

## Human Resource Management in Indian Banking Sector

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**Abstract:** The Indian banking sector plays a crucial role in the nation's economic landscape, acting as a cornerstone for financial stability and growth. It has been noted that competition is posing difficulties in the development and acquisition of human resources in the current context of extraordinarily volatile business conditions. Human resources (HR) are viewed as a origin of economic competitive advantage and strength due to their significance and uniqueness. The most crucial factors that influence organisational performance and define an association's success are the retention and acquisition of human talent. Banking is especially significant in any economy since it is a sector with a high attentiveness of people. It's really fascinating to investigate HRM practises in a field that relies so heavily on people.

**Keywords:** HRM , Practices, banks , private , public.



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## INTRODUCTION

Human resource management (HRM) has long been overlooked in the corporate sector in the country where a small section, comprising mostly the multi-national companies was practicing the same. With the growing realization of proper HRM in the corporate sector, it has grown into an important activity. Now the head of HRM is an important member of the senior teams of any thriving business. Although the idea is new for many local businesses where entrepreneurs are at the beginning of the learning curve yet in reality the theme is getting support from the organized entrepreneurs. The banking sector has grown from a few institutions primarily involved in deposit acceptance and trade finance into a complex multi player markets where large number of commercial banks, financial institutions and specialized banks are operating with various products and activities.

## HUMAN RESOURCES MANAGEMENT

The practise of recruiting, hiring, assigning, and managing personnel is known as human resource management (HRM). The HR department of a business or organisation is often in charge of

developing, implementing, and monitoring the firm's policies regarding employees and its interaction with them. The word "human resources" was initially used to refer to an organization's workforce in the early 1900s, and it became more popular in the 1960s. HRM is employee management with a focus on those workers as company assets. Employees are several times referred to as human capital in this sense. Making the most of people while minimising risk and optimising ROI are the objectives, just like with other business assets.

## IMPORTANT OF HR SECTORS

The most important factor of any corporation, particularly a financial institution, is its workforce. The entire structure is supported by the public's faith in them and their constant support in the form of deposits. In order to increase productivity and ensure effective operation, the management realises that the employees are a crucial component of the business and works to foster a good working relationship with them.

### Objectives of the Study

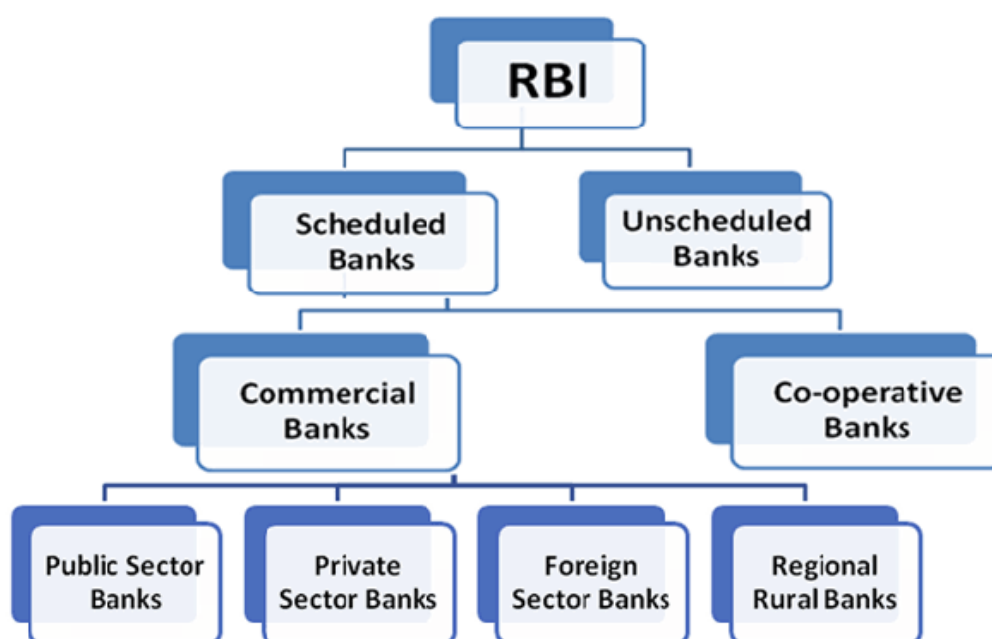
- To study the challenges faced by Banking Sector.
- To know how to manage the Human Resource in Banking Sector.
- To give suggestions for well-built Human Resource in Banking Sector.
- To explore the HRM practices prevailing in Banking sector.
- To quantitatively measure the HRM practices prevailing in Banking sector.

## RESEARCH METHODOLOGY

Research methodology is a methodical approach to solving research problems; it includes various approaches typically used by researchers to study problems as well as the reasoning behind each approach.

This methodological framework enables a holistic understanding of HRM practices and their contextual nuances. the current study is being conducted with necessary secondary data has been gathered from a variety of sources, including reports, magazines, newspapers, variety of old research papers, journals, books, the internet, some governmental data, etc.

