



# Human Resource Development Climate (HRDC) and Career Planning – A Challenge for Public Sector Banks (India)

## El Clima de Desarrollo de Recursos Humanos (CDRH) y la planificación profesional: un desafío para los bancos del sector público

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#### ABSTRACT:

In Banking industry Human Resource Development Climate (HRDC) plays a vital role for employees' performances and in turns its growth and development. The present study has made an attempt to understand the HRDC prevailing in public sector banks with respect to career planning. Two banks with 100-respondents each consisting of junior management & middle management were selected for the study. 78% of the respondents were found to be happy with the HRD climate in those banks.

**Keywords:** Career planning; HRD climate; Public sector banks

#### RESUMEN:

En la industria bancaria, el clima de desarrollo de recursos humanos (CDRH) desempeña un papel vital para el desempeño de los empleados y, a su vez, su crecimiento y desarrollo. El presente estudio ha intentado comprender el HRDC que prevalece en los bancos del sector público con respecto a la planificación de la carrera. Se seleccionaron para el estudio dos bancos con 100 encuestados, cada uno compuesto por una gerencia junior y una gerencia media. El 78% de los encuestados se mostró satisfecho con el clima de desarrollo de recursos humanos en esos bancos.

**Palabras clave:** planificación de la carrera; Clima DRH; Bancos del sector publico

## 1. Introduction

In the volatile and unpredictable business environment of the 21st Century characterized by technological revolution, knowledge, economy and globalization, positional or static organizations are bound to fails. Only those organizations that score high on the element of HRD climate would be able to gain and sustain the competitive edge in the present

innovation economy (Akinyemi, 2014).

After nationalization of banks, they were asked to open more branches in rural areas to cater to the need of rural poor. There was a need to recruit large number of people to manage these newly opened branches. A large number of new customers came to banks fold because of expanded network. As a result of this situation the banks diverted their attention from classes to masses. The financial sector reforms in India have brought about a certain degree of liberalization and deregulation. With such a situation, it lowered the hindrances for entry and generated much needed competitions. De-regulations of the banking sector led to financial innovations and expansion of the market for new financial diversified products and services. Public sector bank's responsibility for the society increased to a large extent, thereby increase has been rapidly rising on the learning curve in respect of public sector banks. This apart adjusting well to the market driven environment, banks have made rapid growth in the area of technology, asset quality, and risk management. Now all the banks have moved to core banking solutions, internet banking, mobile banking etc. By adopting core banking solutions, banks have moved towards multiple channel of delivery system eg. National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), Society for Worldwide Interbank Financial Telecommunication (SWIFT) etc. Hence to have excellent and efficient customer service and bringing efficiency of performance, the improvement of man power management, HR practices, policy improvement was felt needed. The development of human capital was therefore vital and most important challenge for the public sector banks for its survival which face the challenges. To face these challenges banks had to take suitable steps at the right opportune moment, so that the HR policies and practices in public sector banks undergo complete transformation to suit to the needs of knowledge and economy. There was a threat of swift of skills from public sector banks to other financial institutions. To retain the existing skills banks brought healthy HRD climate, HR policies and innovative practices in the banking organization.

Many research studies have been conducted on HRD climate. The result has shown that HRD climate affects the performance of the employees. Some of the important studies are as follows:

Benadikter (2011) defines Social Banks as "Banks with a conscience." They focus on investing in community, providing opportunities to the disadvantaged, and supporting social, environmental, and ethical agendas. Social banks try to invest their money only in endeavors that promote the greater good of society, instead of those, which generate private profit just for a few. He has also explained the main difference between mainstream banks and social banks that mainstream banks are in most cases focused solely on the principle of profit maximization whereas, social banking implements the principle of profit-people planet. Saxena and Monika (2010) studied a case of 5-companies out of 1000-organizations and 8752-respondents surveyed across 800 cities in India by Business Today. The survey was on nine basic parameters like career and personal growth, company prestige, training, financial compensation and benefits and merit based performance evaluation. It was concluded that the biggest challenge for organizational is that when new employees appointed it is difficult to merge them in organizational cultural. Each organization has its own unique culture and most often, when brought together, these cultures clash. When there is no retention, employees point to issues such as identify, communication problems, human resources problems, ego clashes, and intergroup conflicts, which all fall under the category of "Cultural differences". Selvaraj (2009) in his study reveals that private banks are more successful vis-à-vis public sector banks in terms of implementing Total Quality Management (TQM) initiatives, such as human resources management, customer focus, and top management commitment. Furthermore, public and private sector banks differ with respect to their compensation structures, working environments, technology growth opportunities, and job security provided to the employees. Public sector banks structure compensation in a way such that there are lower pay differentials between the employees, long-term tenure is rewarded and there is a high base pay, where as in the private sector banks, there are larger pay differentials, fewer rewards for tenure, and pay for performance. Kumudha and Abraham (2008), observed; "through the system of employee appraisal has been in vogue in banks, it has not helped in developing an organization wide performance culture in PSBs.

