# CAIIB
# Module-C Unit-3

## Human Resources Management

## CAIIB HRM Module C Unit 3- Employee Development

### Employee Development

Employee development also includes upskilling of employees to take up new roles. It prepares them to face the challenges of future. It also encompasses creating and retaining talent.

**The methods of employee development include:**

- Training
- Coaching
- Mentoring
- Job Rotation / On the Job training
- Simulation
- Self study

### Basic Objectives of 'Training'

**The broad objectives of Training in any Organization are as under:**

- **Enhancing employee competencies:** A systematic, planned training programme helps the employees to improve their knowledge, skill abilities. By participating in training programmes, workshops, employees can enrich their knowledge, they can interact with the trainer to get more insights and share views with co-participants so as to remove wrongful, rigid perceptions and also can strengthen their abilities.
- **Easy induction to new entrants:** Training makes the new entrants effective by imparting skill, knowledge, right-sizing their attitudes, beliefs, mindset, perceptions, beliefs, acquaintance with company policies, norms, rules, adjusting to the new environment, culture of the organisation.

- **Helps in Employee-growth opportunities:** Training helps the employees to enhance their career growth opportunities alongside the organisation as the necessary input requiring for job performance in changing scenario, is provided to the trainees.

- **Enhancing the customer-delight:** Training makes the employees aware of rending customer satisfaction and delight alongside rightsizing the attitudes and behaviours

- **Acceptance of change:** Training changes the mindset of the people appropriately to accept changes the management introduce from time to time commensurating the demands.

- **Nurturing Talent pipeline and a band of committed and loyal workforce:** Training makes the people knowledgeable, skilled, competent, provides ample opportunity to utilize latent/potential areas of the people, make the people know about rules, regulations. Philosophy, policies of the organisation.

- **Reduction of absenteeism, employee turnover rate and increase of productivity:** Tailor made programmes are designed with the overall objective of making the people know about the evil effect of absenteeism, necessity of increasing production and productivity, different schemes of the organisation for providing welfare benefit, social security to reduce employee turnover rate.

- **Developing proactive capabilities:** Training improves knowledge, skill and competencies of the people to identify/predict the probable issues/problems to be confronted in near future and to develop proactive capabilities to face the challenges.

- **Turning the people constantly dynamic:** Training is such a mechanism that makes the people constantly dynamic so that they can get attune to the changes that are taking place with the pace of market moves.

- **Uninterrupted Industrial/business activity:** Training prepares the people to perform the job of higher responsibility So, organisational activities are not affected in a situation when higher posts crop up vacant due to retirement, death, resignation etc.

## Principles Governing Training Function in Banks

- Training should be motivating in the sense that training strategy should serve as an encouraging tool for employees to own the responsibility of learning and enhance their skills, knowledge and attitudes
- Training should be purposeful and need-based as also relevant to the organisational and individual needs
- Training should be based on tested principles of learning
- Training should be conducted in the actual job environment to the maximum possible extent so as to make it more effective
- Training should emerge as an effective tool for judging the suitability for promotions, transfers and also for periodical review of performance of individuals
- Training should drive the bank towards transforming it as a 'Learning Organisation'
- Training should be viewed as an investment in HR with a promise of better returns in future.

## Need for Training and Development

**The following are the two biggest factors that contribute to the increased need to training and development in organisations:**

- **Change:** The word change encapsulates almost everything. It is one of the biggest factors that contribute to the need of training and development. Change leads to the need for training and development and training and development leads to individual and organisational change, and the cycle goes on and on. More specifically it is the technology that is driving the need; changing the way how businesses function, compete and deliver.

- **Development:** It is again one the strong reasons for training and development becoming all the more important. Money is not the sole motivator at work. People who work with organisations seek more than just employment out of their work; they look at holistic development of self. Spirituality and self-awareness for example are gaining momentum world over. People seek happiness at jobs which may not be possible unless an individual is aware of the self.

## Differences Of 'Training', 'Development' And 'Learning'

### Training

- **Training refers to the process of imparting specific** skills. Training is an organisational process where the **skills, knowledge and attitudes** are imparted to do a particular job. An employee undergoing training is presumed to have had some formal education. No training program is complete without an element of education.

### Development

- Development means those learning opportunities designed to help employees to grow. Development is not primarily skills oriented. Instead it provides the **general knowledge and attitudes**, which will be helpful to employers in higher positions. Efforts towards development often depend on personal drive and ambition.

