

TOWARDS A MODEL OF HUMAN RESOURCE DEVELOPMENT IN BANKS

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Abstract :

Human resource development as an emerging system in modern organizations has been recognized as a panacea for many workforce problems. Surprisingly, HRD in financial institutions has not much received attention as it deserves when compared with the other avenues of business organizations. Encouraged by the thought that an attempt to conceptualize a model of HRD in Banks would pay in the long run making modern financial institutions growth oriented and dynamic, this paper proposes a conceptual model of HRD and application of such model in financial institutions. Besides, it also attempts to propose some new strategies to make HRD activities more meaningful and result oriented in financial institutions. Besides, this paper also introduces the function of HRM from a strategic perspective in modern banks with a view to improve upon the operational efficiency and the quality of services in the context of emerging economies.

Introduction

The Indian economy has experienced rapid economic growth since the 1990s. Due to the government's deregulation policy, the country has been more exposed to the global economy. This is the result not only of foreign direct investment that has poured into the country, but also the decentralization policy of the government *a priori* has generated more investment in the several regions of the country.

Banking Service in India

Financial System is the most important institutional and functional vehicle for economic transformation of a nation. Banking sector is reckoned as a hub and barometer of the financial system in a country. As a pillar of the economy, this sector plays a predominant role in the economic development of the country. The geographical pervasiveness of the banks coupled with the range and depth of their services make the system an indispensable medium in every day transactions.

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The virtual monopoly of banks in 'Payment Mechanism' touches the lives of millions of people every day and every where. Thus the banking sector has been playing a significant role as growth facilitator.

The Indian Banking service has made remarkable progress since independence. Having undergone, a major transformation from class banking to mass banking, they are racing against the super multinational banks. The banking scenario has completely changed today despite, the tremendous influence of moneylender even after the introduction of the commercial banks.

Ever since the financial sector reforms were introduced in early 90's the banking sector saw the emergence of new generation private sector banks. These banks gained at most popularity as they have technology edge and better business models when compared to public sector banks and the most important thing is they are able to attract more volumes simply because they meet their customers' requirements under one roof.

Initially Banks in India performed their role as financial intermediaries collecting "Deposits" and lending "Loans". But subsequently the banks not only became the purveyors of money, but also the creators or manufacturers of money in a financial system (Sayers, 1958). In a developing country like India, since the propensity to consume is high and the capacity for domestic savings is low, capital becomes scarce (Gopalkrishnan, 1987). Thus, the banking system, along with entrepreneurship is the key agent in the process of economic development in India (Narasimham, 1984). This reason called for a well-conceived social control concept for banking system in India, which led to nationalization of major banks. In this way, even though the role of an individual banker is no doubt a passive one, the role of the banking system as a whole is both active and important for economic development (Sayers, 1958).

The concept of depositing and drawing or borrowing money from the banks is still prevalent in the Banking industry in India.

However, today, the activities in the banks have expanded to include more than the provision of accounts, loans, but sell insurance policies and so on all at one place. The trends are so much directional so much, the banks might encourage transacting non-banking operations also in the future. Technology also has facilitated banks in making their operations more effective in avenues of business.

Besides, the IT operations have become integral to a speedy response to borrowers problems in Indian banks today. With the new private sector banks setting the pace with automation, it has already signalled the Public Sector Banks that they would have tough time ahead in the banking business. Along with automation and personalized services, a modern bank must concentrate on well-furnished premises with modern furniture's to satisfy both employees and customers.

Interestingly, there is a general concern with regards to banking service in India. A study on banking service in India revealed that big banks have poor record on customer service (Sharaff, 1997). Delays in rendering service, attending to the customer, and indifference towards customers were found as some of the factors affecting banking service in India, in the said study.

One important factor emerged, as that the process of economic liberalization and financial sector reforms in India, is the issue of customer focus to the forefront. The customer choice and awareness have increased tremendously in this decade due to more open economy, the advent of information technology and media revolution, besides hectic competition for resources by banks and non-banks. Today, the banker and customer relationship has come under sharp focus both at the bankers' as well as the customers' end. Customer retention has thus gained top priority for banks in India. If the bank's management does not understand its customers at the ground level, it may end up

taking unprofitable decisions and pursuing wrong strategies, which may alienate the customer.

