



ORIGINAL RESEARCH PAPER

Management

CORPORATE GOVERNANCE AND IMPORTANCE OF HUMAN RESOURCE DEVELOPMENT IN BANKING SECTOR

KEY WORDS: Human Resources; Organizational Advancement; Subsystem of Larger System

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ABSTRACT

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 proactivity 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 masterslave 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.

INTRODUCTION

Human Resources plays the important role in setting the corporate culture and it plays the important role in setting the formal and informal relationships between the managers and employees. In many organizations Human Resources has a quite large entertainment budget, which is not used for Human Resources, but it is used for the informal activities helping to strengthen the corporate culture. HR plays the important role in the team building. The team building is extremely important for the efficient organization. The informal relationships among the managers speed up the processes without any efficiency projects, as the managers tend to trust each other, when they know each other. The information spread and the managers tend to co-operate. As they want to help the friend, they do not tend to help to another department in the organization.

HR tends to include some learning activity to the team building, but it should be a real team building for the managers. They should know each other and the important interconnections across the organization should be built. Sure, the bill for the alcohol is huge, but HR should pay the prize for building the relationships, which can save the organization in the future.

HR has to understand its role in the teambuilding and it should support building the informal relationships. It is almost impossible to calculate the benefits for the organization, but it increases the general recognition of Human Resources as the managers remember the activities. The HRM functions in these companies work on a collaborative model with their potential leaders which means that the job of people development is not left to the HRM function or the leaders alone. Instead, the potential leaders are identified and then their performance is linked to the enabling and empowerment of others to move up the chain. In other words, the ability to spot talent and identify leaders for the future is done by both the HRM function and the senior management who work in tandem in this effort. Research into these successful companies has shown that the people management in these companies is world class and the contributing factor that differentiates these companies from others is that the HRM function plays a critical role throughout the employee lifecycle and not at the recruitment and training phase alone. The other factor is that the leaders in these companies are expected to have skill sets that match the need for adapting to

the challenges of the 21st century business landscape. In other words, these companies groom the leaders of the future right from the middle management level.

REVIEW OF LITERATURE

- 1) Studies on employee engagement have been undertaken by top global research firms. The Conference Board, a prestigious non-profit business membership and research organization in USA (2006) identified key drivers as trust and integrity, nature and content of the job, career growth, co-workers/ team members and development of employee's skills.
- 2) Angela Sinickas (2005) focuses on how an engagement survey differs from an attitude survey by asking outcome questions about ideal employee behaviour which could be achieved more easily with engaged employees. The author has suggested that engagement surveys should include questions on the extent to which supervisors display communication behaviour and how well informed employees are better engaged.
- 3) Gupta and Gangotra (1986) studies human resource development (HRD) practices in Jyoti Ltd. And pointed out that first attempt to introduce HRD in 1980 was not encouraging. But effort made in 1982 (2nd) was quite successful.
- 4) In 1983, there was change in the organizational structure of the company. The HRD department used the opportunity to initiate organizational development activities in the company. A series of organizational development (OD) were organized to improve individual inter-personal and team effectiveness.
- 5) John Keller (1987) developed ARCS model for motivational purpose. Attention, relevance, confidence and satisfaction (ARCS) is must be adopted in motivational design. Thus training most introduced this model for the benefit of employee, stated by John Keller.
- 6) Hiltrop (2002) evaluated the HRM practices of Multinational organizations i.e. those organizations which operates in more than one country. This article differentiates between multinational and domestic companies and also compared and contrasted the HRM practices of multinational companies. The conclusions drawn from the study help to understand what strategies multinational companies adopt to attract talent, its retention and how to motivate people and how this varies between industries and nationalities of the corporate

parent.

- 7) Bhatia S.K (1986) in the research Article "Training In Public Enterprises: Future Directions" reported trend in the area of training in public enterprises in the context of the need to meet the challenges in the public enterprises as, Human Resource training would be the dominating concern; Market changes and competition would be another trust area of an environment change, affecting future training goals; and more emphasis had to be placed on training in attitudes and behavioral changes as compared to skill to bring about a change in work culture. He recommended setting up 'Training Institute' for trainers at National level.

OBJECTIVES THE STUDY

The main objectives of the research study are:

- a. To study the conceptual framework of Human resource management.
- b. To identify the HRM practices in an organization.
- c. To study the percentage of an organization in Bihar area practicing human resource management functions & activities.
- d. To study the percentage of organization in Bihar area that have adequately fulfilled the human resource management objectives.
- e. To study the percentage of organization in Bihar area having human resource development systems in place.
- f. To collect data about the human resource management practices in different organizations in the Bihar, classify, tabulate and analyze it with a view to finding conclusions from the same and assess whether such human resource management practices are being applied.
- g. To suggest HRM policy and practices for enhancing the quality of employees.

SIGNIFICANCE OF THE RESEARCH

The government policymakers, social reformists and activists and NGO's bear the responsibility for making available to the society best services so that physically sound human resources contribute significantly to the process of human capital formation. Of late we have realized the contribution of professionals in improving the potential of an organization.

The process of social engineering no doubt, a number of factors are found instrumental but, of all the factors, employee training assumes a place of outstanding significance. employee training and work cooperation this proverb was effective yesterday, is effective today and will remain effective tomorrow or even a day after tomorrow. This is due mainly to the fact that a sound strength is a prerequisite for a productive organization.

