



ISSUES AND CHALLENGES OF HUMAN RESOURCE MANAGEMENT ON PUBLIC SECTOR BANK IN INDIA

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Abstract

In Indian Banking sector must develop a human resource management system on a systematic basis and take up human resource management policies and practices that vigorous the needs of the banking sector. The Indian Banking industry must be managed by banking professionals in order to be aggressive and to take hold of the fruits of the sector on the global level. The Nationalized Banks has altered the character and scope of commercial banking sectors in India. It aided in quickening the rate of geographical and functional diversification. The new dimensions have placed varying responsibilities on the shoulders of commercial banks, such as the massive expansion of branch offices to unbanked and remote rural areas in order to cover the small scale sector, cottage and rural industries, self-employed persons, artisans, weaker sections of society, small traders, and other persons of limited means. Hence, this article addresses the current challenges faced by Banking Industries with respect to Human Resource.

Keywords: *Commercial Banks, Self –Employment Groups, Diversification, Nationalized Banks.*

Introduction

Nowadays, Indian banking sector is facing wide variety of opportunities and the bright future circumstances. The changing economic circumstances, represented by swift process of globalization has brought out all the nations of the world together, without geographical boundaries for trade and commerce but with great amount of employment opportunities for individuals. Due to swift advancement in information technology and telecommunication in the recent years, the banking sector has been undergoing swift changes, reflecting a number of current reform processes. In the Twenty First Century, The Human resource management (HRM), human resource development (HRD), and organizational development (OD), These three professions that "came up" distinct from each other, are developing as uniquely combining activities and processes. in the twenty-first century. In fact, It Contributing strategically to organizations necessitates coordination between HRM, HRD, and OD.

These collaborate and think creatively about how they relate and how it affects individuals and organizations. The most important the bank's concern should be the effective integration of human resource management techniques with the strategies for business It should encourage more cohesive teamwork and generate a commitment to improve the efficiency of its human resources. capital. More than operational abilities, today's banking requires these 'soft talents' to meet the wants of customers. Those Employees who work behind the counter Banks must recognize that money and technology— are the two most fundamental pillars of banking industries for achieving competitive advantage. The long-term objective for India's banking sector is to transition from a domestic to a global level, which may appear farfetched at the moment. To propel this business to new heights of international excellence, a mix of new technology, improved credit and risk appraisal procedures, treasury management, product diversification, internal control, external regulations, and human resources are very essential.



The Indian banking and finance system is anticipated to be globally competitive. Market participants will need to be financially robust as well as operationally effective to achieve this. Capital would be an important aspect in establishing a successful institution. The banking and financial system will become more competitive through a consolidation process, either through mergers and acquisitions or strategic alliances. The Indian banking sector has been critical to the country's socioeconomic progress. The system is supposed to be sensitive to the requirements of all segments of society in terms of growth and development. Aside from practicing HR in various units, facing the central and external problems is a massive burden for banks. The HR department sales, finance, and manufacturing the strategic through time to attain its ultimate objectives in diverse ways. Monitoring and altering the strategy also allows the company to keep up with the times demand.

Human resource management is the process of proper and maximum utilization of available limited skilled workforce. The core purpose of the human resource management is to make efficient use of existing human resource in the organization. The best example at present situation is, construction industry has been facing serious shortage of skilled workforce. It is expected to triple in the next decade from the present 30 percent, will negatively impact the overall productivity of the sector, warn industry experts. Every organization's desire is to have skilled and competent people to make their organization more effective than their competitors. Humans are very important assets for the organization rather than land and buildings, without employees (humans) no activity in the organization can be done. In other words we can say HRM practices play a very important role in achieving the organization's goals and maintain the competitive advantage. In banking sector HR function is not given much importance as it deserve, that's why it is causing certain serious issues and problems and hampering the growth and efficiency of banking institution.

Research Methodology

This paper is descriptive in nature. In this paper secondary sources have been used for collecting data. The secondary data has been collected from National and International Journals, Newspaper and various websites.

