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HRM practices in public sector banks of India

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Abstract

In Indian Banking sector must develop a human resource management system on a systematic basis and take up human resource management policies and practices that vigorous the needs of the banking sector. The Indian Banking industry must be managed by banking professionals in order to be aggressive and to take hold of the fruits of the sector on the global level. This paper studies a review of human resources management policies and practices in the banking sector in India principally in Public Sector Banks with consideration of some important indicators of banking sector such as job analysis, recruitment and selection, training and development, performance appraisal and compensation. As a result, the suggestions will support proper implication of human resources management practices in the Indian public sector banks.

Keywords: HRM practices, public sector banks

Introduction

Nowadays, Indian banking sector is facing wide variety of opportunities and the bright future circumstances. The changing economic circumstances, represented by swift process of globalization has brought out all the nations of the world together, without geographical boundaries for trade and commerce but with great amount of employment opportunities for individuals. Due to swift advancement in information technology and telecommunication in the recent years, the banking sector has been undergoing swift changes, reflecting a number of current reform processes. However, there are certain problems in the Indian Banking system, which require great awareness. Some of the major problems are:

- Poor Technical Infrastructure of public sector bank are major hurdle in swift progress of banks.
- Uninterrupted buildup of morass, which hampers the profitability of the banks.
- Public sector banks are also effected from the heavy over staffing, which reduces competency of the banks.

Above all these require a strong change in the HR Practices recruitment, training, placement and promotion policies of the banks. Thus, the main concern is how to remove legacies of the past and meet the demands and challenges of the new era.

Human Resources Management Practices: Human resources management practices play a very critical role in achieving the organization's goals and maintain the competitive advantage. HRM practices refer to organizational activities directed at managing the pool of human resource and ensuring that the resources are employed towards the fulfillment of organizational goals. Human resource management practices is the management of people within the internal environment of organizations, comprises the activities, policies, and practices involved in planning, obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate numbers and skill mix of employees to achieve the organization's objectives. Presently organizations are competing through implementing the unique HRM practices and due to the globalization organizations adopt the most up-to-date HRM practices in order to achieve the organizational goals. Best HRM practices are valuable for both employee and employer; it plays an important role in supportive growth and competency of the organization. Keeping in view of HRM practices, it is understood that the HRM did not has direct role in business development but was more concerned with centralized recruitment to staff. In this context, the review of the study covers the following most important indicators of HRM practices, which were followed by any public sector bank

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(A) Job analysis: Job analysis involves collecting information about the characteristics of a job using one of several methods: observation, interviewing, questionnaires, or more specialized job analysis methods such as position or functional analysis. Organizations sometimes use a combination of job analysis methods. All the Banking authorities reported that they follow a combination of several methods for job analysis of the employee.

(B) Recruitment and selection: Public Sector Banks follows systematic procedure in recruitment and selection activities. For Recruitment and Selection these banks follows some standard most of the cases. The practiced arrangement for selection and recruitment is the corporate decide what positions will have to fill and how to fill the immediate as well as future requirements. This total procedure is designed to cover all positions from bottom to top level.

Indian Public Sector Banks use both methods of recruitment i.e., internal and external markets. Usually, for clerical and officer posts, external market is used through advertising etc. On the other hand, the managerial/executive positions are filled up through promotions and transfers i.e., for higher positions the internal market is usually relied upon. In some of the PSBs in India, the practice of recruiting specialists such as technical employees, management trainees etc. directly from the reputed institutions through campus interviews have been started. Some banks are also utilizing the services of consultants and employment on contract basis.

(c) Training and Development: HRD as one of the major functional area in HRM. Continuing education and training programmes' are essential considerations to enrich their careers and excel their development. Banking activities and knowledge is ever changing. In order to cope up with these changes and to develop employees' careers all banks established their own training institute. Those institutes organized different types of training and development programmes based on the employees need. Those needs are identified by need assessment activities.

Training is more in IPSBs because the training system in the banking industry has a strong structural base, and has capabilities to handle training in large numbers. The system has also developed several innovative activities in the training area such as on-location training, manager to messenger programmes. Further the IPSBs have a good support to training efforts from apex level training institutions such as National Institute of Bank Management and Bankers Training College. The IPSBs have more than three hundred individual bank level training colleges and training centers. Training is given emphasis by all banks, although not much systematic training need analysis is carried out. The training colleges conduct training programmes for relatively junior level bank staff. For most of the senior level training, banks depend on external agencies, especially foreign training organizations. Training establishments of some of the bigger banks complain of under utilization.

(D) Performance Appraisal: Performance appraisal is the systematic, periodic and an impartial rating of the employee's excellence in matters pertaining to his present job and of his potentialities for a better job. (Edwin B.