Further, the modern banks in India have realized the growing importance of people as their competitive advantage, and hence initiated the HR systems, policies, procedures and practices with the focus on the customer orientation. Many have, by now, installed computers, networks and HR information system software to streamline the HR activities. But, there are still several gaps on the development aspects of people at work in banks.

Banking being a service sector industry, productivity of the staff has a significant bearing on the banks overall performance. Profitability based indicator -the profit per employee of public sector banks witnessed a significant rise between the period 1996-97 and 1999-2000. It rose from about Rs.35000 per employee to about Rs.65000. This is so conspicuous that much prominence is attached to the people who deliver services to the wider stakeholders of the Banks.

Thus, this article has three fold objectives. Firstly, it explores the importance of HRD in Banks as people deliver the services that are expected to be of high quality oriented. Secondly, it explores the need for a model of HRD in a banking setting, which could be easily emulated, or with slight modifications adapted. Lastly, it draws implications of practicing the HRD model in modern Banking organizations.

HRM: An Overview

As there is an immediate need to meet the global standards and to remain competitive, banks will have to recruit specialists in various fields such as Treasury management, Credit, Risk Management, IT related services, HRM, etc. in keeping with the segmentation and product innovation. As a complementary measure, fast track merit and performance based promotion from within would have to be institutionalized to inject dynamism and youthfulness in the workforce [Shroff, 2005]. To institutionalize talent management, the first priority for the banking industry would

be to spot, recognize and nurture the talent from within. Secondly the industry has to attract the best talent from the market to maintain the required competitive edge among global players. The critical issue is how talent is integrated and sustained in the bank. Therefore proper system of HRD should be put in place by all the banks.

Human resources are treated as indispensable because of their potential to activate the other factors for production of goods/services in modern organizations. In banks, it is being increasingly recognized as inevitable and crucial to the effective functioning of the Banks as they are more people intensive than equipment are. Despite its developing stage in banking organizations, HRD being a very recent function appreciated and initiated in the prospective Banks. On the other hand, yet there seems to be lack of proper orientation with regard to the design of the HRD function in the banks.

During the pre-liberalization era, personnel management has ended functionally a fiasco. There are several reasons for such failure. One such important reason is the neglect of organizing and executing it scientifically on the part of personnel functionaries. Probably, this was one of the reasons for which HRD could not break the ground in financial sector. Currently, HRD concept is being brought into the Banks due to the much hype it has received as a consequent of popular press and the conferences conducted by several professional associations in the country in the wake of mergers and acquisitions of banks.

Many organizations have not properly understood the contribution of HRD and its design in the organizations despite its popularity in some manufacturing and service organizations. Many of them considered it as a panacea to all employees centered problems and assume that it would generate quick-fix solutions to such employee problems. Nevertheless, HRD in its original sense is intended to help the organizations have competent employees working for them, while producing quality services for the realization of what Drucker once said 'profit-making and survival' as the ultimate goals of any organization, whether they are manufacturing or service organizations. As these concepts are interrelated Banks needs to make

profits, within their policy framework and the RBI regulations, in order to survive as the market seems to exist for those who compete strategically. Surprisingly, we have large number of small Banks, cooperative, rural banks which need HRD in a different form of function altogether as they cannot afford to have a full-fledged system and practice, which is expensive for initiating and maintaining as can be found in the large banks.

What is HRD?

HRD in a Banks can be defined as “ planning, organizing, directing and controlling of a programme that has a wide range of activities relating to the development of employees in terms of enabling them to acquire competencies needed to perform their present and future jobs with ease and enthusiasm”. It is a continuous process to ensure the development of employee competencies, dynamism, motivation and effectiveness, in systematic and planned manner (Rao, 1990). It deals with brining about improvements in physical capacities, relationships, attitudes, values, knowledge and skills of the employee required for achieving the purposes of the Banks. If employees are effective, their contribution to the Banks will be effective, consequently they will also be effective in accomplishing their business objectives.

