

CHANGING ASPECT OF HRD IN SELECTED BANKS: AN OVERVIEW

Dr. Pratibha Meena*

ABSTRACT

With the worldwide reduction in interest rates, pursuant to globalization of banking, the pressure for a gradual, if not precipitous downward trend in interest rates, has almost become inevitable, affecting in the process, the 'spread' and the margin, thinner. Coupled with this, "is the emergence of phenomenon of disintermediation, whereby both on cost effective mobilization and commercial deployment of funds, banks are facing what one labels as a Buyers' Market in economic terminology". The problem is further compounded by:

- *On the deposit mobilization by the large availability of alternative Government savings instruments with attractive fiscal concessions and private savings instruments with higher returns; and*
- *On the credit deployment front, retention of Blue Chip borrowers has become difficult, as they are able to tap, their fund requirements for working capital directly from 'household' sector.*

Therefore, "the Bank's viability now depends solely on the extent to which it is able to make its operation 'cost effective' and its ability to systematically cost and appropriately price its products and services."

KEYWORDS: *Globalization of Banking, Downward Trend, Disintermediation, Credit Deployment Front.*

Introduction

With 'miniaturization' and rapid technological advancement in computers office automation / telecommunication, hardware configuration and software packages, it would be difficult for banks to ensure 'cost effective operations' and retain their competitive edge, vis-a-vis, foreign/ new brethren (who have the sophisticated technology back up plus lean manpower), unless banks make their operations cost effective by being proactive in the matter of technology adoption/absorption, by the rank and file of their staff.

Financial Accounting Dimension

The third challenge facing the selected banks relates to the new nouns of financial accounting:

- Recognizing only real income on actual basis for Balance Sheet purposes,
- Asset reclassification and making appropriate provisions for the same, and
- Higher norms for capital base within the prescribed time frame work, (capital adequacy of 8% against risk-weighted assets) which would not only call for 'cleansing' of the existing portfolios, but more so, warrant tremendous efforts to increase earnings, through innovative fund-based and non-fund based service packages.

* Ph.D., Department of Business Administration, Faculty of Commerce, University of Rajasthan, Jaipur, Rajasthan, India.

This means, "one has to ensure that the staffs handling these portfolios develop the requisite professional skills/competence, through appropriate/continuous updating of their professional knowledge and expertise"

HRD/Training Dimension

The fourth dimension relates to development of appropriate HRD/training inputs, to facilitate thousands staff, located in various/farflung metro/urban outlets, not only to cope with hardware and software application packages, but enable them to smoothly absorb the same. This calls for a proactive approach in conceptualizing, designing, planning and implementing appropriate HRD/training plans. Incidentally, the critical aspects relating to the compensation packages, for the staff, especially to the highly skilled and expert professional categories of staff need orientation in view of the looming threat of drain of 'creamy layer' due to availability of better monetary superannuation packages to new/foreign bank outlets. These far-reaching changes in the banking scenario, indeed, thrown a number of challenges in the operational areas as well as in HRM/HRD functions forcing the banks to have a change and a review of their various policy frameworks, functions and practices so as to appropriately redesign them to effectively respond to the metamorphosis that is now taking place in the business profile of the banks. The implications of these changes, especially on its interface with the HRM/HRD functions, are set out below;

- A variety of new competencies at various levels including at TM level will be needed. Many specialists in technology and financial services will be required.
- Free licensing of new/foreign banks with the advantage of sophisticated work technology and consequently thin manpower (perhaps without clerical/sub staff components) and lower overhead costs.
- Increased concern for quality of services and the products.
- Focus on innovativeness to remain competitive.
- A new work culture facilitating higher productivity, job enrichment/enlargement, single window operations wherever technically/ operationally feasible and scope for an environment free from restrictive/wasteful practices. An open system, facilitative of free flow of creative ideas; breaking of hierarchies and recognition of individual talents.
- Changes in management structure, authority pattern and work ethos/culture.
- Changes in personnel/HRM/HRD with emphasis on providing a separate route of promotion to high fliers, management of talent and rewards based on performance and a flexible rewards and punishment systems.
- Intensive management development to enhance the technical professional competencies in keeping with changing roles of banks; skills to operate in a very turbulent and dynamic environment and vision to be futuristic.
- To turn around industrial relations climate from one of a 'fire fighting approach' to one based on "mutual faith, trust, harmony and of collaborative relationships".

Changing Aspect

With the changing Indian Banking Scenario, selected banks are certain desirable changes are also taking place in the HRD front in banks by way of introducing or evolving modern subsystems/ strategies/ mechanisms like, Quality Circles (QCs), Human Resources Information System, (HRIS) and impact of computerization on changing work technology and work culture which are discussed in detail in the following paragraphs.

