

## **HRM Practices in Banking Sector**

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**Abstract:** The real worth of the Nation lies in the 'Human Approach' while managing people for better functioning of banking sector. Effective HRM practices play a vital role in managing manpower. The aim of present study is to compare HRM practices and policies in public sector and private sector banks. In the present study efforts are made to understand the challenges and issues of HRM in Banking sector and suggestions of improvement in HR practices in public sector banks and private sector banks.

**Keywords:** *HRM, HR practices in public and private sector banks, challenges and suggestions.*

**Introduction:** HRM is an organized learning experience aimed at matching the organizational need for career growth and development. It is a process involving series of learning activities designed to acquire desired level of competence among employees. HRM programs offer long term benefits to an organization.

### **Objectives of the study:**

- To study the different aspects of Human resource Management.
- To study the HRM practices and policies in banking sector.
- To compare the HRM practices and policies in public and private sector banks.
- To understand the challenges and issues of HRM in banking sector.
- To study the emerging trends in HRM applied by different banks.

**Research Methodology:** Research methodology shows the various means of data collection for the present study. The study is carried out by using secondary data. The present study provides a novel way to understand HRM practices in Public sector and private sector banks. The data of the study is obtained from the secondary sources such as various websites, journals, magazines and banks. The study is conceptual and the approach is analytical.

### **Responsibilities of the Human Resource Management Department in Banks:**

➤ **Role:**

The role of the Human Resource Department is to create the climate and the best suitable conditions in which management throughout the bank will be enabled to obtain the individual as well as collective contribution of bank employees to the short and long-term success of the bank.

➤ **Responsibilities:**

To continuously monitor the bank's strategies to ensure that HR policies are appropriate that employee numbers and skills are fully supportive of such strategies.

To support line management in day to day management of the work force

To support line management by providing advice and consultancy on personnel and performance management issues.

To be the principal sponsor and guardian of HR policies in the bank.

### **HRM Policies and Practices in Public Sector and Private Sector Commercial Banks:**

There are 26 commercial banks operating in the public sector in India. SBI and its 5 Associate banks, 19 nationalized banks and IDBI Bank appear under the public sector. Out of 21 private sector commercial banks. 14 appear under old private sector banks, while the remaining 7 are grouped under new private sector banks.

These policies and practices of Indian Commercial Banks which have been discussed here under:



## **HRM Policies and Practices of Public Sector Commercial Banks**

**Recruitment and Selection:** they follow two cadres of staff: officers and workmen.

The specialized cadres include the following:

- Agriculture Extension Officers (AEOs) having a graduate or post-graduate degree in Agriculture.
- Technical officers (TFOs) having engineering degree in IT, computers, electrical or civil etc.
- Chartered Accountants
- Law Officers having an LLB degree
- Security officers
- Economist officer

**Promotion:** Performance of an employee gets due consideration at the time of any promotion.

**Compensation:** pay scales are revised every 4 years. Last Biparite agreement was signed in the year covering the 4 year period from 1.11.2008 to 31.10.2012.

**Training and Development:** Inside training conducting as per requirements. In some cases, employees are posted for training to outside organization also such as IIMs, NIBM, Pune etc.

## **HRM Policies and Practices of Private Sector Commercial Banks:**

#### **A. Selection and Recruitment:**

- a) Senior Management Cadre
  - 1. Bank officer Director
  - 2. Chief General manager
- b) Middle Management Cadre
  - 1. General manager
  - 2. Deputy General Manager
- c) Junior Management Cadre
  - 1. Assistant General Manager
  - 2. Manager
  - 3. Assistant manager
- d) Sub staff and award staff

#### **Recruitment of Employees**

- 1. Award staff
- 2. Special assistants
- 3. Armed Guards

**Promotion:** promotion on the basis of policies made by board time to time.

#### **Compensation:**

- Fixed pay
- Variable pay
- Employee stock options

#### **Training and Development:**

Private sector banks also explore, wherever appropriate, the feasibility of entering into collaborative arrangements with universities and other institutions of repute in India and abroad.

