Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and organizational purposes.
- c. Develop an organizational culture in which superior – subordinate relationships, team work and collaboration among sub-units are strong contribute to the professional well-being, motivation and pride of employees.

Thus, insofar as HRD is concerned, it is a multi-faceted process involving areas like selection, placement, induction, training, objective performance appraisal, career planning and potential development. It also includes areas like motivation and development of the entire workforce within an organisation. It not only aims to provide knowledge and skills to employee but also brings about changes in the attitudes of people with a view to developing them. HRD policies and exercises within an organisation help the individual employees in sharpening their existing capabilities and acquiring new capabilities. In fact, an effective HRD policy enables an individual to improve his own personality and career prospects and helps him to perform existing and future roles effectively. It also develops a sense of belonging of the employees towards the organisation and society and commitment to work. The diversification of banking services, continued and ever growing expectations of Government and the people from banks and the technological advancement over the years, call for continuous training and development of the people at all levels. Efforts have been made by the banks to have an effective training system to develop new skills and update knowledge of its employees.

Introducing HRD in Banks

Though Indian banks have recognized the need for HRD some time back and some of them have taken encouraging initiatives in this area, their major thrust has been in the area of 'training' only. But training is only a part of HRD not the whole of it. As mentioned earlier, the HRD concept is much wider as it embraces almost all areas of an organisation and places emphasis on all-round development of individuals. Hence, there is a need for developing fuller understanding of HRD values, philosophy and potential. The nature of banking operations and business makes the human resource management in banks a complex process and thus the need for serious and determined HRD efforts is being felt in the present times.

It is of importance to note that the development of human resources requires a 'developmental climate' – an HRD climate in the organisation which is characterised by the presence of values of 'openness', 'confrontation', 'trust', 'authenticity', 'proactivity', 'autonomy' and 'collaboration' (OCTAPAC). Apart from the OCTAPAC culture, a general

supportive atmosphere is also necessary, which includes commitment of top management and line management, an effective and fair personnel policy and positive attitude towards development. The studies conducted on HRD climate in Indian banks have concluded that 'Training', the most used HRD mechanism in banks, needs to be evaluated time and again to verify its effectiveness.

Yet another important aspect to be kept in mind in implementing HRD practices is the organizational culture – the term which refers to the intangible aspects of an organisation's life such as intentions, beliefs, values and norms of the members of the organisation. The culture of an organisation has as much influence on corporate effectiveness as the formal structure of jobs, authority, technical and financial procedures etc. In other words, organizational culture refers to the pattern of beliefs, values, myths, assumptions and norms that are fundamental to the behaviour of people in an organisation. The studies made in this area have revealed that the prime challenge for the top management personnel and HRD functionaries in banks today is to mould the beliefs and values of their employees in favour of the HRD policy and systems.

For human resources development in banks the following aspects would need active consideration:

Training

Banking being a technical field, persons directly handling banking affairs specially at the branch level must necessarily know their job in all its technicalities. Proper and timely training of the concerned personnel, both in theory and practice, becomes imperative particularly in view of the new spheres which are being constantly added to the present day banking and growing demands and expectations from our society.

With a view to make the training useful and bring it in line with costs involved, it has to be meaningful, need based, effective, broad based and purpose oriented. Generally speaking, need for training can be best judged by the employee himself or his immediate superior who knows the gaps of knowledge and skills required or to be required. But in the case of specialized types of skills it should be left at the administrative control points to judge the training gaps and the required manpower to fill up such gaps depending upon the overall corporate policy. For this, a periodic review would be an essential element. In addition, the exercise of training has to be continuous keeping in mind future promotions and placement so that neither the person concerned nor the organisation is taken by surprise due to maladjustment which may be caused due to insufficient preparation for higher or new roles to be performed. Lastly, training and placement must find a direct and close relationship as far as possible for optimum utilization of both human and material resources.