Importance of HRD in Banks

Banks utilizes the skills and efforts of a number of widely divergent groups of professionals, semi-professionals and non-professionals. It also differs from other large scale organizations, in that, here in this organization, there is

- i) extensive division of labour
- ii) high interdependence of services
- iii) efficiency demanded by the public
- iv) complementary expectations among people at work
- v) little control over workload and over its key members
- vi) Nature of work involves certain amount of risk.
- vii) Reliance on information technology to reduce errors in work

Today's Banks are increasingly faced with resource constraints due to the economic trends that are prevalent all over. With large amounts of budgets being spent on the human resources, it is very important to get good “value

for money” through sound HRD practices. HRD becomes imperative in banking organizations due to the following :

- i) Manpower is the most important factor of production of the services in banks like any other services.
- ii) Human resource costs are usually 60 to 70% of the total cost of the Banks.
- iii) There is shortage of quality and quantity of human resources in our Banks.
- iv) High turnover among professionals and paraprofessionals due to offshore opportunities. Therefore, how to retain the talent has been a challenging task of the HR professionals.
- v) Underutilization and wastage of human resources in banking organizations due to lack of professional HRD function.
- vi) Low motivation resulting from poor working conditions, top management being out of touch with the people, inadequate growth opportunities and lack of cordial relationships among the staff.

Towards the Model of HRD in Banks

A new model of HRD in banks has been proposed in this section incorporating all the major issues for systematic initiating, implementation and evaluation of the HRD systems.

As shown in the figure 1, the top management commitment to the HRD has to be genuine in order to have the HRD efforts systematized and support from the other functionaries. This commitment is essentially expressed in the form of ratifying a written HRD policy, which provides guidelines for designing HRD activities in banks. Presence of HRD policy not only provides guidelines for evolving appropriate HRD activities but also facilitates budget allocation for the overall HRD programme. Besides these, the involvement of line management in HRD programme is very crucial for the effectiveness of the overall HRD programme in the Banks as they are the frontline in the implementation of HRD activities.

On the other hand, there is a need for conducive HRD climate which is a sum of perceptions of members about the organization and its HRD philosophy, systems and practices, prevalent in the banks in the form of values of openness, confrontation, trust, authenticity, proaction, autonomy, collaboration, experimentation (which are also called OCTAPACE elements). In the presence of these values, there exists harmony for the conduct of HRD practices, which are strategically evolved. There is a need for assessing the HRD climate in order to understand the preparedness of the Banks for initiating HRD practices. HRD climate survey involves obtaining data from the members of the banks using standardized instruments for the measurement of members' perceptions about HRD systems and their impact on the members' satisfaction prevalent in the banks. One such instrument which deserves scrupulous regard is developed by TV Rao (1990). This instrument incorporates 38-items which reflect OCTAPACE culture. This instrument has been found to be consistently reliable and valid across various organizations for more than a decade.

By and large, the HRD philosophy of the Banks is understood from having elicited the top management commitment through HRD policy and the involvement of line management in the HRD programme. Thereafter, the Banks needs to assess the HRD climate before initiating HRD activities.

Thus, there is a need for applying managerial functions in order to make HRD system more effective in the Banks. This way, the HRD mechanisms which include Training, Performance /potential Appraisal, Career Development, Other Development activities like integration during mergers and acquisition of banks and the diversity of workforce could be effectively planned, organized, directed and controlled in the light of the Banks business objectives.

Further, the model shows two levels of outcomes: the primary and the secondary level outcomes. Primary level outcomes are viewed as improvements in Quality services orientation, Job involvement and job commitment. The secondary level outcomes are viewed as organizational, individual and clientele consequences, which are affected quite likely by other

factors. These secondary level outcomes might include increments in Employee satisfaction, customer satisfaction, Banks effectiveness and decrements in NPA, and recovery patterns in the Banks.

