

***IMPACT OF INNOVATIVE HRM PRACTICES  
ON BANKING SECTOR***

**By Reshma Kukreja and Dr. N.S. Umrani**

**Abstract:-**The business organizations are attaching great importance to human resource because human resources are the biggest source of competitive advantage and have the capability of converting the other resource depends on the type of the HRD climate that prevails in the organization, if it is good than the employee's performance will be high but if it is average or poor then the performance will be low.

The study of HRD climate is very important for all the organization and the banking sector is not an exception, especially in the present situation of financial recession. The present study relates to HRD practices prevailing in the Ulhasnagar banks and the researcher have also tried to make the conducive atmosphere for the employees working in the banks. The researcher have also tried to find out the difference in the perception of employees regarding HRD climate on the basis of age, gender, designation, qualification.

The paper tries to study about HRD climate in the Private sector banks and also offered useful suggestions to the management involved in the operations of the banks.

**Keywords:-**

HRD climate, Employee satisfaction, Private sector banks.

## **Introduction**

The early roots of HRM in India could be traced back to the period after 1920.

The royal commission on labour in 1931 suggested the appointment of labour officer to protect workers' interests and act as a spokesperson of labour. After independence, the factories act 1948, made it obligatory for factories employing 500 or more workers. The Indian institute of personnel management (IIM) Kolkata and the national institute of labour management came into existence in 1950s.

During the 1960s the scope of personnel function has expanded a bit, covering labour welfare, participative management, industrial harmony, etc.

In 1960s and 70s the HR professionals focused more on developmental aspects of human resources.

During the 1990's, organizational restructuring and cost cutting efforts have started in a big way-thanks to the pressures of Liberalization, Privatization and globalization (LPG)era forcing companies to focus attention on employee capabilities product/service quality speedy response, customer satisfaction, etc.

Climate is an overall feeling that is conveyed by the physical layout, the way employees interact and the way members of the organization conduct themselves with outsiders.

1. A tendency at all levels starting from the top management to the lowest level to treat the people as most important resources.
2. Faith in capability of employees to change and acquire new competencies at any stage of life.
3. A tendency to be open in communication and discussion rather than being secretive.
4. Encouraging risk taking and experimentation.
5. Making efforts to help employees recognize their strengths and weaknesses through feedback.

6. Team spirit.
7. Tendency to discourage stereotypes and favoritism.
8. Supportive personnel policies.
9. Supportive HRD practices include performance appraisal, reward management, potential development, job rotation and career planning.

## **ROLE OF HRM IN BANKING**

The banking industry is a highly regulated powerhouse that stabilizes the economic environment of nations around the world. Bank stores sensitive personal information about their clients, and commercial banks often house more valuable inventory-cash-than other retail operations.

### **1. Applicant screening:-**

Certain jobs do not really require a thorough background check, but any job in a bank definitely does. Human resources departments in banks must go the extra mile to uncover the criminal and financial history of job applicants for the safety of their clients and their organization as a whole.

### **2. Bank securities:-**

Human resources department must design and monitor work processes to reduce opportunities for internal theft and collusion. HR policies separate cash receiving, storage, processing.

### **3. Pay decision:-**

As with other industries HR professionals in banks have a hand in making decisions for pay raises and promotions. Bank workforces are unique in that they often have two methods of paying employees: salaries for back-office and other personnel.

## **MANAGING HUMAN RESOURCES**

► Planning as the economy grows at a steady rate of around 7-8 per cent incomes rise and demographic dividends start accruing.

► The banking industry is expected to take a quantum leap forward.

► This growth will need a large number of people and considering that there are retirements in lakhs a defining moment is being presented before the nationalized bank to transform.

Considering the above HR challenges which our Indian banking industry is facing, we can manage the human resources by proper Planning like

1. Hiring the right person for the right job
2. Retaining and Developing

### **1. HIRING THE RIGHT PERSON FOR THE RIGHT JOB:-**

In assessing whether the "right person" has been selected for the "right job", the most prominent theoretical concept that emerges is the concept of "fit". Different writers emphasize different types of fit.

### **2. RETAINING AND DEVELOPING EMPLOYEES:-**

We may be able to get the most suited people for our work but then the challenge is to retain these people and to develop them.

There are several dimensions to this issue such as training/ re-skilling of employees, performance measurement, promotion policy, transfer policy, talent management, communication, etc.

**Objective:-**

1. To know the impact of HRD processes on employee satisfaction.
2. To study the HRD climate in public and private sector banks.
3. To study various policies adopted by HR managers in Banking sector and its impact on the employees performance.

**Review of Literature**

The main objective of the present was to study about HRM practices in the public and private sector and its relationship on employees performance. Relevant references from literature and research studies were collected from books, research articles and research papers from scientific journals. Various libraries were visited in course of collection of review and literature. Various internet websites were also used for retrieval of literature.