Placement

The concept of right person for the right job is the crux of a sound placement policy. It is true that such a concept cannot be applied with mathematical precision due to largeness of the number of persons as well as various varieties of jobs involved in a large bank. But the importance this, a data bank at different administrative levels can provide a good solution to

the problem. A majority of right placements would not only create majority of satisfied employees, it would also help the organisation from both control and developmental point of view. More suitable and satisfied manpower would be less vulnerable to commit errors and could create a more conducive work climate. Productivity and effectiveness can be increased with proper post-training placement.

Effective Appraisal System

Appraisal of an employee is a critical analysis of his abilities, performance, conduct, strength and weaknesses and utility relevant to the organisation over a period of time. Appraisal is useful for promotions, placements and development of the employees. It is, therefore, essential that the performance of each employee is appraised and that the appraisal system is reasonably objective in both procedure and practice. Normally, in banks, there is no system whereby an employee is communicated the appraisal on him except in cases where his performance has been assessed as unsatisfactory. But if the objective of a performance appraisal system is, inter-alia, to develop the employee, there will not be any harm if he is informed about his performance irrespective of the rating he gets from the appraising authority. As a consequence of this, he would get a chance to introspect about himself vis-à-vis the organisation, and this would provide an opportunity and give direction to improve. The reliance on performance appraisal system for relative evaluation of merit is going to increase day-by-day with professionalism coming in.

Job Rotation

Job rotation should be practiced at all levels as that itself could be a great motivator with restriction placed on quick promotions, etc. Although the rules are specific in this connection, but they are seldom put to practice due to the inertia developed and creation of vested interest. Absence of job rotation creates a feeling of indispensability as a result of which routine transfers of such employees are not given effect to. This problem is especially acute with credit departments where it is as difficult to get an entry into as it is to get out of it. Once the employee makes an entry into credit, he continues to remain there and often gives an impression of indispensability, thereby stopping the entry of others who need exposure to credit.

Development of Healthy Attitudes

Attitudes of an employee towards work, towards colleagues, towards seniors, towards juniors, towards the organisation and its declared objectives can determine whether his behaviour in different situations would be positive or not. Here it may be expressed that the attitude of a person towards something and his predisposition towards that things get reflected in his behaviour. However, there is always a scope for varying improvements in the attitudes of individual employee. Such an improvement can be done through clearer communications flowing from higher levels of management reflecting its sincerity by way of words and deeds. In addition, employees' general satisfaction can also act as a catalyst towards building up positive attitudes to work as well as towards involvement with the organisation. Although transformation of attitudes towards favourable direction is a slow process, once it takes

place it may lead to a chain reaction with broader advantages for the organisation and in turn for the individuals.

Employee Satisfaction

An employee joins the bank for the satisfaction of his basic needs through the remuneration he gets. Gradually, his needs develop in the direction of higher needs like belongingness and recognition. Any unavoidable obstacle in the satisfaction of these of these needs is perceived as distraction and results in frustration which may retard his efforts. But the satisfaction of such needs creates a feeling in that by his contribution he along with all his colleagues would benefit. These feelings can act as motivational forces and these can be facilitated by conscious devotion of time and efforts by the organisation mainly through job enrichment, training at different levels and projecting a perception that an employee as an individual is a welcome person. Here HRD can help to a great extent.

Leadership and Morale

In organisations like banks, almost every employee is well educated and enlightened. There are written rules, regulations and instructions for carrying out daily routine work. The tasks involved to carry out day to day functions effectively need good degree of team work. Keeping these factors in mind there should be a stress on development of democratic leadership quality amongst members of management cadres. In addition, if they are trained in human behavior, they would be in a better position to understand their fellow workers. Such a situation can create more conducive and motivated work climate within the organisation leading to high morale amongst number of men and women.