Secondary level outcomes are best viewed as consequences, which are relative in nature. They occur, if at all, later in time and usually in response to high degree and long lasting of the variables like Quality services orientation, Job involvement and job commitment. Therefore, HRD practices can influence the 1st level outcomes and the second level outcomes, which are directly influenced by the 1st level outcomes of quality services orientation, job involvement and job commitment.

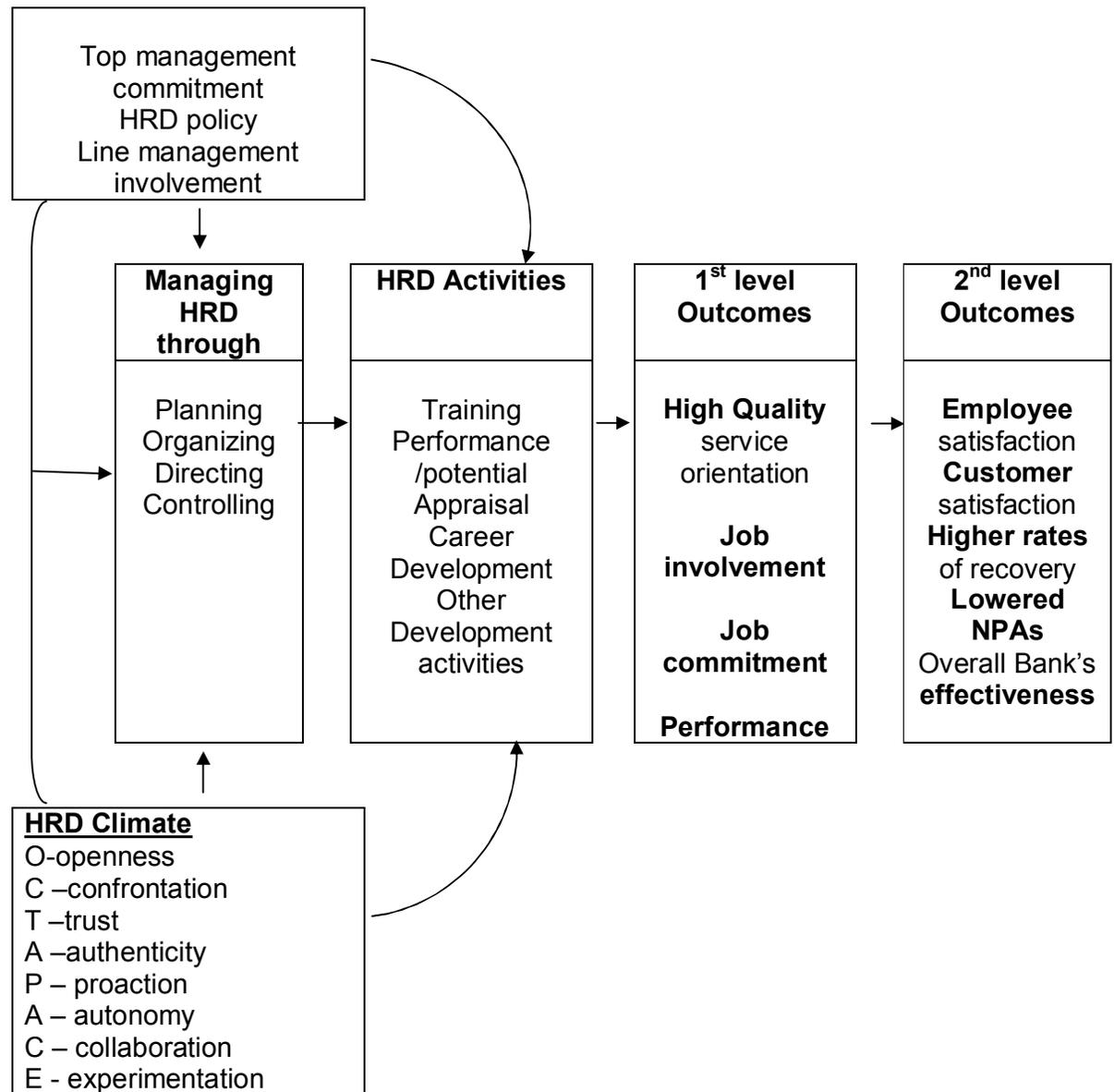


Figure 1: Model of HRD in Banks

Let us look at the HRD mechanisms applicable in a Banks context in detail. Human resource development as an operative function of human resource management in a Banks can be achieved through three main sub-activities, which should be well planned and organized for better execution. They are, i) training, ii) performance appraisal/potential appraisal, iii) career development, and iv) other development activities which includes diversity issues, integration issues of mergers and acquisition of banks.

