

## Faces of Human Resource Practices In Banking Industry

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**Abstract:** The term sustainable development is concerned with meeting the needs of people without compromising the ability of future generations to meet their own needs. The major development challenge faced is to verify that results of development reach people in need through equitable distribution of resources, opportunities and benefits and other is to develop human talents. Human capital is that single largest input to the banking system which gets mirrored within the quality of services offered by the banks to its customers, as also in its ultimate growth, productivity and profitability. The field of HR is described as emergent and dynamic with the cultural business aspects in a banking industry. The human resource management (HRM) function has emerged as one of the most important areas of organizational practice. The strength of the industry is HR and that is why in this study efforts are made find out the challenges faced at present and in future by banks.

**Keywords:** (human, human capital human resource management)

### 1. INTRODUCTION

The world has progressed in several distinctive ways and directions within the last three decades. It has developed technologically, economically and industrially. It is cojointly richer in terms of human capabilities, facilities and quality of living. Developments in education, communication, technology and markets have made the world a global village. People live longer these days, are better informed, can communicate with one another across the world and therefore carry on economic, professional, educational, social and other activities with ease. These decades of development indicate the vast potential for creating a world of order, security and well-being.

Human Resources (HR) are more important in the service organizations than in goods producing industry, as their cost of labour is relatively a high proportion of the total cost of production. Moreover, employees on the front office in the service sector are in direct contact with the customer, and their satisfaction depends upon employee performance. Banks delivers its job across the counter to the final customer. Hence, industry should offer higher services with a smile to the purchasers so as to cultivate and maintain long lasting relationship with their customers.

Notwithstanding the amount of technology, banking is primarily a labour intensive service sector. Hence it'll not be doable for the banks to sustain effectiveness unless human resource management is given

prime importance as a result of the technology. Though technology can replace manual intervention, the thinking process is the exclusive preserve of human beings. The technology will improve speed and quality of performance, but at the same time it can also set free the risk factor.

HR occupies a unique and sensitive position in the banking sector; no change is possible without the involvement of their employees. Hence, efficient and effective HR practices of selecting the right people, who would maximize value and minimize cost within the organization remains a challenging task. The excellence of HR indicates the ability of banks to deliver value to customers. Only one asset holds the power to differentiate banks in the competitive environment i.e., a dedicated, productive and innovative work force. In short, banks have to invest in their work force.

The industry was once a straightforward and reliable business that took deposits from investors at a lower rate of interest and loaned it bent borrowers at a better rate. However freeing and technology diode to a revolution within the industry that saw it remodeled. Today once banks supply loans merchandise at a lower rate of interest, it enhances the expansion prospects of the economy and vice-versa. Human Resource Development has assumed considerable importance in the recent years, be it business organization or a bank or an office, the development of human resource is necessary for its efficient and effective working.

- Increasing cost of human capital

## **2. OBJECTIVES OF THE STUDY**

This research work explores key challenges faced by banks along with its strategies for developing human resource in banking industry.. It is based on the review of literature with the published research, newspapers, internet and the magazines. This research work is made to understand why and how some banks are more successful in promoting services for the customers by comparing the cost with other countries.

## **3. RESEARCH METHODOLOGY**

The study was exploratory in nature. All revealed and unpublished offers on the topic matter was consulted. Interview and discussions were held with the various executive/ Managers/ staff employed in the sector. The HR functions/ activities being undertaken in different banks were also studied. Primary and secondary data available was also used for this study.

## **4. CHALLENGES OF HR FUNCTIONS IN INDIA**

1. Convert the large population pool into useful human resource.
2. Training and development of human resource
3. Employee motivation and satisfaction
4. Retention management of employees.
5. Building competitive advantage over national and international competitors.
6. Minimization of expenditure on hr not compromising on the productivity.
7. Rightsizing the key employees of an organization for its future requirements.
8. Creation of a balanced organization that originates from mergers and acquisitions.
9. Globalization poses HR with challenges such as expulsion and eviction.
10. With multinational organizations, HR needs to focus on cross cultural training.

## **5. MAIN CHALLENGES IN HR FIELD**

- Poor technology infrastructure. compensation system, talent management
- Presence of more number of smaller banks
- Inability to meet additional capital requirements
- Huge investment in technologies
- Entrance of foreign banks to capture talent HR

## **6. MANAGING HUMAN RESOURCE**

Considering the HR challenges which our Indian banking industry is facing, the human resource is managed by proper Planning like

- Hiring the right person for the right job
- Retaining and Developing
- Managing people/ conducting exit interviews

## **7. KEY PERFORMANCE INDICATORS FOR HR PRACTICES**

- Employees clarity on HR policies and roles, responsibilities and expectations
- Development of qualitative staff
- Variety of unit of time problems arising that there aren't any clear policies and tips
- Aggressiveness of compensation structure relative to business benchmark
- Usefulness and accuracy of compensation survey
- Time interval to reply to workers welfare problems
- Employees assessment of promotion criteria and method (clarity, fairness)
- Measurement of HR policy violation
- Average time required to fill vacancies
- Proportion of coaching programs leading to productivity improvement
- Staff attrition rate
- Understanding / clarity of the organizational philosophy
- Define internal capabilities and gaps on skills-competencies-behavioural aspects.