### INDIAN BANKING SECTOR:



## HUMAN RESOURCES MANAGEMENT PRACTICES IN INDIAN BANKING SECTORS:

- The Indian banking industry is beginning to view human resources management as a potential area of core strength.
- A pivot around which the twin goals of employee retention and workforce quality can be seen is skill development.
- This is accomplished by employing both internal training organisations and outside consulting firms and specialists.
- Compared to the private sector, the public sector has had a bigger increase in employment.

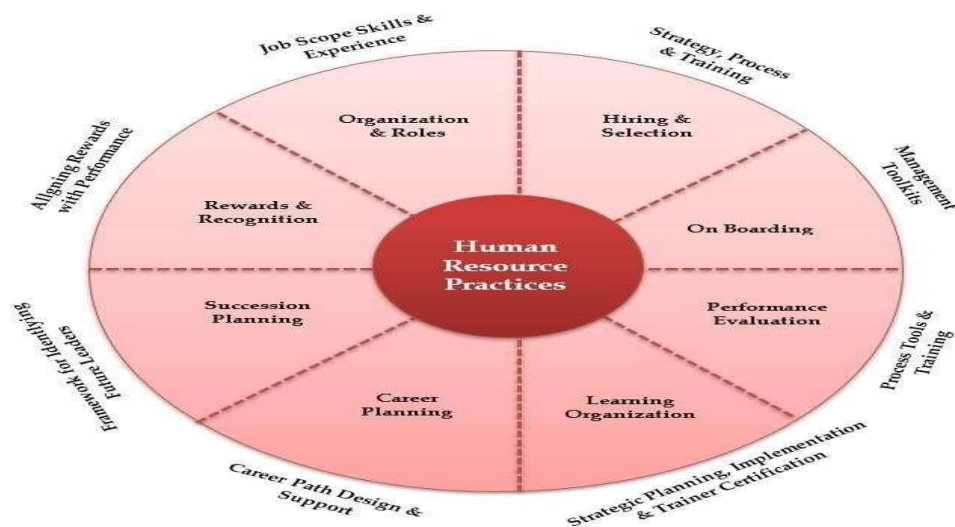
### DIFFER FROM PRIVATE AND PUBLIC SECTORS

- However, there are differences between the public sectors banks and private sectors banks in terms of the makeup of new hires.
- Public sector banks still have a large clerical workforce despite the private sector shifting more and more toward an officer-oriented system.
- The private sector's significant technical investment supports its decision to hire officers, who are highly qualified human capital.
- In any case, the former eliminates the overcrowding of labour at the clerical level. Adopting an officer-oriented structure has made it easier to multitask, encourage flexibility, and ensure long-term profitability.
- This compositional difference has a significant impact on the organization's performance and procedures.

### PRACTICES OF BANKING SECTORS:

These practises cover all aspects of compensation, including laws controlling pay and raises, employee performance-related practises, hiring, staffing, and selection processes, job designs, and benefit systems. In the current scenario of market the technologies changing day by day in the competitive era of the financial sector.