Training – The aim of any training programme is to provide instruction and experience to new employees to help them reach the required level of performance in their jobs quickly and economically. For the existing staff, training will help develop capabilities to improve their performance in their present jobs, to learn new technologies or procedures, and to prepare them to take on increased and higher responsibilities in the future.

Training is formal and informal instruction designed to ensure and improve the individual's performance at work. It helps the individual achieve the stipulated or expected performance standards. Training needs may be derived from appraisal reports, dedicated surveys, human resource plans and corporate strategy; or assessed for the new entrants to the posts in question. Why is training needed? An employee's value is measured not only in terms of the cost of employing them, but in terms of the investment made in their training, development and on the job learning. Post-experience training in the Banks should focus on the improvement of the quality of service, and use of better or new technologies. There is enough evidence to show that employees who were trained on a regular basis are the ones who provide a higher quality services to the customers. In Banks, there is a need for the continuous training of the staff in the areas of customer care services on operational aspects and behavioral aspects of the business. How are the needs identified? The training needs are assessed through task analysis and performance analysis, which can be conducted through surveys, or from the information furnished by the heads of the departments, customer complaints, even from the reports on 360 degree feedback systems.

In case of a large Banks ,there are two ways of conducting training programmes – through an established department having a full time HRD functionary who oversees all the training and development functions of the Banks or through an external trainers coordinated by the HRD department These days Banks have recognized the need for training and re-training their staff, in order to develop a competitive edge over their competitors in delivering high quality services to the customers.

In case of small Banks, who can neither afford to have an established HRD department nor employ an external training consultant who just conduct the training programmes and often do not have official arrangements for the post training improvements at the work place. Therefore, these small Banks could come together and have an independent HRD networking institution, which is represented by their respective Banks' administrators. These representatives seek the external consultants help in designing and conducting the programmes and the full-time employed professionals of the networking institution take care of the follow-up services. This way, the HRD efforts in these Banks will not only be more productive but also meaningful in terms of the financial dictum "return on investment".

As regards the areas of training in the Banks, it is suggested that some of the major subjects that deserve utmost attention are emotional intelligence, high quality service orientation and employee empowerment.

What is emotional intelligence? Emotional intelligence quotient is characterized by an individual's self-awareness, mood management, self-motivation, and impulse control and people skills. It is strongly suggested that EIQ is far better than mere IQ tests because it is EIQ test that separates the stars from the average performers (Goleman, 1996). As the Banks job involves dealing with financial issues which involves emotions of a wide range of people, there is a need for an emotionally stable workforce who performs their jobs in such risky situations. Besides this, service orientation is yet another personality attribute that is imperative on the part of the Banks employees.

What is service orientation? Service orientation is helpful, thoughtful, considerate, co-operative, and kind-hearted disposition which is an important attitude needed in all kinds of jobs that involve dealing with people and customers in a Banks. As such, as part of personality improvement, the training programme should also include scope for inculcating a sense of service orientation among the employees. A 19-item scale is proposed for its adoptability in banks.

Each item of the instrument is measured applying Liker's 5-point response pattern; where strongly agree is given the score of 5, agree is given the score of 4, neutral is given the score of 3, disagree is given the score of 2 and strongly disagree is given the score of 1. Illustrative sample items of the Service Orientation Scale are as given below.

- I Willingly assist other Banks personnel in helping customers.
- I Communicate clearly and courteously with customers.
- I always notice when customers are upset.
- I never resent when I don't get my way through in helping customers.
- The service I perform is completely done by me.
- I can tell the impact of my job on the service to my customers.
- I have got chance to serve the various kinds of customers here.
- I feel I am rendering meaningful service to the customers.
- A lot of customers are benefited by my service.
- This job gives me an opportunity to fulfill my motive to service and work.