**1. K.Aswathappa, Human Resource Management, Text & Cases, Chap No.11, Pg No.440, Motivation Perspectives:-**

It is said that motivated employees come out with the new way of doing jobs. They are quality oriented. They are more productive. For example, advocates of scientific management believes that money is the motivating force. The human relations Movement posits that social contacts will motivate workers. Among all the theories Maslow theory and Herzberg's two-factor model and Alderfer's ERG Approach are more popular. It is also stated that their no single theory successful in bringing out the complexities of motivation, all of them collectively help us understand the behavior of employees.

**2. Sadri Sorab (2006), in his article "The Three Sixty Degree Performance Appraisal":-** has described the meaning, definition, Concept of 360 feedback in the introductory part of the article. Then he speaks about the

specific uses of this concept. This appraisal system is useful for self-development and individual

counselling, performance management and organizational development, remuneration, quality feedback, communication motivation etc. In the next part of the article he gives the information about designing and implementing 360 degree feedback. Validation & pilot testing are given in detail. The role of facilitator and best practice guidelines for 360 degree feedback are given in the last part of the article. Because of its utility, the

system is being used for performance appraisal in the organizations like Aptech Ltd. Blue Dart, Citi Bank, Godrej – GE appliances etc.

**3. Balyan Ram Kumar (2007) has shared his experience in the article titled as “Changing Pattern of HRM Practices under**

**Globalisation: A Case study of MNCs in India.”:-** The author has carried out a research study of MNCs in India from different sector with one of the objectives of knowing and highlighting the HRM practices adopted by MNCs to deal with the competitive situation. The author on the basis of data collected and situation observed, has found the following HRM practices adopted by MNCs in India.

1. HR planning
2. Recruitment and selection
3. Orientation
4. Training
5. Compensation
6. Industrial relations
7. Working environment
8. Performance Appraisal and
9. Promotion.

To improve the HRD practices the author suggests the following points. HR manager should have term approach. HR managers approach should be proactive

rather than reactive. Top management should not go for bureaucratic style to deal with HR related activities. The author suggests improvement in the competency of HR manger relating to human behavior legal procedures, rules and policies of the corporation to improve personal credibility, business knowledge, HR expertise, change, Dealing expertise etc. In nutshell, the author says that the HRM Practices adopted by MNCs in India are properly matched according to needs of present time.

### **Research Methodology**

The present study is focusing on HRD climate in public and private sector banks. This is an exploratory study carried out to identify various banks and employee work satisfaction.

The present study is based on primary and secondary data that has been observed by referring various sites and by collecting data from 60 employees working in Ulhasnagar banks.

### **Data Collection**

Sr.No.	Questions	Strongly Agree	Agree	Can't Say	Disagree
1.	Do you feel comfortable at your working place.	40	15	05	0
2.	Are you satisfied with your HR.	30	10	05	05
3.	Are you satisfied with the policies made by your HR.	35	15	08	02
4.	Have you followed proper recruitment procedure for your job.	48	10	02	0
5.	Are you getting extra incentives for the extra work you do.	55	05	0	0
6.	Whether your HR appreciates you	38	12	05	05

	for good work.				
7.	Whether performance appraisal techniques are followed in your bank.	32	18	06	04
8.	Are you satisfied with you team, you are working with.	40	10	10	0
9.	Whether your HR supports you in the time of difficulty.	51	9	0	0
10.	Your HR motivates you in the need.	47	13	0	0
11.	You have developed yourself after joining in this bank.	30	12	8	10
12.	Whether your HR supports you in your career development.	25	15	10	10
13.	Proper division of work policy is followed in your bank.	34	16	8	12
14.	Whether the work is properly planned in advance only.	31	19	15	05
15.	Is your HR role model.	30	10	10	10

### **Findings From the Data Analysis**

1. Performance Appraisal:-HR always provide feedback on their performance appraisal so they can try to improve it.
2. Motivation & Rewards:-We can say that more than 50% of the employees from them strongly agreed that their seniors always provide them counseling and coaching for their work, so it means there is good communication between them.

3. Career management & Career Development:-Employees agreed that their organization encourages them to help in developing work processes. So there is more chance of work improvement process.
4. Job Satisfaction:- We can say that 25% to 50% of employees are highly satisfied. others are partially satisfied with their jobs but their us a chance to provide them job satisfaction by proper work culture.

### **Limitations of the study**

Any research have some limitations by which certain unavoidable circumstances for example time factor, respondent's attitude, their interest, cost, etc. theses all affect the research study. Different research has their own limitations:-

1. The time I taken for the research is not adequate. So the depth analysis is not done.
2. Some respondents not provide some information due to what's over reason.
3. The study was completed within limited time period.
4. The sample size is very small.

### **Recommendations**

To improve the HRD climate in the bank's the following steps to be taken immediately:-

1. The employees should be encouraged to express their feelings without fear.
2. There should be providing more motivation through various ways.
3. Feedback should be taken at fixed intervals to know the drawbacks in the system.
4. Promotions should be handled fairly rather than biasness or favoritism.
5. HR policies of the organization should be such that which encourages the employees to contribute their best.

### **Conclusion**

HRD climate plays a very important role in the success of any organization because directly or indirectly it affects the performance of the employees. If the

HRD climate is good than the employees will contribute their maximum for the achievement of the organizational objectives.

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