

## **A Study on Human Resource Development in The Indian Banking Sector**

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### **ABSTRACT**

Efficient human resource development is one of the most essential requirements for survival in this competitive world. In this paper, an attempt has been made to test the hypothesis for administrative skills, competitive advantage and human resource development (HRD) policies. This study reveals that Indian bank managers have good administrative skills for industrial competitiveness. Also, they have good administrative skills to manage HRD policies.

**KEYWORDS:** Administrative Skills, Banking Sector, Competitiveness, Human Resource Development.

### **INTRODUCTION**

To bring out the best in a man is the essence of human resource development. Simply speaking, Human Resource Development (HRD) is the process of increasing the capacity of human resources through the development. Human Resource Development is something that everyone does. Individuals do it as they work to develop themselves; managers do it as they work to support others' development and the Human Resource Development staff does it, as they create the overall development tools for an organization. Thus, it is a process of adding value to individuals, teams and the organization as a human system.

In a larger context, 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 proactively 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 master 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 organizational advancement. Human Resource Development includes both the development of the people and development of an organization.

### **LITERATURE SURVEY**

The literature survey was conducted on the research topic from leading national and international journal. A brief review of the survey conducted is as follows:

## **NATIONAL POLICY**

Human Resource Development consists of all measures calculated to improve the quality of human resources for the nation as a whole. It embraces within its scope education, health, welfare and such other activities, which are concerned with efficiency and quality of life. Considering the importance of Human Resource Development in the national context, the National Human Resource Development Network and Ministry of Human Resource Development came into existence. It is a non-profit organization and a professional body dedicated to the advancement of knowledge, skills, values and attitudes through education, training and experience sharing.

## **ORGANIZATIONAL POLICY**

Organizational policy involves the use of processes through which the employees of an organization are prepared to give their best for corporate objectives. It involves setting up of a system through which human capabilities and potentials can be tapped resulting in mutual satisfaction of the individuals and organizations. It is a process by which employees of an organization are continuously helped in a planned way to meet the objectives of an organization.

## **DEPARTMENT POLICY**

❖ Department policy involves the processes through which employees working within a department are organized to develop and sharpen skill to meet the organizational objectives. It involves the creation of mutual trust, confidence, transparency and improved process to reduce process times in the interest of employees.

❖ HRD deals with individual values, behavior, action and thoughts. In other words, it means an all-round development of the person so that he can contribute his best to the organization, the community and the nation.

## **ORGANIZATIONAL EFFICIENCY**

❖ Organizational efficiency focuses on the use of money and other resources. Nonprofit organizations measure efficiency based on the relationship between the effectiveness of services and organizational expenditure. On the other-hand business organizations focus on maximization of profits.

❖ The efficient HR practices combined with unions shall influence organizational efficiency. Firms can generate human capital advantage through recruiting and retaining excellent people.

## **INDIVIDUAL EFFICIENCY**

Increasing personal efficiency and productivity can be a satisfying outcome. Increasing efficiency and productivity comes from changing behaviors, not doing more things. The positive attitude helps in improving personal productivity more than any of the modern electronic gadgets available today.

## **TECHNOLOGICAL DEVELOPMENT**

❖



- ❖ Technology is the practical application of science to commerce or industry. Human resources tasks cover a large variety of activities requiring different skills ranging from compensation and benefit administration (highly quantitative) to employee relations (highly qualitative).
- ❖ Sartain clarified that, in order for this to happen, HR should bring the customer's voice to inside an organization, and accomplishing that, upper management will empower HR to reflect the customer's value proposition.

## **COMPETITIVE ORGANIZATION**

- ❖ Jack quoted that in the competitive market today, keeping the business and its people or human resource (HR) competitive is not easy. Competitiveness focuses on the ability to compete in the market by learning new ways of doing business.
- ❖ Flotter et al. presented a framework and suggested to focus on: 1) focus on desired strategic outcomes; 2) identification and implementation of essential human resource management actions; and 3) enhancement of competitive advantage.

## **MANAGEMENT COMMITMENT**

- ❖ It is defined as, "Engaging in and maintaining behavior that help others to achieve a goal". Managers always focus on the best practices for human resource management (HRM). Sometimes this is referred to as "high performance work systems" "high commitment" HRM or "high involvement" HRM.
- ❖ The ultimate objective is to improve the organizational performance by measurement of the same. Cooper et al, classified management measurement as: directly asking questions and monitoring. They also reveal that senior management experts influence more on the employee motivation.

## **DEGREE OF FREEDOM**

The labor market force is one of the key factors in determining an organization's "degrees of freedom" in HR strategic formation. The demand and availability of particular skills, knowledge and expertise, is a key factor to adopt an appropriate HR strategy.