What is empowerment? Empowerment can be defined in either a relational or a motivational sense. In the relational sense, empowerment is "the granting of power, the delegation of authority". Defined motivationally, any practice that enhances a belief in self-efficacy increases a sense of power. An effective way to bring about an increase in self-efficacy is through active attainment, the authentic mastery of the tasks related to a job (Burpitt, 1997).

Allowing empowered line employees to make routine decisions frees supervisors from responsibilities for less important tasks. While managers recognize the advantages of employees taking an active part in the decision making process, conflicts may develop. For empowerment to be effective, the organization must be committed to the program and be willing to devote both resources and time to its implementation.

Generally, the increases in autonomy from empowering workers results in increased motivation, job satisfaction, and enhanced job performance. Not only do employees have power to make decisions, they also have useful knowledge and internal motivation to make certain that the Banks' goals are being achieved.

Many employers do not realize that in order to provide a superior customer service they must have an empowered workforce. Banks that empower their employees believe the increased attention to their employees and customers is justified. This results because employees' best understand the customers' needs, and they will also have increased job satisfaction.

How, then, do we make empowerment -- which will certainly be a reality in the near future -- work? The answer may be in training and teamwork, both of which, if applied correctly, should insure success in most organizations. Managers can adapt their leadership and decision making styles to the situation, the time, and people involved. If all employees involved have had input, it is not a violation of empowerment theory for a team leader to make the final decision.

Lastly, self-directed learning (SDL) should be encouraged in case if the Banks cannot afford to have organized training programmes, which are carefully supervised. Concrete practices intended to promote SDL in the workplace. These practices have included the establishment of resource centers; efforts to improve learning skills; focus on increased personal responsibility; and recognition of informal learning. Banking institutions present a significant potential for SDL because of their organizational structure and the characteristics of their workforce.

What is SDL? It is usually construed as an event or series of events where learners enjoy some latitude in carrying out their activities, where they can take some initiative regarding their own learning, and where they are responsible to some degree for their activities (Foucher & Tremblay, 1993).

Several instances of training practices in financial organizations could be as follows. One example is enabling groups whose learning strategies included problem-solving interactive activities, and autonomous learning. A second example is where client files are transferred to a computer database. Tellers are trained in their units using simulation software. They are assisted by personnel identified as "super-users". A third example of high-autonomy,

high-initiative learning activities is the team-managed learning projects (usually designed in collaboration with the training manager of the unit). The projects encouraged individual responsibility for customer satisfaction, and increased personal involvement in learning outcomes. Furthermore, they represent creative development opportunities for more experienced employees. Fourth, coaching is a widespread activity in banking institutions, especially for familiarizing new employees. The coach can be the unit manager, or a fellow employee. The coaching period varies in length depending on the needs of each unit and of each individual. That activity, can be characterized as informal with regard to the methods used for acquiring knowledge and skills, the content structure, and the project design.

Fifth, there could be the practice of assigning a particular employee to deliver instructions to a particular group, in response to a specific need. That method successfully transfers some responsibility to certain employees, while encouraging the development of exchange networks within the organization. It also caters to the specific learning needs of each situation and each individual. Furthermore, the involvement and collaboration of trainers, directors, employees, and HRD managers towards the achievement of each goal is facilitated by the physical proximity of the actors. These activities are characterized by a high degree of initiative, and by active employee involvement in the selection of resources.

Lastly, with regard to training of employees from diver backgrounds is a very crucial aspect in modern business. Programmes on diversity issues have to be exclusively identified and developed and implemented for employees irrespective of level and function they belong to. The outcome of such programmes should be widely circulated to all the people at management and employee levels in the entire banks' hierarchy as part of new letter circulation.

Performance and potential appraisal – performance management or getting the best from staff, almost defines the management task. This goes beyond setting objectives or appraisal and requires a holistic approach including considering what motivates the bank employee.

