



CAIIB

Module-A Unit-4

Human Resources Management



CAIIB HRM Module A Unit 4- HRM in Indian Bank

Traditional Role of HRM In Indian Banks

- The qualitative changes in staff composition, skills required, absorption of functionally skilled personnel, retaining staff in the face of competition, and in dealing with a host of problems arising out of massive and sudden expansion in the last few decades have not been given the attention they deserve.
- The introduction of **Golden Handshake** voluntary retirement scheme in the year 2000 has made the public sector banks virtually bleed a very sizeable portion of their performing personnel. Even after the introduction of the voluntary retirement scheme, the problem of overstaffing has not been totally solved. The overstaffed cadres still remain with the banks and the areas where there is more manpower requirement have been further depleted in strength due to this scheme.

Human Resource Planning

Human Resource Planning (HRP) is the process by which an organisation ensures that it has the right number and kinds of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organisation to achieve its overall objectives.

Human resource Planning process generally comprises of the following steps:

- Assessing current human resources.
- Assessing future business expansions and projections and new business lines, etc.
- Assess and forecast of number and type of human resources additionally required to meet the above business forecasts.
- Assessing the internal and external HR supply sources.
- Acquiring people at right time from within and outside as per the pre-drawn estimates.
- Making the people available at required places at right time.

Recruitment And Selection

- **Under this function**, the HR Department has to make plans to acquire the human resource as per the estimates arrived under HR Planning. Apart from the people required for traditional support functions, the bank recruits talented individuals from the external market to supplement their internal wealth of talent and also to **man the new and contemporary business lines like Wealth Management, Treasury Management, Assets & Liability Management**, etc.
- Selection of employees is based on knowledge, skills and talent. As an Equal Opportunity Employment practitioner, the Bank is committed to providing equality of opportunity to all candidates, regardless of gender, race, nationality, age, disability, ethnic origin, or marital status while at the same time, identifying the unique strengths each individual brings which can be harnessed.

Training & Development

The Bank provides a framework within which the employee can identify the training and development needs. Such an approach provides a consistent standard of management learning throughout.

The Bank has a unique one year training period for fresh graduates during which the employee can expect to **experience a blend of core and discretionary elements, through exposure to the following:**

- ✓ Induction, the process that introduces the new entrant to the bank, the employee's own business or function and particular department.
- ✓ Training in specific products and technical skills.
- ✓ On the job training post the initial exposure, to all operational areas
- ✓ Work-based assignments in respective business or function,
- ✓ Cross-functional attachments – experiencing short stints spent in another business or support function.

Employee Welfare

- The **Bank believes that the health and well-being of their employees and their families is important.** Concerned not only about the physical health of their employees, but also of their mental and emotional well-being, the Bank has policies and practices that provide for a safe and healthy working environment.
- The importance of employee-welfare in banks has set new standards as the Government of India has mandated Public Sector Banks to spend an amount upto 3% of their net profits towards staff welfare activities.
- The Government of India has mandated to form Staff Welfare Committees in the banks to administer to devise and administer the staff welfare schemes in the respective banks suiting the needs of their employees within the allocable funds. **In the wage settlement of 2015**, a uniform Medical Insurance Scheme has been implemented through Health insurance.

Compensation

- In Public Sector Banks, the compensation and wages are covered by the bilateral agreements/settlements being entered at Industry level, i.e., at Indian Banks Association (IBA) after obtaining necessary mandates to this effect from individual banks. **The operation of these settlements are for 5 years and these settlements encompass entire gamut of compensation aspects.**
- Private Banks regularly conduct salary surveys to ensure that the reward package remains competitive in the market place. The compensation package provided to the employees can be divided into two categories; one for the sales personnel who are compensated on their ability to meet their targets and the other for executives who are responsible for the overall functions of the Bank.
- The bank also provides various incentives in the form of bonuses to encourage the employees and motivate them to continue with their high performance.

These include Spot Award, Surprise Awards, Best Performer Award and Service Quality Awards.