## **EFFICIENT ORGANIZATIONAL DEVELOPMENT**

Bolton and Abdy, quoted that organizational development is about "strengthening organizations so that they can better achieve their mission." Also, it is about being both effective achievement of objectives and efficient use of resources. Hence, it's about doing the right thing; but it's also about doing things right.

## **OBJECTIVE ACHIEVEMENT**

Human resource management influences many of the key systems; business processes under planning effective delivery as well as fosters corporate social responsibility ethics, and helps to achieve a high performance corporate culture. Hence, HR should be poised for this leadership role as it is adept at working horizontally and vertically across and within the organization to compete in this competitive world.

## **CULTURAL SUPPORT**

It is a set of common understandings around which action is organized, finding expression in a language whose nuances are peculiar to the group. Becker classified the culture as; weak or strong, inhibitive or facilitative, and consistent or inconsistent. When an organizational culture is already established, people must unlearn the old values, assumptions, and behaviors before they can learn the new ones.

## **CONFLICT MANAGEMENT**

In most conflicts the different perceptions collide to create disagreement. Conflict is natural and needs to respond quickly and professionally. The differences shall be mitigated by stimulating creativity, promoting innovation, and change management. Mismanaged conflicts and disagreements harm important work and workplace relationships. Hence, effectively managed conflict promotes cooperation and builds stronger relationships.

## **MANAGEMENT ATTITUDE**

Lise et al quoted that the industrial psychology has controversial history related to the study and understanding of employee attitudes and job satisfaction. Some of this research is very specific and aimed primarily at other researchers, while other publications provide practical guidance on understanding, measuring, and improving employee attitudes.

## **OBJECTIVES OF THE STUDY**

The specific objectives of the study are;

1. To identify human resources development of policies and practices followed in the banking sector.
2. To analyze the effectiveness of human resources practices of the study units.
3. To examine the level of Administrative skills in the Indian banking sector.

## **RESEARCH HYPOTHESES**

- ❖ The proposed research hypotheses are shown in [Figure 1](#). It is based on the premise that Indian managers understand the relationship between administrative skills, competitiveness, and HRD policies. These hypotheses are explained as follows:
- ❖ H1: Indian bank managers have good administrative skills for industrial competitiveness. The growth trend in the banking sector and a vast opportunity has made this sector attractive. Nowadays, bank managers offer vast competitive schemes to attract customers. These schemes shall not be implemented without good administrative skills. To face the competition, the managers have developed sufficient administrative skills to satisfy customers as well as employees to face the competition in this industry.
- ❖ H2: They have developed HRD policies for competitiveness nowadays, the banking sector organizes many seminars and development programs to take competitive advantage. The HRD policies are modified for industrial competitiveness.



- ❖ H3: Managers have good administrative skills to develop and manage HRD policies Taken the things together, has led to the understanding that the managers have good administrative skills to develop and implement HRD policies.

Figure 1: Proposed research framework

|                            |                      |                   |
|----------------------------|----------------------|-------------------|
| Administration skills (H1) | Competitiveness (H2) | HRD Policies (H3) |
|----------------------------|----------------------|-------------------|

## DATABASE AND METHODOLOGY

A survey questionnaire has been used as a primary instrument to collect information. The pre-pilot survey was conducted based on a strong literature survey in consultation with practitioners and consultants in the field of banking sector. Based on their responses the necessary corrections were made. Later, pilot survey was conducted and again necessary corrections were made in the questionnaire. A total of 450 questionnaires were distributed by randomly selecting respondents from; bank organization's web-sites, telephone directory 2010.. The questionnaires send were followed in response and finally 289 questionnaires were received from respondents operating in the banking sector (CEO/President/VP/GM/AGM = 25; Managers = 104; Field Supervisor/clerk etc. = 160) yielding a response rate of 64.2%. The questionnaire responses were digitized using SPSS software and scale reliability was done. The items were refined and purified to obtain the reliable scale. For this purpose corrected item-to-total correlation and Cronbach's alpha statistics were used.

## FACTOR ANALYSIS OF HUMAN RESOURCE MANAGEMENT IN THE BANKING SECTOR

Hence, the entire requirements for conducting factor analysis were met. The factor analysis was done using Principal component analysis with varimax rotation. The results are shown in [Table 3](#).