The system often fails to differentiate performers from non performers, average performers from high performers. Reforming the performance appraisal system by making it more objective and linked to corporate business objectives is the need of the hour. Key performance indicators need to be scientifically assessed and objectively linked with organizational goals so that the performance of the employees can be assessed on critical parameters. Khandelwal (2005) argues, "Punjab & Sind Banks (PSBs) need to develop such compensation standards, which can provide a linkage between risk and reward, performance and payment. Through the current system of industry level wage settlement provides lesser leeway, slowly and surely the compensation system would have to be repositioned to take care of specific organizational needs". Krishnamurthy (2004) said that "New ways of banking requires new competencies. The existing skills are hopelessly outdated. Basic skills like posting ledgers, balancing books, writing statements, etc are redundant with introduction of technology. We need now to unlearn old habits and breed new ones". Purwar (2004) Chairman, State bank of India stressed on customer focus. "Greater customer centric focus calls for greater employee involvement and motivation and change in mindset. Working in a protected environment for long hours, staff in public sector bank is widely perceived to have low motivation and low involvement. Further, lack of distinction between high performers and poor performers with no reward and punishment system has only added to the lethargy. Banks need to build a service culture using technology in a customer friendly manner. This requires reorienting HRD strategies in bank on an urgent basis and banks need to emphasize right size, right skills and right attitude" According to Rao (2004), Management Specialist, Central Bank of India "HRM practices and policies in India banks have been evolved primarily through reactive processes, and were the matters of bilateral agreements between the managements and the representative Unions. The post-nationalization period had witnessed a phenomenal growth in the number of trade unions, encouraged by the managements continued patronage by way of leaving all matters relating to HR to the prudence of unions. Alphonsa (2000) conducted a survey to examine the HRD climate of a private hospital. The responses were collected from different department in the hospital. The researcher found that the perception of the supervisors about the HRD climate was satisfactory and reasonably good climate was prevailing in the hospital. Sharma and Purang (2000) conducted a study to find out the relationship between value institutionalization HRD climate in engineering and manufacturing sector and found the positive relationship between the two variables. Krishna and Rao (1997) carried out a comprehensive empirical study in Bharat Heavy Electrical Limited (BHEL), Hyderabad and found that HRD climate in the organization encouraged middle and senior managers.

## **1.1. Background of the HR Study**

The manpower all the people working in any organization is the most important asset for them. All out efforts towards strategic planning, innovations, desires and interest for improvement of the productivity and the efficiency of the workforce in the workplace will give little result unless and until people develop a total commitment and involvement for the organization. It is therefore highly appreciated if emphasis on all the important aspects of human resource management and effective steps towards developing people to be matured enough and improve efficiency is done.

### **Subsystem of HRM**

- Career Planning and Development
- Selection/Recruitment
- Job Design/Extension
- Development and Training
- Performance Appraisal and Review
- Efficacious Appraisal
- Counseling and Mentoring
- Manpower Planning
- Organizational Development
- Development of Skill

- Orientation of Attitudinal Changes
- Personality Development

Career planning and development has been judged to be the most important subsystem as it has a very strong effect on the individual and organizational growth and development. The individual and organizational aspect of career planning is therefore needs to be fully examined and understood. If this subsystem of HRD is carried out at all levels systematically, it can make a major contribution towards development.

The objectives of the study are to,

- To study the types of HRD climate prevailing in selected public sector banks.
- To study the role of the organization in planning and development of careers of its employees.
- To understand the individual career planning experiences in the organization.

The study is of a descriptive nature and it has focused at understanding the career planning and HRD system in Indian public sector banks. The hypotheses of the study are:

- **H1:** Career planning is the most vital component or HRD system which is helpful in individual as well as organizational integration.
- **H2:** It mainly depends on individual career maker's own efforts and interests while a meaningful supportive role can be played by the organization.
- **H3:** Better career planning and HRD system is prevailing in public sector banks.

## 2. Methodology

By going through the review of literature on career planning on HRD Study and analysis of people engaged in their career building experience, the data were collected through a well designed and structured questionnaire seeking the responses from the junior and middle management grade officers of State Bank of India (SBI) and UCO banks. The responses of the officers were undertaken to get an insight for the study.

### 2.1. Sampling Plan and Data Collection

For the present study data have been collected from 2-selected public sector banks (State bank of India and UCO bank) in Cuttack and Bhubaneswar City of Odisha, India. A total of 100- respondents (74-nos. from SBI and 26-nos from UCO bank) comprise of junior management grade and middle management grade officers were selected. Certain specialists/experts in career planning of HRD were consulted through personal interview and discussion (such as Chief Manager HRD and Assistant General Manager HRD).