To accelerate the pace of economic transformations, we appreciate the contributions of human beings and to improve the quality and strength of human beings. We estimate highly the contributions of HRM practices. Of late, the concept of managing organizations professionally has gained momentum all over the world. For successful HRM practices, it is necessary that organizations are professionally sound. The slogan of quality in totality cannot be translated into meaningful purposes unless the organizations HRM offer world-class services. We consider an organization as a social institution. The organizations capable of personnel should be made aware of the organizational goals to make sincere efforts to succeed. Besides the question of survival is a major problem of growth and prosperity. Hence, organizations are a social institution; it is important to give due weight age to public interests. HRM practices help in professionalizing the services in tune with the defined goals & targets.

INDIAN BANKING SENARIO

The banking scenario in India has already gained all the momentum, with the domestic and international banks

gathering pace. The focus of all banks in India has shifted their approach to 'cost', determined by revenue minus profit. This means that all the resources should be used efficiently to better the productivity and ensure a win-win situation. To survive in the long run, it is essential to focus on cost saving. Previously, banks focused on the 'revenue' model which is equal to cost plus profit. Post the banking reforms, banks shifted their approach to the 'profit' model, which meant that banks aimed at higher profit maximization. Currently, India has 96 scheduled commercial banks (SCBs), 27 public sector banks (that is with the Government of India holding a stake), 31 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 38 foreign banks. They have a combined network of over 53,000 branches and 49,000 ATMs. According to a report by ICRA Limited, a rating agency, the public sector banks hold over 75 percent of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively.

HRM ISSUES AND CHALLENGES FOR BANKING SECTOR

HRM is an essential source for growth oriented and dynamic organizations, which want to succeed in a fast changing competitive environment. The fundamental principle of HRM is to treat people as a valuable asset rather than a liability and a mere factor of production. Although Information Technology is taken to a large extent as a substitute for human resources but it should be taken only an aid to human efforts and not as a substitute. The present position of HRM in banks demands, appropriate human resource strategies, policies and practices to achieve organizational goals. Thus, it is pertinent to place the right person on the right job and at the right time also and then evaluate his/her performance against the predetermined goals of the organization. The present situation demands that the men employed in the banking organizations, work with full commitment, devotion and discipline.

It is very significant for human resource professionals to understand various changes taking place in the organization and adapts human resource activities accordingly. While making human resource strategies, the following broader issues should be considered:

- Optimizing staff level and skills
- Building the right skills and work culture
- Managing individual performance to achieve the goals of the bank.

HRD IN BANKING SECTOR

Liberalisation has not only triggered changes in the whole economy, including the banking sector, but has also thrown up challenges for banks, in general, and public sector banks, in particular. Whether Human Resource Management (HRM), an important element in the business process evolution, post-liberalisation, has given a strategic telescopic focus is subject to debate.

Various HR issues faced by banks post liberalization are:

- i. Changed business positioning to align with the global players and technology to implement the business positioning.
- ii. Repositioning of the people in the organisation to effect the changing banking paradigm.
- iii. The real challenge for Indian banks, how to transform into global corporations without losing the positive values and culture that they have developed.
- iv. As most part of the jobs in banks are monotonous/ repetitive and routine, the HRD Department has to empower, engage and energize employees to create effectiveness & efficiency through motivation organizational structures, systems & procedures which facilitate of these the need to focus greater attention on these aspects of the industry.

- v. The emergence of a core and peripheral workforce in many organization has presented new challenges for HR managers of public & private sector organizations that are fast becoming diverse communities for core workers, flexibly employed casual and part-time workers, consultants, contractors & business partners
- vi. Certain rigidities have also developed in HRD within banking system itself because this industry is largely in the public sector.
- vii. New generation private banks entered with clear business positioning (investment, retail, and corporate banking) and to a certain extent lured away the cream of experienced and trained human resource in the respective fields from public sector banks (PSBs) and that too in the lower and middle management levels (that constituted the core customer relations human resource).

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The core function of HRD in the banking industry is to facilitate performance improvement, measured not only in terms of financial indicators of operational efficiency but also in terms of the quality of financial services provided. Factors like skills, attitudes and knowledge of the human capital play a crucial role in determining the competitiveness of the financial sector. The quality of human resources indicates the ability of banks to deliver value to customers. Capital and technology are replicable but not the human capital which needs to be valued as a highly valuable resource for achieving the competitive edge. The primary emphasis needs to be on integrating human resource management strategies with the business strategy. HRM strategies include managing change, creating commitment, achieving flexibility and improving teamwork.

CONCLUSION

The HRM functions in different organizations work on a collaborative model with their potential leaders which means that the job of people development is not left to the HRM function or the leaders alone. Instead, the potential leaders are identified and then their performance is linked to the enabling and empowerment of others to move up the chain. In other words, the ability to spot talent and identify leaders for the future is done by both the HRM function and the senior management who work in tandem in this effort.

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Finally, leadership is a combination of natural abilities and the organizational nurturing of the employees with those skills. Hence, this interplay between nature and nurture is what determines the success or otherwise of the HRM function and the senior management efforts to develop leadership in different organizations.

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