## **Current Challenges faced by Banking Sector in HRM**

- **Right people:** The most difficult agenda of HRM across the banking sector is to retain the right people. Sudden growth of retail banking and other services has put pressure on HR Managers in banks to engage more professionals within shorter span of time thereby attracting manpower in other banks on attractive packages.
- **Job satisfaction:** Everybody in the bank wants to work in the preferential department, preferable location, city of his own choice & boss of his liking.
- **Effective work force:** A time-consuming & hectic job is to hunt the right talent. Banks are keenly interested to fill up two types of breeds of professionals. Ones who are outstanding professionals with high job hopping attitude- these are those who come-in-work for some time and then leave for better prospects. Others are those who are keenly picked-up, trained & are somehow retained to be developed as future management within the bank.
- **Morale Boosting:** what has long been overlooked is the morale boosting of the employees by the organizations. Human beings even if satisfied of material wellbeing need to be appraised and encourage constantly.

## **HRM Issues in Banking Sector**

- Trade unions
- Union Rivalry
- Collective Bargaining
- Threats of Agitation
- Bilateral Negotiations
- Overtime
- Punctuality and Attendance
- Unauthorized Absence
- Productivity

- Managerial Efficiency
- Role of HRM
- Downsizing/Right sizing Manpower strength
- Knowledge worker
- Training and Development
- Building corporate culture

### **Suggestions for Improvement in HRM in Public Sector Banks:**

- Awareness is to be created at all levels that HRM is everybody's business and systems for creating such awareness are to be developed.
- Scope of employee suggestion schemes needs to be expanded to make it more participative and effective practice and useful suggestions should be encouraged.
- New manual for computer audit should be prepared and the access to software, kind of access and the risks involved are required to be assessed periodically, so that of computerized branches serve the purpose of an audit and does not become a routine.
- A thorough and scientific screening of the participants should be done before selecting employees for training so that the right types of personnel are selected for the right type of training.
- Banks should establish a high power HRM committee at the corporate level. Alternatives, the form and the scope of the Training Advisory Committee will meet at least once in 3 months.

### **Suggestions for Improvement in HRM in Private Sector Banks:**

- Continuous commitment should be met among the officers of private banks.
- Need Analysis Workshops in Training and Development need to be conducted by HR department for those bank officials, whose performances are below the standard, training help to improve the performance as per standard.
- Timely feedback of the bank officials should be taken that help in motivating them.
- Recreational facilities like organizing events, games, planting trees, wishing their employees on birthdays etc. that help them lead an efficient and stress free life.

- Bank should recruit more employees in order to reduce the workload of bank officials.

### **Emerging trends of HRM in Banking Sector**

Few emerging trends of HRM which are implemented by banks to enhance their Human Resource are as follows:

#### **HDFC, Axis HSBC:**

These banks make it mandatory for an employee to take 15 days continuity leave in a year wherein the employees are encouraged to spend days with their family for which the entire expenses are borne by the company.

#### **RBI (Reserve Bank of India)**

Offers flexi-time to its officers to get better employees 'work-life balance'.

#### **HCBC Bank:**

HCBC is an equal opportunities employer. They do not discriminate on grounds of age, gender, color, race, language, caste, creed, economic or social status or disability.

#### **BANK OF BARODA:**

- Opportunities for employees especially groom employees throughout their life cycle.
- A Best-in class new hire on-boarding program.
- Wide range facilities apart from salary.
- Art of internal training system.

#### **ICICI BANK:**

- Flexible Maternity Policy.
- Educating employees apart from business in banking.

**Conclusion:** Banking Industry been a high human involvement sector, needs to integrate human resource management strategies with the business strategy. HRM practices include managing the workforce by creating commitment, better quality of services to consumers and



improving teamwork. The other practices of HRM are recruitment placement and performance management effective HR practices plays an important role in gaining competitive edge in business.

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