## 3. Results

### 3.1. Hypothesis-1

Career planning is found to be most important component of overall HRD systems. This not only helps achieve individual goal but also goal of the organization.

HRD generally contribute the following subsystem:

The HRD subsystem contributes towards individual as well as organizational goal.

<b>Sl. No.</b>	<b>Subsystems</b>	<b>Sl. No.</b>	<b>Subsystems</b>
1	Selection Recruitment, Induction	7	Organizational Development
2	Job Design and Job Enrichment	8	Development of Skill

3	Training and Development	9	Attitudinal Changes and Orientation
4	Performance appraisal and review	10	Personality development
5	Planning and Manpower	11	Career planning and development
6	Mentoring and Counselling	12	Others

**Table 2: Relative importance of various subsystems of HRD**

Sl. No.	Subsystems	Sl. No.	Subsystems
1	Development and Training	7	Attitudinal Changes and orientation
2	Selection Recruitment and Induction	8	Organizational Development
3	Job design and job enrichment	9	Performance appraisal and review
4	Planning and manpower	10	Personality Development
5	Development of Skill	11	Monitoring and Counselling
6	Career planning and development	12	Others

### 3.2. Hypothesis- 2

Though career planning is largely dependent on individual efforts, the organization can play a vital role in giving support to this HRD subsystem.

Few questions were asked towards the career planning.

Do you think you consciously planned your career growth and development?

- Yes, to a large extent
- To some extent
- None

Responses are

- Yes to a large extent 45%
- Yes to some extent 45%
- Not at all 10%

#### Interpretation

It indicates from the responses that 45% respondents, constantly and carefully planned for their career growth and development. While another 45% do not give much effort and rest

10% of respondents do not pay any attention to their career growth. It is therefore concluded that career growth and planning needs constant careful planned efforts on the individual who think for their career.

In the context of individual planning and efforts in career planning and development, a constituent of Hypothesis-2 another question was put to the bank officers of Junior Manager (JM) grade and middle management grade.

Do you think your own banking organization and its environment supported you in your career growth?

- a. To a large extent
- b. To some extent
- c. None

To the large extent – 51.2%

To some extent – 43.3%

None – 5.5%

About 51% of respondents stating that their own banking organization and their environment supported them, 43% stated that they have been supported by their organization to some extent and 6% stated no support.

If we have to combine the first two responses, then 94.5 % of respondents have recognized that their banking organization has supported them in their career growth.

### **3.3. Hypothesis- 3**

It has been observed that, setbacks and hurdles have been faced by the respondents in their career growth and the environment provided by the organization has helped them to overcome these.

The question was, whether you come across barriers in banking to build your career.

Responses to this question were...

Often 13.14%

Sometimes 65.12%

Rarely 16.86%

None 4.88%

#### **Interpretation**

As per the responses, 13.14% have stated that they often faced hurdles in career building and 65.12% have stated that they came across such hurdles sometimes during their career. This means that 78.26% of respondents faced such hurdles, 16.86% have stated that they rarely faced any setbacks and 4.88% have stated that they never faced any setbacks. This means that 21.74% did not face any career hurdles while 78.26% have faced hurdles in their careers.

Another question was how they overcome these barriers. The responses were:

- Through your own effort – 75.63%
- Through organization support system – 40.36%
- Through other means – 10.35%
- Not applicable – 5.86%

#### **Interpretation**

Many of the respondents gave multiple answers. Example, five respondents gave "a" and "c" as joint replies. 30-respondents replied "a" and "b". Six respondents replied "a", "b" and "c". Only 50- respondents replied one option. Remaining 8-respondents gave not applicable as they had not faced any barriers.

#### **Suggestions from respondents**

The changes suggested by the respondent to make public sector banks in India to improve HRD climate and environment are as follows:

There must be reward for performance, nonperformance should be punished

Promotions should be merit based

Promotion at a right time and early age

The appraisal system should be unbiased and free from dishonesty

Human resource balance sheet should accompany financial statements

Banks should announce 5/10 - year prospective HRD plan

Attitudinal changes at top level

Change of mindset at all levels, management/employees and seniors

There must be a clear system of career growth and planning

Forcing staff accountability for genuine lapses is important

HRD is an individual personality trait – a human approach

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## 4. Conclusions

The HRD climate in respect of career planning towards individual and organizational development was found to be one of the most important aspects in the HRD system. It needs continuous and rigorous effort on the part of the individuals who are career conscious. Very few respondents (13.14%) stated that they often faced problems in career path. However, 65.12% have stated that they faced such barriers rarely in their career. Almost 78% of respondents believe that career planning in Indian public sector banks is very good. That is why the Indian public sector banks have brought change in promotion policy after making through and rigid review. It has been proved that bright, young and hard working employees with good knowledge getting promotion quickly than others. Because of the increase in awareness by the Indian public sector banks and better HR policy, the growth in the career planning have been received.

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