In view of the above it may be said that proper and purpose-oriented training, logical and rational placement policy, objective performance appraisal systems development of healthier attitudes, realistic level of employee satisfaction, proper job rotation policy, better leadership and morale are the most important ingredients which would form the core of human resources development programme. But once HRD systems have been developed and institutionalized by an organisation to a fairly good degree, employees would develop enhanced expectations from themselves and the organisation. They would also tend to be more objective in their behaviour.

HRD for Women Employees

Women have become a force to reckon with in the banking industry as seen from the sheer increase in the number of women employees both in the clerical and officers' cadre. The profile of women employees in the bank is that at entry time they are normally unmarried and most of them get married soon after. After marriage with the increase in their family responsibilities there are greater demands on their time and many of them suffer from role complex, i.e., they feel they are not able to do justice to their home life on account of their jobs in the banks. Banks as employers also feel that although women employees are bright and hard working, they pose special problems due to high absenteeism and by rejecting promotions and resisting transfers.

Against this backdrop, the HRD of women employees means an understanding of the unique problems faced by women as a

category and a search for bold innovative alternatives which can result in assimilation and growth of this resource. It is necessary to explore the concerns for women employees at clerical and officers' levels and to identify organisational mechanisms which can respond appropriately. The problems of women relating to their 'dual role demand', transfer and promotion problems, social isolation at work, stereotyping and attitudinal barriers, sex labeling and lack of proper guidance are some of the problems faced by women employees in banks. Banks appear to have ignored the unique problems faced by women and women employees have been left to their own limited individual resources to grapple, very often unsuccessfully, with these problems. HRD for women employees in its true sense entails a concern for these problems faced by women employees and a proactive organizational stance to help female employees overcome obstacles to their growth.

Developing proper data on women in banks, different and suitable career paths, crating awareness on women related problems and skills training to all employees, mentorship for women and childcare are some of the areas which need early attention. And unless banks cultivate a developmental concern for their women employees and act now in the right earnest, the problem will worsen as more women enter banks. Banks need to undertake some radical measures to enable their women employees to grow within the bank as valued members. Banks could establish crèches for the wards of their employees. It is not necessary to have crèches exclusively for a particular bank. All banks at a particular place as a whole could join together and open crèches at different centres. This would alleviate the necessity for women to play the role of 'super women' and its consequent frustration and their work efficiency will definitely increase if the women employees are confident that their wards are well taken care of.

Apart from providing this very essential welfare facility of crèches, banks must have certain relaxations for women in terms of the stringent policy and the transfer policy on promotion. The banks should , as far as possible, show consideration at the time of promotion by retaining them in the same place if vacancies exist, or absorbing them in nearby localities after seeking their choice. This would be a real expression of the corporate concern for integrating women as a human resource in the bank. At the same time women too must be cautious in seeking favour as it should not be demanded as a matter of right.

Roles of Managers in HRD

HRD is an integral part of every manager's responsibility and need not be looked on merely as the responsibility of the corporate office or the personnel department. The top management, the HRD personnel and the branch managers have their respective roles in promoting HRD in banks. The role of top management in HRD can be described in the following ten points:

1. Development of HRD corporate policy.
2. Developing congruent top management leadership style.

3. Action planning for HRD
4. Appointment of competent persons for HRD functions
5. Examining performance appraisal systems.
6. Starting OD exercises.
7. Developing effective training policy.
8. Developing HRD climate.
9. Developing HRD personnel, and
10. Exercising patience with HRD.

A management innovation like HRD can be initiated and institutionalized only with a deep commitment and involvement of topmost managers. But between the acceptance of the idea and its institutionalisation, lies the process of giving shape, flesh, blood and life to it. This part is generally left to HRD managers within an organisation, whose main role includes:

- i. Supportive role play, which calls for preservation of existing strengths on an organisation as building strength is a major way to develop individuals and organisations.
- ii. Systems Development & Research, which means to continuously undertake research to understand the needs of the people and organisation and make necessary review and modifications of existing systems and also develop new systems.
- iii. Developing competence not only in two traditional areas of technical and managerial efficiency but also behavioural competence in terms of conflicts, problems of commitment, cooperation and related matters.
- iv. Process role, which means to develop capability in the organisation to cope with several important dimensions like growth and expansion of the organisation, impact of outside forces, etc. It is within this role that falls the task of creating desirable culture and values within the organisation, diagnosing problems in various parts and designing and facilitating interventions to make the organisation more capable to handle its problems with greater confidence and innovativeness.