Performance appraisal is a formal technique for assessing individuals, to advise them about their progress, improve their performance, judge their merit and identify any personal difficulties. It is considered a powerful tool to improve upon performance and the productivity of human resources. Used effectively, it has a tremendous strategic potential for patterning employee behaviour. and can be used for selection, training, career planning and reward systems in the Banks. It provides data about past, present, and expected performance of Banks employees, which is helpful in taking a decision about several constituent functions of HRM. Unlike traditional appraisal systems, which were in the nature of checks, modern systems should gear to help employees build his/her potential for future performance. Of the several methods of performance assessment, three are relevant for Banks. They are:

Management by objectives (MBO) – a method by which every employee sets his/her own objectives in consultation with his/her superior, and accounts for success or failure in accomplishing these objectives in the stipulated period of time. This method is appropriate since almost all the employees are educated and matured enough to use and utilize the benefits of this method.

Behaviourally anchored rating system (BARS) – a system by which good and bad behaviour can be described and measured against a scale of performance levels. This is very important method since it will help explore the areas of service delivery where customers are affected badly. Therefore, this method is more suitable to the assessment of performance as it is also linked to the mission objectives of the Banks.

360° feedback- a procedure by which all concerned superiors, subordinates, and colleagues of the employee give their ratings of his/her performance for a period of time. This system should be carefully designed and executed, with the objective of enabling employees to identify their strengths and weaknesses, rather than making use of them as a basis for reward. If the latter takes place instead of the former, then employees tend to resent it and develop a kind of aversion to it, which consequently will affect their performance and the system of managing it.

Today, the customers are demanding more for the quality services. Therefore, quality-related performance indicators need to be developed and incorporated into the performance measurement system. To name some of them, Banks reputation, Number of customer complaints, Internal failure (e.g., defects) , Complaint resolution time , reducing waiting time, process capability, employee involvement/ empowerment , education/training , preventive maintenance , total cost of quality.

Career development – let us list out the types of banking staff. In broad terms the banking staff at various grades and levels is: clerical levels, grade I, grade II, officers and managerial grades. Within each grade and level, a career structure exists. In case of clerks, various jobs could be identified to which the staff could be exposed ranging from deskwork, teller work, to customer enquiry handling tasks. Various jobs include, collections, credit cards, savings and investment operations, accounts, treasury, loans originating, processing, underwriting, closing, credit risk/financial analysis, collections, fraud checks and the information technology related jobs. All these people need career development.

A career is a sequence of positions occupied by a person during the course of his/her professional life. It is affected by the changes in values, attitudes and motivation that occurs as a person grows older. Career planning is important because the consequences of career success or failure are linked closely with the individual's concept of self, identity, and satisfaction with career and life. It is common knowledge that career planning of employees has a direct bearing on the productivity and quality of their lives. As such, Banks should be sensitive to the needs of career management systems which include people's aspirations and organizations' needs. In Japan, employees make a lifetime career commitment to an organization, because of its well-paved career paths for its employees. Though the same may not be possible in our organizations, yet a consistent career can be arranged for the employees as the Banks invests large amount of money in its employees (from their joining to till leaving) than any other service or manufacturing organizations. It is unwise to

let people leave with all the skills, knowledge and expertise that have been imparted to them over a time.

Other development activities – in addition to the above, there is a need for having employee counselling services. Employee counselling could be broadly in the areas of job performance improvement and personal adjustment problems. This gives an opportunity for employees to have feedback regarding their performance on a continuous basis and have increasingly meaningful experiences in performing tasks and assignments besides they explore solutions to their personal problems in a friendly manner. Organizational development programmes could also be initiated with the help of HRD networking agency or an independent OD consultant. Currently, there is a scarcity of consultants who could initiate OD programmes in the banking organizations. Line and staff problems are abound in Banks in magnified proportions. Unlike the line in manufacturing sector, the line in Banks comprises of those who take care of the banking operations involving the direct delivery of services to the customers. They often have conflicts with the managers who provide supportive services. This issue could be addressed in the OD programme. Evidences show that change management programmes have not been successful in the Banks due to the cost involved in implementing the change. Therefore, alternatives could be explored in this direction.

