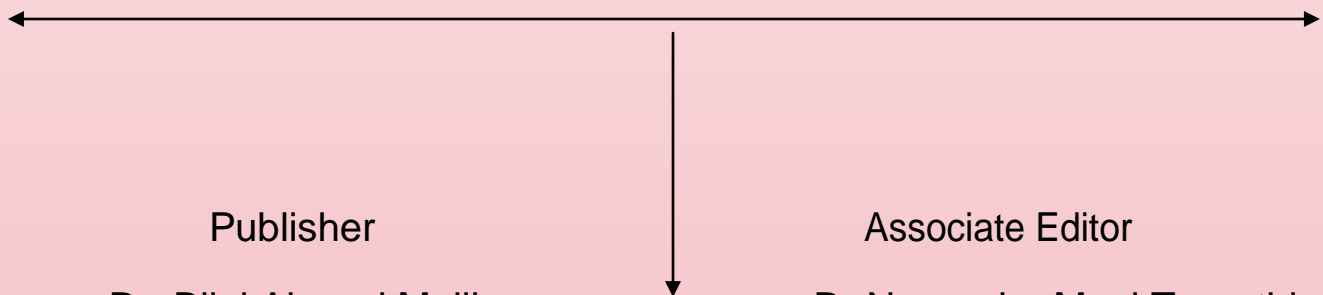


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## HUMAN RESOURCE MANAGEMENT PRACTICES IN BANKING BUSINESS

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### Abstract

*Human Resource Development refers to empowering people and enabling them to use their power for development of the organization to which they belong, and society at large. It refers to developing pro activity and capacity to embrace larger issues. Considering the vital importance of human resources, they are now being treated as assets which are most precious for the survival of an organization. New values are being added. There has been a shift from traditional masters slave relationship to the modern trusteeship system (in which employers and employees are considered as partners investing their wealth and labor respectively) and from traditional salary administration to the new Human Resource System (HRS). With human resources being a part of an organization, HRS is a subsystem of larger system i.e., an organization and Human Resource Development is the center of HRS and most vital for the organisational advancement. Human Resource Development includes both the development of the people and development of an organization. In this paper, an attempt has been made to reflect the human resource management practices in Indian banking sector.*

**Key Words:** Organizational Change, Holistic Management, HRS,

### INTRODUCTION

A key focus of human resource management is highlighted in the role of staffing, performance management, training and development and compensation that plays indifferent types of business strategies. With the acquisition and preparation of resources, including planning, recruitment selecting and training affect the whole organizational performance. Beyond the human resource strategies are the rewarding and compensating that can strengthen or weakened the employee effectiveness. In order to give recognition and increase motivational levels amongst the employees. All the HRM strategies and function should be aligned to help the company meet its objectives-as well as focusing on their customers.

To make the Indian banking system stronger, efficient, and low cost the creation of fundamentals must include in the bank's operations, strategies and processes, strengthening the prudential norms and market discipline; adoption of international benchmarks; management of organisational change and consolidation within the financial system ;and human resource development as catalyst of the transformation.



The human resource field in the Banking Industry is considered as one of the processes of discovery and transformation. The field of Human Resource can be described as emergent and dynamic within the cultural business aspect in a Banking Industry. The success of today's banking business will sparsely depends on the human resource of the organisation in which plays a crucial role in providing the service needed. The evolution of banking system in India affected the human resource practices, recruitment and selecting practices, and training system. It is very important that the details of human resource are discussed along with the employees; build their own career planning, perceptions and development.

The primary strength of the industry as the human resource that is why the efforts to develop the skills and management are the main subject placed before the human resource. A major challenge for many banks will be to develop the special competencies and skills for credit appraisal and risk management. Putting the information technology as key contributor in human resource development. Therefore, the HRM model of the future will require professionals to be both driving and anticipating change, understanding the complexities of the new business environment and forces shaping it.

HRM management is the holistic approach to the practice of optimal utilisation of human resource and keeping into consideration of their satisfaction at workplace, which will help the smooth sailing of the organization.

The best practice approach asserts that certain HRM practices are found to consistently Lead to higher organisational performance. HRM practices support innovation through the development of innovations in HRM practices occurred when senior lone managers take the lead and through adoption depends on the attitude of top management and their relationship with the HRM department.

Industrial credit and Investment Corporation of India was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry with the objective of creating a development financial institution for providing medium-term and long-term project financing to Indian businesses. Previously Banks transformed its business from a development financial institution offering only project finance to diversified financial services, both directly and through a number of subsidiaries and affiliates like Commercial Bank.