Hr Practices in Bank

- A) Job analysis:** Job analysis involves collecting information about the characteristics of a job using one of several methods: observation, interviewing, questionnaires, or more specialized job analysis methods such as position or functional analysis. Organizations sometimes use a combination of job analysis methods. All the Banking authorities reported that they follow a combination of several methods for job analysis of the employee.
- B) Recruitment and selection:** Public Sector Banks follows systematic procedure in recruitment and selection activities. Indian Public Sector Banks use both methods of recruitment i.e., internal and external markets. Usually, for clerical and officer posts, external market is used through advertising etc. On the other hand, the managerial/executive positions are filled up through promotions and transfers i.e., for higher positions the internal market is usually relied upon. In some of the PSBs in India, the practice of recruiting specialists.
- C) Training and Development:** HRD as one of the major functional area in HRM. Continuing education and training programs are essential considerations to enrich their careers and excel their development. Banking activities and knowledge is ever changing. In order to cope up with these changes and to develop employee's careers all banks established their own training



institute. Those institutes organized different types of training and development programs based on the employees need. Those needs are identified by need assessment activities. Training is given emphasis by all banks, although not much systematic training need analysis is carried out. The training colleges conduct training programs for relatively junior level bank staff. For most of the senior level training, banks depend on external agencies, especially foreign training organizations. Training establishments of some of the bigger banks complain of under utilization.

- D) Performance Appraisal:** Performance appraisal is the systematic, periodic and an impartial rating of the employee's excellence in matters pertaining to his present job and of his potentialities for a better job. (Edwin B. Flipp). Public Sector Banks in India give more attention towards performance appraisal in the organizations. (E) Compensation: In general, the compensation in Public Sector banks is mostly based on seniority or work experience. The Indian public sector banks should reward their professionally qualified employees by scale upgradation and special increments besides motivating and encouraging them to acquire new knowledge.

Issues and Challenges

Talent Management

Talent Acquisition- in India, public sectors banks are highly regulated that they itself can't acquire talent on their own basis. They are not provided much flexibility to attract talent on market price. That causes the problem of peg on round hole. And create skill mismatch and has decreases the strength of employees in recent times.

Talent development- After Acquisition of talent it is very important to develop the skills in required way. Because changes are always evident from environment and for keeping pace with that changes talent need to be brushed up. Studies found that training and development are not well equipped in PSB's, even not very effective.

Staffing and promotion

Even in public sectors banks vacancies are fulfilled according to the availability of seats not by the skills mismatch, this tendency is another problem for development of talent. Promotion should be linked to the performance and experience both. But these concepts are virtually diluted in the PSB's and affect the best utilization of skills, knowledge, abilities of workforce.

Performance Appraisal

Performance appraisal is the tool which is utilized by HR manager for identifying the problem area and troubleshoot them for managing the performance up to the level. In Indian public sector banks Performance appraisal is not used properly and not linked with the promotion and incentives. It became only a paper activity, there is no such concept as 360 degree appraisal, which is widely used by private sector banks.

Leadership Gap and Succession planning

Eminent top level executives are the strength of Indian banking system. But the superannuation of these personalities is causing the problem of leadership gap. And hardly any new bright talent join the banking and stay for long time, head poaching working as ice on the cream. And talent development is not up to the mark that can fill the vacant top positions.



Conclusion

The major challenge now for 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 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. In Human Resource Management we must treat our employees with respect and dignity because in the most automated factory in the world, we need the power of human mind and for the high quality of minds to work for us we must protect the respect and dignity. In Public Sector Banks Human Resource Management is treated as supportive part not in main stream. But this psychology needs to be considered again if Public Sector Banks want to compete with private player. In this cut throat competition HR is the only sustainable competitive advantage. So, best utilization, development and retention of talented workforce become mandatory for Public Sector Banks. Hence, HR reform is the need of the day for Indian banking sector.

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