Human Resource professionals are vital to the operation of any business. Responsibilities of a human resources department include hiring employees, maintaining payroll, administrating benefits and complying with regulations. For many businesses, it makes sense to outsource these jobs to a human resource management system comprised of HR professionals. The outsourcing criteria's of human resource work to an outside human resource management system a good deal, such as:

- Speed of services;
- Expertise in the field;
- Access to group rates for benefits;
- Established computer systems;
- Detailed knowledge of regulatory requirements;
- Security of data.

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In response to the change in the business environment, the HR competencies required in any Indian banks are : Decisive thinker, Skilled influencer, Personally credible, Collaborative, Driven to deliver, Courage and challenge, Role model, Curious.

## **8. INNOVATIVE PRACTICES IN HR**

The Innovative Practices in Human Resources study uncovered practices that are reducing HR costs and improving service quality to employees. Practices and technologies include::Internet and intranet employee services, Strategic human resources, Centralized HR departments and call centers, 360-degree performance appraisals, HRIS systems, Employee self-service, Voice response systems (VRUs), Resume scanning and Internet recruitment, Kiosks ,Automated time and attendance systems ,Team policies and development ,Outsourcing ,Business process reengineering (BPR)

## **9. STRENGTHS OF PUBLIC**

High skilled personnel in middle and low level Aggression towards the development of existing standings  
Presence of intellectual capital  
Availability of fresh talent to strengthen bank operations  
Need significant connection between businesses

## **10. FUTURE SCENARIO**

The HR function has a very important part to play if our banks have to improve on these measures and reach global standards. The ‘retirement decade’ provides an opportunity to transform their work force by hiring the right talent, right-sizing and right-skilling them and thereby bringing about a cultural transformation in the functioning of these banks. Good MIS should be the basis of manpower planning decisions including recruitment, placement, performance management, etc. The gap in information and work experience between the outgoing and incoming groups is, needs to be filled in a fast way by ‘mentoring and coaching..

Human factor will be at the centre stage and play a critical role in improving their skill set, mould their mindsets towards customer service and convert our human capital into high value factors of production. Even if employees are not fully “future-proof”, it is important that employees develop a sense of empathy for the customers and do their best to

serve the objectives of banks. Remain alive to the changing business scenario and keep revisiting our policies and procedures to ensure that the employees stay prepared to face new challenges. In a changing environment, advancement in information and communication technology have major HR implications for the RBI as well.

## **11. SUGGESTIONS**

In spite of all these facilitations there still exist several gaps in the HRM practices in banking industry. Some of the specific suggestions given here under:

- Team work is another important and essential soft skill is necessary .
- As people are primary asset, it is essential not only to invest in them, but also to ensure that it can provide the maximum value on a sustainable basis.
- HRD review against business outcomes as part of strategic and operational planning is essential.
- Balanced compromise between organisational need and individual need.
- Wholehearted and agreeable behaviour of staff to the customer is necessary.
- Clear system of succession planning and career growth planning.
- Human capital Balance Sheet should accompany financial statements.

## **12. RECOMMENDATIONS**

There is a necessity to adopt world best practices in money sector regulation and oversight and adapt them to the domestic setting. This demand bigger transparency more practical communication, and a high degree of expertness within the bank's employees, are the need of the hour. There is a need to develop work which encourages efficiency. Incentive structures ought to be planned, supported by appropriate training and motivations, which aligns the employee's goals and orientations with the core competencies and strategic advantages of the institution. Information technology is a locality wherever human resources development is vital. Spirit of co-operation and partnership between employees in banking industries will result in a strong and modern financial system comparable to the best in the world.

## **13. CONCLUSION**

In today's business world human power is considered to be very important factor for any business firm to prosper and move ahead. The flexibility in its practices towards employees proves more effective and increases the commitment of employees towards the organisation. From this study we get an insight to the current practices of banks towards its employees. We could acquire an in depth knowledge on how various steps or initiatives are taken up by different firms in the corporate world.. It also helped us in understanding how values and culture of an organization impacts the employee's productivity

Every individual have a different pattern of working in terms of skill, knowledge, behaviour or personal traits, hence the policies should be in such a way that it is not biased and is common and applicable among all the employees so that there are no issues among them. The employees are retained by giving better facilities in the work area so that they are encouraged to work. Employee motivation is done by performance appraisal on basis of achievement of the targets by employees in the time given to them. There are various challenges for an employee working, the policies determines how well these can be overcome by the flexibility of the job conditions assigned to the. The main emphasis of any form is to provide better working conditions so that employees can work efficiently and smoothly.

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