In the recent times, there is a growing concern among the HR professionals to have a strategy for dealing with people in the context of post merger and acquisition of banks. Here are some points for evolving a strategy. The primary roles of HRD functionaries during this phase are to

- a. develop strategies for retaining key people
- b. examine compensation and benefit programs
- c. identify barriers to a merged culture
- d. create and execute a comprehensive plan for communicating with the new organization.

All of the change-management expertise in the banks should be called upon to address employees' anxieties about the merger.

Thus, designing a complete HRD system can benefit the Banks in a big way, rather than initiating it on a piecemeal basis. First, a HRD climate assessment should be conducted to know if the Banks is prepared to have HRD programmes. Next, is the creation of an HRD function or department or linkages with HRD network association. A professionally qualified HRD functioning could be employed who will design all the HRD processes. All this requires systematic planning, controlling and development of the HRD function. Before initiating the HRD systems, the HRD functionary will conduct the HRD climate survey and explore the readiness of the banks to initiate the HRD systems. In the mean time, the HRD systems could be designed and kept ready for their implementation after the climate assessment.

What is HRD climate? HRD climate is the “perception of the employees about the characteristics of the HRD systems and its subsystems which can be induced from the way an organization deals with its members for their growth and development of skills, knowledge and attitudes that are needed to perform the present and future job roles”. It is argued that it is a pre-requisite for Banks to assess the HRD climate before starting the HRD mechanisms/practices. This will enable Banks to know whether they need to start HRD or they need some more time to start the function later.

Implications for Practicing HRD in Banks

Some of the aspects that HRD functionary or Banks manager should take into consideration before initiating HRD programmes in the Banks are given below.

- Conduct an HRD climate survey to assess whether a ‘developing climate’ exists in the Banks.
- Generate a report based on the survey, abstracts of which can be submitted to the top, middle and lower levels of management.
- Assess the top management’s belief in and support to HRD.
- Develop the OCTAPACE culture (openness, confrontation for cause, trust, authenticity, proactive, autonomy, collaboration and experimentation).
- Design HRD mechanisms (performance/potential appraisal, training, career development, and so on).
- Implement HRD mechanisms and make an audit of the improvements.

Lastly, in the words of Pareek, and Rao (1982), if HRD systems are implemented well, the employees are likely to become happier, committed and enjoy their work more. In addition, there is likely to be a multiplication of the capabilities of employees thus increasing the career choices of

employees. Such happier and committed employees also make their customers cheerful and happy as they improve their quality of life through economic sufficiency.

Conclusion

The main function of HRD in the banking industry is to facilitate performance improvement, measured not only in terms of certain financial indicators of operational efficiency but also in terms of quality of financial services provided. The skill level, attitude and knowledge of the personnel play an important role in determining the competitiveness of a bank. Banks have to understand that the capital and technology-considered to be the most important pillars of banking -are replicable, but not human capital, which needs to be viewed as a valuable resource for the achievement of competitive advantage. The primary concern of the bank should be to bring in proper integration of human resource management strategies with the business strategies. It should foster cohesive team work and create commitment to improve the efficiency of its human capital. More than operational skills today's banking call for these 'soft skills' to attend the needs and requirement of the customers at the counter. The need to adopt global best practices to financial sector regulation and supervision to the domestic environment, places a premium skills and expertise of the bank human resources.

Human resources are to be treated indispensable because of the potential it has to activate the other factors for production of goods/services in modern organizations. In banking sector, it is being increasingly recognized as inevitable and crucial to the effective functioning of the Banks. This paper addressed three issues of HRD in Banks. Firstly, the importance of HRD in a Banks has been presented due to the employee-intensive operations of a Banks. Besides, a major portion of the budget of the Banks is spent on the human resources in the form of recruitment and selection, training and other HR costs. Secondly, a model of HRD in Banks has been proposed for a better understanding of the HRD framework. Lastly, the implications for implementing HRD function in the Banks have been drawn with the hope that small and big Banks can have this function to help the customers enjoy the services offered by the banks.

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