- Development provides knowledge about **business environment, management principles and techniques, human relations, specific industry** analysis and the like is useful for better management of a company.

- Training refers to the process of imparting specific skills. Development consists of the learning opportunities designed to help employees to grow. Development is not primarily skill oriented, instead it provides the required knowledge and attitudes, which will be helpful to **employees at all levels, especially with regard to their career advancement.**

| Training | Development |
| --- | --- |
| Training is organisation-related skill focused. | Development is creating learning abilities. |
| Training is presumed to have a formal education. | Development is not education dependent. |
| Training needs depend upon lack or deficiency in skills. | Development depends on personal drive and ambition. |
| Trainings are generally need based. | Development is voluntary. |
| Training is a narrower concept focused on job related skills. | Development is a broader concept focused on personality development. |
| Training may not include development. | Development includes training wherever necessary. |
| Training is aimed at improving job related efficiency and performance. | Development aims at overall personal effectiveness including job efficiencies. |

### Learning

- **'Learning; can be defined as a human process by which skills, knowledge, attitudes/habits** are acquired and utilized to modify the bahaviours. Hence, Training will be useful in the context of organisation whereas Learning is useful for personal growth in terms of personality development, rightsizing the bahaviours, acquitting new attitudes, besides career growth in the organisation in terms of acquiring new skills and knowledge that are required to perform his/her job.
- The organisations are aiming to ensure that their employees have long term impact of their training both in organisational context as well as in their personal front. It is in this context, the organisations are re-terming their '**Training & Development' function as 'Learning & Development'** in order to give impetus to their endeavour and also to reflect their objective of making Training a meaningful tool to reform the employees for the mutual benefits of employees themselves and also to the organisation.

## 'Training Need': Methods For Identification Of Training Needs

- **Training Need** can be defined as the difference between the standard performance and the actual performance of the concerned employee. An individual needs training when his or her performance falls short of standards, that is, when there is a performance deficiency. Inadequacy in performance may be due to lack of skill or knowledge or any other problem.
- Assessment of training needs occurs at the group level also. Any change in the organisation's strategy necessitates training of group of employees. For example, when the organisation decides to introduce a new line of products, sales personnel and production workers have to be trained to produce, sell and service the new products.
- **Individual Training Needs Identification** is made from performance appraisals, interviews, questionnaires, work samples, rating scales, employee engagement surveys, training feedback as well as periodic demands made by field functionaries.
- **Group Level Training Needs** are identified from organisational goals and objectives, personnel/skills inventories, organisational climate indices, efficiency parameters, exit interviews, customer satisfaction surveys and analysis of current and anticipated changes.

## Role And Impact of Training

- Given the vast range of skills and other competencies which can be developed in people it is useful for some sort of prioritizing to take place so that training focuses on the areas **which will yield best benefit, and the return on investment gets justified.**
- General benefits from employee Training and Development include increase in efficiency, improved morale among employees, better human relations, reduced supervision, increased organisational viability and flexibility, better efficiency in work processes leading to financial gains to organisation, increased capability to adopt new technologies and business lines, reduced employee turnover, improved organisational visibility and image building etc.

**Things to be kept in mind while imparting Training to employees:**

- Ensure to have sufficient knowledge about what employees need and want.
- Appropriate steps taken to build relations before training.
- Build trust and feeling of being safe to talk about one's problems.
- Emphasis on how to bring about change rather than on knowledge inputs.
- Sufficient time – to be devoted to the programs.
- To ensure ideal trainee trainer ratio.
- To leverage participant's work experience to ensure better reachability of training among the participants.

## Changing Face of Banking In India

- The Indian financial sector is undergoing rapid changes. Structural reforms aimed at improving the productivity and efficiency of the economy are apace. The most important factor shaping today's world is globalisation. Companies are constantly in search of low-cost markets. Technology is driving growth in production and productivity and competition is stiff.
- Rapid development in communication technology has led to greater integration of **global financial markets, in turn, boosting private capital flows and foreign direct investment.** Another factor is the increasing share of emerging market economies in world trade, added to which is the increase in volatility and vulnerability of markets. This calls for the adoption of international standards and global benchmarks.