Flipp). Public Sector Banks in India give more attention towards performance appraisal in the organizations. Performance appraisal based on quality of output, potential of the employee within the organization etc. need to be incorporated across all grade, cadres and levels. This will not only ensure maximizing productivity, but also go a long way in motivating star performers aligning with the long-term mission and vision of banks.

(E) Compensation: In general, the compensation in Public Sector banks is mostly based on seniority or work experience. The Indian public sector banks should reward their professionally qualified employees by scale up-gradation and special increments besides motivating and encouraging them to acquire new knowledge. Common pay structures based on number of years of service with the bank put in etc need to be phased out in a planned manner. Indian public sector Banking System The Indian public sector Banking System includes the SBI and 7 its associate banks, and 19 Nationalized Banks. classified as:

(1) Public Sector Banks: (a) SBI (State Bank of India and its 7 Associate Banks) These banks function under the top monetary authority, viz., Reserve Bank of India. The names of these banks are as follows: Public sector banks are (a) State Bank of India and its seven Associates Banks (1) State Bank of Bikaner and Jaipur (2) State Bank of Hyderabad (3) State Bank of Indore (4) State Bank of Mysore (5) State Bank of Patiala (6) State Bank of Saurashtra (7) State Bank of Travancore.

(b) 19 Nationalized Banks are (Out of 20 Banks, one Bank 'New Bank of India' merged with Punjab National Bank in 1992-93 resulting into 19 Nationalized Banks) (1) Allahabad Banks (2) Andhra Bank (3) Bank of Baroda (4) Bank of India (5) Bank of Maharashtra (6) Canara Bank (7) Central Bank of India (8) Corporation Bank (9) Dena Bank (10) Indian Bank (11) Indian Overseas Bank (12) Oriental Bank of Commerce (13) Punjab and Sind Bank (14) Punjab National Bank (15) Syndicate Bank (16) UCO Bank (17) Union Bank of India (18) United Bank of India (19) Vijaya Bank

Suggestions: On the basis of review of this study the following suggestions are made for better HRM practice in the Public sector banks in India:

Public sector Banks should have used highly Technical Infrastructure based on current technology, which provide the swift progress to public sector banks. In the recruitment and selection process of employees, the banks should give priority to the candidates who has post graduate degrees in Accounts, Management and Economics, etc. It is also suggested that institutional training should provide to improve the effective skills of employee. Employees should be motivated to utilize the information technology and e-libraries so that capability gap would be reduced.

It is necessary for reformation of salary as a reward to motivate employees in particularly in public sector banks.

To develop human resources management practices, the bank should undertake different human resource development programmes including continuing skill oriented education and training for career development. Banks can send brilliant employees to abroad on fellowship/scholarship for training and learn new technology in order to attain competence at global level.

Banks should organize seminars, workshops, conferences, different short courses, and training programmes on financial matters, current issues, software up gradation on regular basis that would definitely help to develop knowledgeable manpower, create awareness and change mental attitudes among the professionals.

All banks should allocate sufficient budget and send competent employees to international conferences and seminars to prepare them for the competitive knowledge at global level market.

Human Resource Management is essential to empower the department or divisions for handling different issues in HRM practices in banks. The divisions should be incorporated with well-organized human resource information systems and modern information technology facilities.

Public sector banks should frequently invite staff for suggestions and their active participation in meetings in order to encourage, staff satisfaction and remove the gap between employee and higher level management.

The Training institute conduct training programmes for junior as well as senior level bank staff. For most of the senior level training, banks depend on external agencies, especially foreign training institutes. It is better to utilize of bigger banks training institutions even for senior level instead of depending on external agencies or foreign organizations.

It is also suggested that employee output should be evaluated based on purpose assessment but not on prejudice. Clearness in evaluation and encouragement policy also suggested.

Conclusion: The success of banks basically depends on the coherent development of the banks employees. Along with coherent development of the knowledge worker, technical infrastructures of the bank must be ensured to develop the effectiveness of the employee and the bank. The Public sector banks have to take initiation to modify in their HRM policies and practices, in order to compete with private/foreign banks in present circumstances. Bank should spread out their HR activities in all branches and develop strong HR policies. Decision making Power and accountability should be properly circulated to all HR managers. Bank should give some significant power and role to HR director in order to authorize the HR departments. This will help to recruit and maintain skilled, knowledgeable and well performed workforce to meet current and future organizational as well as individual needs. Henceforth, the public sector banks in India have to utilize many opportunities to meet certain challenges under the changed circumstances. Considering the present dynamic global business environment, the present paper mainly focused on the HRM system in public sector bank in India. Public sector banks need to pursue more modernized HRM practices.

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