



## HUMAN RESOURCE DEVELOPMENT PRACTICES IN INDIAN PUBLIC SECTOR BANKS

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### Abstract

Effective management of human resources play a vital role in sound management of organizations as human resource management is a central sub system of modern management system. Management of human resources, adaptation to any kind of change and effective functioning of banks are possible only when human resources are developed. Thus, HRD facilitates for all round development of banks in addition to allowing them to be dynamic and responsive to the environmental changes. The present study on HRD Practices in Indian Public sector Banks focuses on understanding bank's present HRD philosophy, practice and outcome with a view to offer suggestions for formulation of right philosophy and practice of HRD in Public sector Banks. The study covers all the important areas of HRD mechanisms in Indian banks like performance appraisal, training, management development, HRD climate, career planning and development

**Key Words:** HRD, HRD Climate, Training and Development, Performance Appraisal.

### INTRODUCTION

Twenty –first century HR is emerging to uniquely combine activities and processes of human resource management (HRM), human resource development (HRD), and organizational development (OD), three fields that “grew up” distinct from each other. It should foster cohesive team work and create commitment to improve the efficiency of its human capital. More than operational skills today's Indian public sector banks call for some unique skills required to attend the needs and requirement of the customers at the counter. Banks have to understand that the capital and technology which are considered as most important pillars of banking are replicable. But human capital, which is valuable resource for the achievement of competitive advantage, is not replicable. To take up these banks 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 HRD at the most. There is a need for introduction of new technology, skill building and intellectual capital formation through HRD.

### REVIEW OF LITERATURE

Resources are explored, exploited and discarded after their use. However, unlike other resources human beings become wiser, stronger and grow from within each challenge / problem encountered. Wisdom and strength in human beings appreciate with time. HRD is a process through which employees in an organization are assisted to realize their full potential for their present and future jobs. It involves long term perspective which visualizes change through involvement and ownership of such change by the participants. HRD believes that individual in an organization have unlimited potential for growth and development and that their potential can be built through appropriate and systematic efforts.

D.V. Ramana Murthy has discussed in his article on “Human Factor in Banks,” about the significance of human factor and trade unions in the banks. T.V. Rao, in his book on “The HRD Machinery” explained HRD instruments, processes and outcomes, HRD Departments and their tasks, structuring the HRD function, qualities, and competence requirement of HRD managers, developing HRD managers, and HRD instruments. P. Amsa in his paper ‘Organization culture base for effective HRM in Banks’ discussed on HRD related areas in brief in addition to various issues related to human resource management. The recent emphasis on human resource management, Storey (1992), Torrington and Tan Chee Haut (1994), suggests that not only is the management of labor being given more attention, but that the issues discussed are broader and more strategic as well as tactical (Wilkinson & Marchington, 1994). Miller (borrowing from Porter (1995) defines strategic human resource management as those actions which concern the management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage. Thus, unlike the traditional peripheral function of many personnel managers, the newer style of human resource managers attempts to relate personnel practices to beliefs, to link each and every process of the recruitment, induction, training, appraisal rewarding of individuals to an overall set of articulated beliefs of organization’ (Hunt, 1984, p.16) Krishna and Rao (1997) carried out a comprehensive empirical study Organizational and HRD Climate in BHEL: An Empirical Study, and found that HRD climate in the organisation encouraged middle and senior managers to experiment with new methods and try out creative ideas.



## **OBJECTIVES OF THE STUDY**

1. To study the organizational and HRD climate in the banks
2. To enquire into the practices of various HRD techniques, and
3. To study the outcomes of human resource development for the banks, individual employees, groups and the society at large in both private as well as public sector banks.

## **RESEARCH METHODOLOGY**

It is very difficult to appreciate and understand HRD systems unless recourse is made to the interview method. Interviews and discussions with the selected representatives of management of selected public sector Banks, trainers and trainees of Staff Training Colleges, and with employees of selected banks were considered as primary source of data collection. A separate questionnaire was prepared for this purpose to draw personal opinions, experiences of interviewees which cannot find a place in the reports and records. Factual data was collected from secondary source like annual reports of the banks; staff training colleges, house magazines and other records of the banks, reports and other records of the trade unions. Various statistical techniques were employed for analyzing the data and to derive effective and meaningful conclusions.