## RESULTS FOR STRUCTURAL MODEL

The theoretical framework for proposed models is shown in [Figure 1](#). The three hypothesized relationships among competency development, employee motivation and organizational climate are shown. The results of [Figure 2](#) using AMOS 4.0 version showed that the model has Chi-square = 1.227, DF = 24, P = 0.00. All the loadings are

**TABLE NO.1 CORRECTED ITEM TO TOTAL CORRELATION, ALPHA AND COMMUNALITY FOR ITEMS OF HUMAN RESOURCE DEVELOPMENT IN THE BANKING SECTOR.**

| CD | SCALE MAEN IF ITEM DEDECTED | CORRECTED ITEM TOTAL CORRELATION | COMMONALITY EXTRACTED |
|----|-----------------------------|----------------------------------|-----------------------|
| A1 | 48.4                        | 0.58                             | 0.98                  |
| A2 | 48.4                        | 0.57                             | 0.99                  |
| A3 | 48.4                        | 0.55                             | 0.97                  |
| B1 | 48.4                        | 0.62                             | 0.93                  |

|    |      |      |      |
|----|------|------|------|
| B2 | 48.4 | 0.58 | 0.92 |
| B3 | 48.4 | 0.60 | 0.90 |
| B4 | 48.4 | 0.60 | 0.95 |
| C1 | 46.2 | 0.85 | 0.86 |
| C2 | 46.2 | 0.88 | 0.87 |
| C3 | 46.0 | 0.83 | 0.89 |
| C4 | 46.0 | 0.81 | 0.89 |
| C5 | 46.0 | 0.84 | 0.92 |
| C6 | 46.0 | 0.81 | 0.90 |
| C7 | 46.0 | 0.83 | 0.93 |

**TABLE NO 2 MEAN AND STANDARD DEVIATION FOR ITEMS OF HUMAN RESOURCE DEVELOPMENT IN THE BANKING SECTOR.**

| CODE | ITEMS                                | MEAN | SD   |
|------|--------------------------------------|------|------|
| A1   | National policy                      | 1.86 | 0.78 |
| A2   | Organisational policy                | 1.87 | 0.78 |
| A3   | Department policy                    | 1.87 | 0.78 |
| B1   | Organisational efficiency            | 3.84 | 0.83 |
| B2   | Individual performance               | 3.84 | 0.81 |
| B3   | Technological Development            | 3.84 | 0.81 |
| B4   | Competitive organization             | 3.85 | 0.83 |
| C1   | Management commitment                | 4.09 | 0.83 |
| C2   | Degree of freedom                    | 4.10 | 0.82 |
| C3   | Efficient organizational development | 4.22 | 0.87 |
| C4   | Objective achievement.               | 4.23 | 0.86 |
| C5   | Cultural support                     | 4.21 | 0.88 |
| C6   | Efficient conflict                   | 4.21 | 0.87 |
| C7   | Management Attitude                  | 4.22 | 0.86 |

**TABLE NO. 3 FACTOR ANALYSIS RESULTS FOR HUMAN RESOURCE DEVELOPMENT IN THE BANKING SECTOR**

| ITEMS                                | ADMINISTRATIVE SKILLS | COMPETITIVENESS | HRD POLICES |
|--------------------------------------|-----------------------|-----------------|-------------|
| Management Attitude                  | 0.93                  | -               | -           |
| Cultural support                     | 0.91                  | -               | -           |
| Efficient conflict management        | 0.91                  | -               | -           |
| Objective achievement                | 0.91                  | -               | -           |
| Efficient organizational development | 0.90                  | -               | -           |

|                                  |      |      |      |
|----------------------------------|------|------|------|
| Technological Development        | 0.79 | -    | -    |
| Management commitment            | 0.79 | 0.95 | -    |
| Management commitment            | -    | 0.93 | -    |
| Degree of freedom                | -    | 0.93 | -    |
| Conflict organizationdevelopment | -    | 0.92 | -    |
| Individual performance           | -    | -    | -    |
| Organisational efficiency        | -    | -    | -    |
| Tecnological development0.96     | -    | -    | -    |
| Organisational policy            | -    | -    | 0.95 |
| National policy                  | -    | -    | 0.95 |
| Eigen value                      | 8.2  | 2.96 | 1.8  |
| % variance                       | 38.9 | 20.6 | 13.0 |
| Cumulative % variance            | 58.9 | 7.95 | 92.5 |
| Scale reliability                | 0.99 | 0.97 | 0.97 |

**CONCLUSION**

The results of the study are in consonance with the studies quoted in the literature review. However, despite the statistical sophistication of structural equation modeling, this study has the major limitations as few of the lot of top management participated in the study. Here, it is pertinent to mention that these people are instrumental to develop policies and procedures for Administrative Skills, HR Policies, and Competitiveness. Also, the microscopic structure of the organizations is very complex in nature due to different attitude and perception of the respondents. Hence, for more detailed analysis of these, the groups and subgroups of the people are also needed to be studied.

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