This has assumed crucial importance in view of the sea-change taking place in the business, organisational set up and scheme of priorities for banks in India in the context of the financial sector reforms under way.

Thus it can be concluded that developing HRD awareness in the organisation is the primary role of HRD managers. Their second role is to shape, delineate and develop a role for themselves. This is followed by diagnosing organisational problems from a HRD view point.

Role of the Branch Manager in HRD

The most important agent in developing human resources in a bank is the branch manager. Just as the effectiveness of any bank depends on the collective effectiveness of its branch managers as agents for developing branch staff. Most of the banks now-a-days have excellent training facilities provided by their training institutions. But the training institutes have their own limitations with regard to developing a change in work culture as this is influenced more at the work place than in training institutions. It is, therefore, incumbent upon the

leadership at the branch level to create the right kind of work culture at the leadership at the branch level. To strengthen its effectiveness at the branch level, it would be appropriate to introduce a 'Training Squad' which will visit branches specially in the remote areas and train the employees according to their needs. This could also obviate the poor turnout at the training institutes on the most common excuse of staff shortage. Training through the medium of training squads is carried out by the State Banks of India and is very successful. Under such type of training, problems are identified at the branch level and a suitable training package is evolved keeping the micro level environment in view. Such training would directly prove its usefulness and help to create a better attitude towards training itself at all levels. Therefore, the branch becomes an important place for developing employee motivation, attitude and work culture and the branch leadership plays a crucial role in HRD.

Developing motivation means getting every employee filled with a desire to perform well the tasks assigned to him and getting them to work hard and work with right kind of attitudes towards the branch, the bank, towards objectives of the bank, towards its clients and similar other matters.

In view of the above, the role of the branch manager in this exercise becomes very crucial. Some important aspects of the role of a branch manager in this direction may be stated as below:

- I. Development of styled leadership role,
- II. Creating HRD climate in the branch,
- III. Developing a family culture in the branch,
- IV. Inducting new employees, socializing them and creating a good work culture,
- V. Managing the boundary role – ability to contain shocks received from top so as to maintain a high level of morale in his subordinates,
- VI. Performance appraisal, development and counseling, and
- VII. Grievance handling and maintaining good relations with employees.

Some Suggestions for Improving HRD Climate in Banks

HRD, often a neglected area in the hustle and bustle of day-to-day banking, has to play a major role in future and hence should be given a place of eminence. The following are some of the suggestions for improving HRD in banks:

1. There is an urgent necessity of need based training for staff, making it compulsory for everyone at least once in a year, with proper post training evaluation.

2. Rationalization of transfer policy with a roaster/ wait-list policy to be stated.
3. Improvements should be brought about in superior-subordinate relationship with a well articulated communication channel between them for better team work.
4. Promotion policy of the banks should be made more objective and fair.
5. Performance appraisal be made more objective. It should highlight the strong and weak points of the staff and be introduced for clerical staff as well.
6. Staffing pattern at branches should be made fair and need based.
7. HRD cells to be set up in administrative office and a committee comprising top management and union leaders be set up.
8. Placement policy should made rational – right man for the right job.
9. Scope of employee suggestion scheme may be enlarged and made more effective.
10. Staff meetings in all offices to be encouraged to develop a sense of belongingness towards the organisation.
11. Best employee awards be instituted.
12. An effective grievance redressal machinery to be set up.
13. Job enrichment through job rotation - a roster of change of duty sheet be followed strictly.
14. Individual counseling and career planning guidance should be introduced for employees on a professional basis.
15. Marks secured in promotion tests to be declared.

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