Human Resources Information System (HRIS)

Selected banks understandably place considerable value on achieving the optimum use of their resources in order to accomplish their objectives. Given the fact that human resources constitute such an important part of banks' resource base, the development of an information system that provides an ongoing assessment of the utilization of these resources is a natural reaction to an essential managerial need. Any HRIS is logically an inventory of the positions and skills extant in a given bank. However, HRIS is more than a simple aggregation mechanism for inventory control and accounting, it is the foundation for a set of management tools enabling managers to establish objectives for the use of their bank's human resources and to measure the extent to which these objectives have been achieved. As "managers come to recognize both the essentiality and feasibility of sophisticated management

information systems for monitoring human resources, more and more computerized personnel management information system such as HRIS will be installed”.

The specific objectives of HRIS were developed around an extensive review of perceived organizational needs. Two such needs were immediately apparent. First, data bases on both people and positions had to be rebuilt to provide the specific information required for HRM needs. The major hurdle was the gross labels used by the traditional personnel related inventories. HRIS offers an alternative to the inherent weaknesses of the label concept. Its development is recognition of the capacity of today's automated technology to input, maintain, retrieve and analyse large amounts of specific data. The second objective, building in part upon the structure of the first, involves output processes entailing new reporting and inquiry methods for HRIS, such as resource allocation review, assignments matching and intake and training projections, etc. These systems require comprehensive data on both positions and persons. HRIS can provide these data in reporting formats shaped to the specific objectives of each system. A strategy to be followed by the HRD Department in this regard is:

- To design and develop the skill inventory in a phased manner.
- To approach the officers at the relevant phase for need-based relevant data, seeking data only on positive aspects.
- To decentralize the skill inventory at regional office level and centralize and computerize the limited data.
- To provide suitable climate for receptivity for the data collected. The feedback and reference from the HRIS can be further facilitated if computerization is introduced to maintain the skills inventory. A HRIS for System Design and Development could be conceptualized and defined as follows:

An information system that monitors controls and influences the movement of human beings from the time they indicate their intention to join, till the time they separate after joining. Thus, computerized HRIS will have the subsystems like recruitment system, personnel information, manpower planning system, training information system, health information system, annual appraisal system, payroll, personnel statistical system and competitors' compensation system. For instance, the computerized data on training will furnish the details regarding nature of training programme-workshop, seminar, refresher course, etc. (in-house or external), venue and duration, participation fee (for external programmes), faculty coordinator and overall evaluation of the course. From the computer output, clear-cut information about the total number of training programmes attended by an individual can be obtained which will be a valuable data for considering the individual's further course nominations. Certain analytical information can also be obtained from the computerized data to make training efforts more meaningful.

On Changing Work Technology

A big change in work technology is in offing in banking industry following the signing of an agreement between the Indian Bank's Association and their Workmen on mechanization and computerization in Banks in September 1983. Mechanization and computerization is bound to have an impact to a greater or lesser extent on the organization and business development of the industry. Hence, the various aspects connected with this problem should be treated as Policy Issues.

As the need for diversification has arisen in the banking industry mainly as a result of falling profitability, it is of utmost importance that their operations are conducted with due emphasis on maximum economy and operational efficiency. Intensive competition in the financial services industry is creating further pressures for cost reductions. The emphasis has, therefore, “to be on high-value or wholesale business and on computerization, which would greatly reduce operational costs”

Computerization is the buzz word today in all activities all over the world. With policy liberalization it has come to stay in India as well. In India, if there is any industry which is most suited to exploit the use of computers, it is banking. Unlike other industries, the raw materials for the Banking Industry is fund of information on accounts, balances, limits, cash, etc. So the banking industry is ideally suited to exploit the new technology. The French have an excellent word for computer, the word is "informatique", a combination of the words 'information' and 'automatic'. In simple words, it is a general machine which can be instructed to perform a series of actions and also to control other machines. Mechanization of branch operations and computerization in banks necessarily warrant appropriate changes in the work technology coupled with standardization of the systems and procedures, and the

glossary of terminology, especially on operation aspects, among the banks, so as to ensure uniformity and proper development of software. This integrated approach helps in achieving higher productivity norms and improved customer service, while implementing mechanization and computerization. Another spin-off benefit of computerization would be the large employment potential due to:

- “The need for computer personnel like data entry operators, verifiers, programmers and system analysts for operation and maintenance of the hardware and software”;
- The enhanced 'capability' of the banking system to effectively service a large clientele, this is expected to lead to faster business growth and expansion, with consequent generation of further employment opportunities; and
- The enlarged employment potential in the industries downstream. These are expected to have a 'multiplier effect' on the scope, potential and availability of job opportunities.

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