## **HRD INSTRUMENTS IN INDIAN PUBLIC SECTOR BANKS TRAINING AND DEVELOPMENT**

Drastic growth of public sector banks calls for efficient and well trained staff members to deal with the fast growing consumer needs. Public sector Banks are conducting grooming programs for front-line employees and also for employees selected for overseas posting in order to improve their service levels and qualitative interaction with customers and various stakeholders better. SEED (Self efficiency and effectiveness development) program being run for frontline staff of the Bank in order to improve their service skills and servicing efficiency.

Almost all the Banks have a three tier training set up comprising of Central Staff College (CSC) at apex level catering to training needs of Top / Senior / Middle Management Grade officers, Regional Staff Colleges (RSCs) to train Senior / Middle / Junior Management officers and Zonal Training Centers (ZTCs) looking after the training needs of Middle / Junior Management Grade officers & Workman Staff. IT Training Centre located at Faridabad caters to the training needs of officers exclusively in the areas of Information Technology.

## **PERFORMANCE MANAGEMENT**

Banking service is one sector where a great degree of attention is being paid to performance appraisal system. Several nationalized banks have changed their performance appraisal system in the process of bringing organizational change. In most of the banks that follows the traditional system, their officers are being assessed on the characteristics like General Intelligence, Job Knowledge, Dependability, Relationship with junior & senior colleagues and with public, Supervision. Several banks also have self-appraisal as a part of performance appraisal, although mostly such self-appraisal is more of a communication of achievements. A fair, transparent and objective mechanism for performance management is a must to draw effective Performance Management System RBI recently introduced a new Performance Management System that will work on goal setting, potential appraisal of performers and developing a talent pipeline.

## **HRD CLIMATE**

HRD climate in an organisations is reflected by its role, clarity, openness, trust, teamwork, proactive orientation, planning of development of every employee etc. HRD climate and processes are dependent on personal policies, top management styles, investments on HRD, top management commitments, line manager's interest, previous culture, etc. To sum up the relationship between human resource development mechanism and human resource development processes and climate can be explained as-

- HRD mechanisms are most useful instruments to develop a healthy HRD climate.
- HRD instruments are used to develop desired Human resource development processes.

HRD experts use the term OCTAPACE to express the important features of HRD climate The most important aspect of organizational culture is the values it practices. Eight values may be examined to develop the profile of an organizational culture that is called OCTAPACE it means openness, confrontation, trust, authenticity, proactively, autonomy, collaboration, and experimenting.



### **CAREER PLANNING & DEVELOPMENT**

“Career Planning & Development” was perceived to be one of the most important HRD Sub Systems. “Career growth and development” needs a consciously planned effort on the part of the individual careerist and the same cannot be left to chance. It was observed that many employees in Indian public sector banks faced career hurdles. Well-established Private Sector banks in India and the foreign banks had better Career Planning & HRD System when compared to that in Indian Public Sector Banks. Over the years and in tune with the changing times, Indian Public Sector Banks have reviewed their HR & promotion policy and now for bright hardworking and knowledgeable employees it takes comparatively lesser time to move to higher levels in banking hierarchy. There is increased awareness within the banking sector in India about need for better HR & Career Planning initiatives, but, on the ground, much still remains to be done. This attitudinal change has to be on-going & purposive

### **CONCLUSION**

To conclude, Organizations all over are rushing to implement the latest ideas on management, sometimes to the point of overuse. The major challenge now for public sector banks as well as any other organization is therefore how to develop their social architecture that generates intellectual capital as the quintessential driver of change. Developing the individual or human capacity is an integral element of building capacity and, in fact, capacity building initiatives are now increasingly becoming almost an index of institutional quality. Taking the banking industry to the heights of excellence, especially in the face of the a forehead-detailed emerging realities, will require a combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control and external regulations and, not the least, human resources.

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