### HUMAN RESURECE PRACTICES

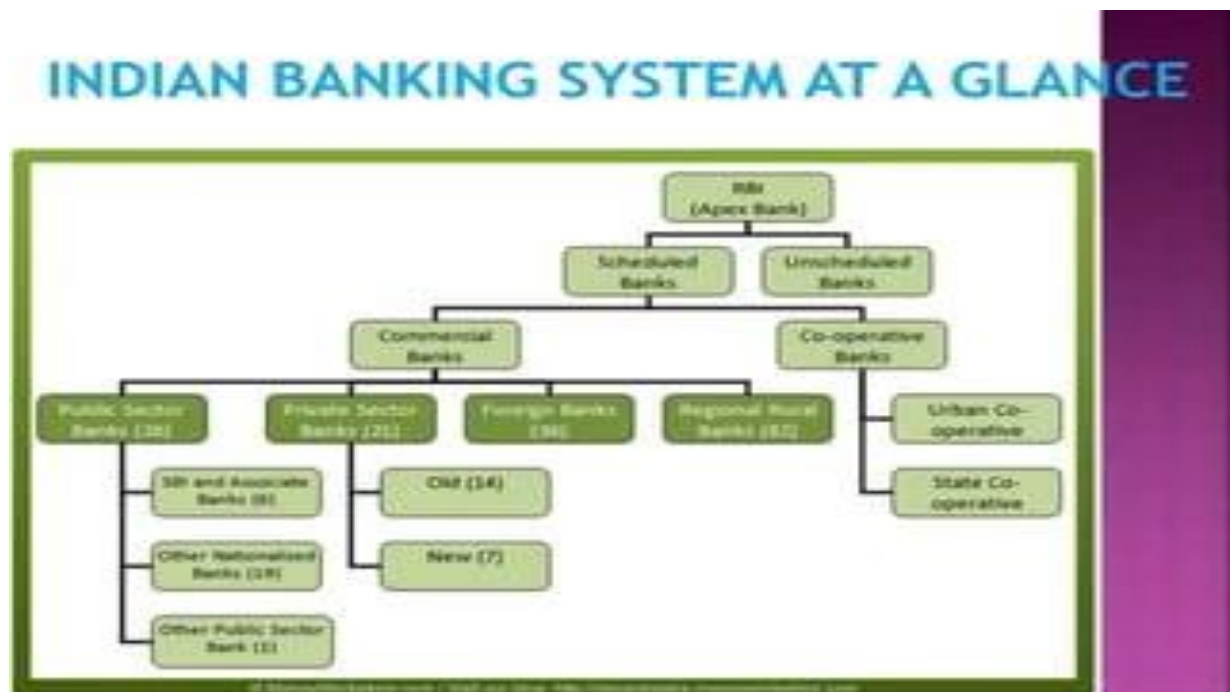


## NEED OF HR DEVELOPMENT:

- There should be a balanced compromise between organisational need and individual need. Total insensitiveness to individual preference gives rise to frustration at some point of time, which as a consequence has a real damaging effect on the organisational growth itself.
- While there must be rewards for performance, non-performance must be punished/reprimanded. Promotions must be only on merit.
- There must be uniform, impartial and balanced “employee performance review system.” This system in fact needs a total review.
- Enthusiastic and pleasant behaviour of staff to the customer is necessary.
- There must be a clearly defined system of succession planning and career growth planning in banks.
- Attitudinal changes are required at the top level.

## INDIAN BANKING SECTOR:

India's banking sector is constantly growing. Since the turn of the century, there has been a noticeable upsurge in transactions through ATMs, and also internet and mobile banking. Following the passing of the Banking Laws (Amendment) Bill by the Indian Parliament in 2012, the landscape of the banking industry began to change. The bill allows the Reserve Bank of India (RBI) to make final guidelines on issuing new licenses, which could lead to a bigger number of banks in the country. Some banks have already received licences from the government, and the RBI's new norms will provide incentives to banks to spot bad loans and take requisite action to keep rogue borrowers in check. Over the next decade, the banking sector is projected to create up to two million new jobs, driven by the efforts of the RBI and the Government of India to integrate financial services into rural areas.



## CHALLENGES FACED BY BANKING INDUSTRY

Here are the challenges that the HR function in India faces

- The first and foremost challenge that HR function in India faces is to convert the abundant population pool into useful human resource.

- Training and development of human resource to match ever changing industry demands requires HR to develop new and innovative ideas that suit individual as well as industry criteria.

### **HUMAN RESOURCE BENEFITS IN BANKING SECTOR:**

The banking sector has been growing at a very fast pace in India not only in the terms of its size but also in terms of the services being provided. With banks reaching the remote areas in the country one can anticipate positive things like financial aid to farmers and increased financial awareness. However, with the increase in size and activities of banks, the number of banks in private sectors has also increased thereby posing challenges like cost-efficiency, technological advancement, and credibility related issues. The task before the HR is to develop strategies that help banks in gaining competitive advantage and encourage innovation in its products and services.

### **MANAGING HUMAN RESOURCES IN BANKING SECTOR:**

Considering the above HR challenges which our Indian banking industry is facing, we can manage the human resources by proper Planning like

- Hiring the right person for the right job
- Retaining and Developing
- Training and development

### **TRAINING OF BANKING SECTORS:**

Bank has a three tier training set up comprising of Central Staff College (CSC) at Delhi at apex level catering to training needs of Top / Senior / Middle Management Grade officers, three Regional Staff Colleges (RSCs) located at Belapur - Navi Mumbai, Lucknow and Panchkula for training needs of Senior / Middle / Junior Management officers as well as workman staff and seven Zonal Training Centres (ZTCs) at Dehradun, New Delhi, Jaipur, Kolkata, Kozhikode, Ludhiana and Patna looking after the training needs of Middle / Junior Management Grade officers & Workman Staff. IT Training Centre located at Faridabad caters to the training needs of officers exclusively in the areas of Information Technology.

### **FOCUS FOR MANAGEMENT SUCCESS:**

A successful manager, one whom others want to follow:

- Builds effective and responsive interpersonal relationships. Reporting staff members, colleagues and executives respect his or her ability to demonstrate caring, collaboration, respect, trust and attentiveness.
- Communicates effectively in person, print and email. Listening and two-way feedback characterize his or her interaction with others.
- Builds the team and enables other staff to collaborate more effectively with each other. People feel they have become more - more effective, more creative, more productive - in the presence of a team builder.

### **SUGGESTIONS:**

The banking sector has grown from a few institutions primarily involved in deposit acceptance and trade finance into a complex multi player markets where large number of commercial banks, financial institutions and specialized banks are operating with various product activities. Like many other organized sectors, banking requires multi layer manpower for its various requirements of professionals and support staff.

## CONCLUSION:

- The study concludes that HR operations in the Indian banking sector have advanced during the previous few decades.
- Human resources (HR) tasks serve an important purpose in an organisation and are strongly correlated with employee achievement.
- Human resources policies in the private sector are significantly more progressive than their public sector banking counterparts.
- Development in the service sector is projected to present new difficulties to human resources activities in the Indian banking sector as new entrants enter the market.
- The management of human capital in Indian banks must be fully integrated with the strategy of the banking organisations if they are to achieve long-term success and growth.

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