Human resource is considered as the axis of any financial institution. HRM contributes to organisational performance in different ways: through sound functional basics; through effective realignment when the external environment changes; and by building an organisational context to that the organisation can cope with the dualistic forces. The core function of HRM in banking industry is to facilitate the performance improvement among its people. Factors such as skills, attitudes and knowledge of personnel, play a critical role in determining the competitiveness within the organisation or the industry. The quality of human resource shows the ability of banks to deliver the value to client of customers.

Indian banking has been an important driving force behind nation's economic development the emerging environment poses opportunities and threats as well as human resource in dynamic economic and business environment. The primary emphasis need to be on integrating human resource strategies with the business strategy.

## TRANSFORMATION IN BANKING BUSINESS THROUGH HRM

A key focus of human resource management is highlighted in the role of staffing, performance management, training and development and compensation that plays indifferent types of business strategies. With the acquisition and preparation of human resources, including planning, recruitment selecting and training can affect the whole organizational performance. Beyond the human resource strategies are the rewarding and compensating that can strengthen or weakened the employee effectiveness. In order to give recognition and increase motivational levels amongst the employees. All the HRM strategies and function should be aligned to help the company meet its objectives-as well as focusing on their customers. To make the Indian banking system stronger, efficient, and low cost the creation of fundamentals must include in the bank's operations ,strategies and processes; strengthening the prudential norms and market discipline; adoption of international benchmarks; management of organizational change and consolidation within the financial system ;and human resource development as catalyst of the transformation.

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## REVIEW OF LITERATURE

The concept of Human Resource Management Practices in Indian Banking Business has been the subject of many studies and research endeavors among the scholars throughout the world. Some of the relevant studies are being presented here. Ghani et. Al. (2011) concluded that that the contribution of services to total growth is higher than industry's contribution. In poor countries, services and industry have contributed more to growth than in rich countries.

Ghani Ejaz (2010), Economic Advisor, South Asia Region, World Bank expressed that the globalization of services provides alternative opportunities for developing countries to find niches, beyond manufacturing. As



the services produced and traded across the world expand with globalization, the possibilities for all countries to develop based on their competitive advantage expand.

Dwivedi. R (2007) emphasised that financial functions are important but not as important as the marketing functions. Friction between the marketing and finance functions would be detrimental to the smooth development and functioning of any business organization. Patnaik U.C. et.al (2006) assessed the marketing efforts of the State Bank of India. He concluded that though the bank has taken up some measures to improve the quality of its employees and customer service at branches but its pricing are willing under competition without any regard to costs and it is yet to give due emphasis to its promotional measures.

Ratnam and Sengupta (2005) concluded that the banks are facing many hurdles in the new era of deregulation and ever increasing competition. To fight these problems efficiently, banks should focus on customer satisfaction, which can be achieved through providing customized products and innovative ways of delivery etc. Shankar (2004) concluded that focus on customer is not to be viewed as just a business strategy but should become the corporate mission. The challenge for banks is in the areas of people changing their beliefs and attitudes, technology and competition.

Shanti Sarup K. (2004) found that for delivering quality service, it is imperative to have customer orientation as a culture in the bank. Customer orientation builds long term relationships resulting in customer satisfaction and cash flows to the banks.

Mukhejee et. al (2003) presented the development of a theoretical framework for measuring the efficiency of banking services, taking into account physical and human resources, service quality and performance. Expenditures on quality improvement efforts and the impact of service quality on financial outcomes have long intrigued researchers.

Gadkari (1977) examined the critical success factors and stressed that excellence in customer service and high level of customer satisfaction will remain elusive goals even with the induction of the state of the art technology and competitive pricing of products if the employees at the grass root level are not committed to these goals.

## CONTRIBUTION OF HRM IN IMPROVING COMPETITIVENESS

With the galloping intensity of competition banks have to satisfy its employees and survive in cut throat competition. As technology allows for telecommuting and more communication than ever before, corresponding changes in the workplace pose challenges for today's HR practices due to

- Social Media (Face book, Twitter, Blogging, Linkendin etc,)
- Generation Gap
- Doing More with Less
- Employees Retention
- Laws Regulations and Accountability
- Work Culture.

- Ethics and values
- Managing low attrition rates
- Balancing work life
- Stress and conflict
- Performance measurement criteria
- Compensation Management
- Sexual Harassment of female
- Consultative approach
- Restructuring organizations
- Globalization

The aim of this research paper is to clarify the variables that impact on the success and recognizing the importance of showing how human resource contributes towards the business strategy, human resources effectiveness and development in the organization.

## CONCLUSION

This paper aims to identify the items for administrative skills, competitiveness and HR policies. The efficient conflict management shall help to direct the teams towards right goals. The cultural support shall help in understanding and managing the workplace. It is also required to influence the management attitude for the betterment of employee as well as the organization. Hence, management of commitment is also an important variable for administrative skill development. The employees should also be given freedom to work in the right direction for betterment of the business.

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