Performance Management

- Performance management is the process through which managers ensure that employee activities and outputs are congruent with the organisation's goals.
- In Public Sector Banks (PSBs), a Uniform set of Performance Appraisal formats as devised by **the Government of India**, is being followed with various Key Responsibility Areas (KRAs) and Management Dimensions different for each category or scale of officers. These formats are the tools for measuring the performance of officers against budgets on annual basis.
- However, in Private Sector Banks, a number of measures and tools are used for the **implementation of PMS (Performance Management System)**. The performance appraisal system is the primary means for managing employee performance. A performance measurement system is developed that incorporates a tool for measuring and rewarding performance.

Expectations From HR Department

- The HR department in Banks has to undertake many functions which are of developmental HR viz., **Talent Management, Succession Management, Performance Management, Competency Mapping, HR Audit, HR Accounting, Attrition Management** and as such the HR professional requires to possess new skills to handle all these contemporary functions of people management.
- The HR department need to respond quickly and appropriately in making the right human resource available at right time, at right place and also by constantly developing them in terms of career and skills besides formulating viable schemes/policies for retention of performing talents.
- Factors such as skills, attitudes and knowledge of personnel, play a critical role in determining the competitiveness within the organisation or the industry. The availability of trained manpower would greatly influence the ability of banks to deliver value to clients or customers.

Changing Profile Of 'HRM' In Banks

- Banks have initiated the task of reviewing the existing Training methods in a bid to harness the skill content of the people and to enhance their creativity. The extensive use of E-learning initiatives ably aided by the technology and also usage of advanced training methods **like Assessment Centre Approach (ACA), Management Games, Psychometric Tests** methods of training being followed by many of the **public and private banks** – come under this initiatives.
- The action of **the Government in abolishing Banking Service Recruitment Boards (BSRBs)** and thereby granting autonomy to individual banks in framing their own Recruitment strategies for infusing new and young talents with good mix of educational qualifications, professional experience and skill content.

- Banks are attempting to inculcate a work culture that breeds high productivity, voluntary sharing of jobs and an environment free from restrictive practices.

Major HRM Challenges Facing Banks

The HR strategy for banks must therefore address the following major issues:

- HR planning must illustrate the process of developing human resource available from all sources. The strengths and weaknesses of staffing options such as outsourcing, use of contingent workers, and downsizing must find a place in manpower planning.
- The recruitment process must be done strategically to source the correct talent mix for an early fit for the position.
- The selection process should emphasize ways of minimizing errors in employee selection and placement to improve the bank's competitive position.
- An effective training program to define expectations, actual training needs, develop competencies and grow talent for the future need of the bank. Revamp the training systems towards experiential training and to **transform 'Training' endeavour to 'Learning' process.**
- To handle Performance Management function with more rigor so as to distinguish **'Performers' and 'Non-performers'** with a genuine intention of transforming the **'non-performers'** through **'carrot and stick' approach.**
- To ensure **'Job-man fit'** by placing **'right man on the right job'** through robust **'Competency Mapping'** systems.
- To evolve well-knit policies and procedures for employee engagement and retention of key talents so as to address attrition issues timely and effectively.
- To prepare them to take higher responsibilities.

Core Banking And People Challenges

- Core banking is a banking service provided by a group of networked bank branches where customers may access their bank account and perform basic transactions from any of the member branch offices.
- Core banking covers basic depositing and lending of money. Normal Core Banking functions will include transaction accounts, loans, mortgages and payments. Banks make these services available across multiple channels like **ATMs, internet banking, mobile banking and branches.**
- The core banking services rely heavily on computer and network technology to allow a bank to centralise its record keeping and allow access from any location. Core banking Solutions (CBS) packages in banks are developed by external software vendors like TCS, Infosys etc. that allowed core banking solutions to be operational in banks.

Core Banking Solutions

- The platform where communication technology and information technology are merged to suit core needs of banking is known as **Core Banking Solutions.**

- Here, computer software is developed to perform core operations of banking like recording of transactions, passbook maintenance, interest calculations on loans and deposits, customer records, balance of payments and easy facilitation of withdrawals with the use of anywhere banking. This software is installed at different branches of bank and then interconnected by **means of communication lines like telephones, satellite, internet** etc. It allows the user (customers) to operate accounts from any branch if it has installed core banking solutions.
- This new platform has changed the way banks are working. Now, many advanced features like regulatory requirements and other specialised services like share (stock) trading are being provided. Core banking solutions have helped revolutionize banking in India.

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