### Aligning with Global Standards

- To strengthen India's banking system in an increasingly competitive environment and guard against financial fragility, financial sector reforms were initiated as part of the economic reforms launched in the country since 1991–92. Significant progress has been made in the past few years to bring the Indian Banking system closer to international standards.
- India has adopted international prudential norms and practices with regard to capital adequacy, income recognition, provisioning requirement and supervision and these norms have been progressively tightened over the years. Rates in various segments of financial markets have been deregulated in a phased manner.
- In the area of supervision, the **Basel core principles for effective banking supervision** are being followed. Along with off-site surveillance there is periodic on-site monitoring of the risk profile of banks and their compliance with prudential guidelines. The Reserve Bank of India's regulatory and supervisory responsibility has been widened to include banking institutions and non-banking financial companies.
- On the HR front, a major shift has taken place with regard to the freeze on recruitment. With the abolition of the BSRB, banks now have the freedom to recruit staff on their own and also invite professionals to join them at lateral, higher levels.

- There is special focus on corporate governance and the setting up of specialized board-level panels such as the executive, risk management, audit, compensation, asset-liability management committees, and so on.
- The **RBI's Standing Committee on International Financial Standards and Codes under the Chairmanship of Dr Y. V. Reddy** has identified global standards and codes as part of the efforts to create a sound financial architecture aligned with global practices.

## Banking Operations

- In response to the changing environment, banks today are pursuing strategies that aim to strengthen their ability to perform various financial functions – business planning for their retail **customers, raising capital for the mid-market segment, tax-related services, selling mutual funds and insurance, a**mong other things.

*In the process, banks are changing their organisational architecture that basically involved three things:*

- Centralization of certain functions like payment and settlement mechanisms, credit processing of even small businesses
- Marketing and
- Performance-evaluation based compensation systems of their employees and managers.

## Changes Emerged/Emerging in Other Business Segments in Banks

- Measures initiated by the Government encompass – **restructuring of PSUs, medium term fiscal consolidation through expenditure control, downsizing the governmental organisations, gradual consolidation of Banking Sector, reduction of Government's major stake in State-Owned Banks, etc**., the Government is determined to bring the Indian economy to the level of international standards under the growing pressures from within and outside.

- The enactment of **Securitization Act** which eases out the problems of the banks in smooth takeover of the assets of loan defaulters without the intervention of the courts and legal framework, truly manifests the Government's committed resolve towards revitalizing the Banking Industry to make it internationally competitive unmindful of its political consequences.

- Further, the expeditious measures taken by the Reserve Bank of India in furtherance of the liberalization measures initiated by the Government of India viz., **gradual reduction in Bank rate, substantial cut in CRR in phases, deregulation of interest rates by leaving enough freedom to the individual banks to fix the interest rates on their own, full disclosure, introduction of tighter prudential norms, introduction of internationally acclaimed ALM and Risk Management systems, renewed emphasis on recovery of NPAs, etc**., have supplemented to the efforts of the individual Banks in improving their operational efficiency.

- The customer is gaining more and better acceptance in the competitive environment. **ATMs, Mobile ATMs, Credit and Debit cards, Any-Where & Any-time Banking, Tele & Inter-net Banking, Wire-less & Mobile banking,** renewed emphasis on retail banking through various credit schemes in a bid not only to sustain and survive but also to grow and compete in the volatile competitive environment.

- The emerging concepts of **'Customer Relationship Management (CRM)', Customer Call Centers (CCC) and Customer Care Centers (CCC),** etc., in the Banking horizon are enough testimony to the growing focus on the Customer and his needs amidst the ever-increasing competition.

- In order to maximize the benefits of technology absorption amidst the growing pressure for improved productivity with 'lean and meaningful' manpower profiles, the Banks have embarked upon **Centralized Core Banking Solutions (CBS)** which involves complex process and huge capital investment.

- In order to attain the objectives of **Corporate Governance**, which is gaining ground slowly but steadily in Banking Sector, and in a bid to transform the traditional Banks in to modern ones, the professionally qualified people from all walks of life, are being inducted in the Boards of the Banks who can have access to the accurate, relevant and timely information on the affairs of the Banks. This induction of professionalism in the Board's functioning will have direct bearing on the HR functions of the Banks and as such, the managements need to be more responsive to the growing demands and directive principles of the Board.

- Government of India's initiative taken during 2016 on demonetization of higher denomination currency notes and giving a considerable push for digital transactions thereby inculcating the **'less-cash transactions'** in the society – are worth to be quoted. Further, introduction of **'Goods & Services Tax (GST)'** on the theme of 'One Nation – One Tax' is yet another initiative of the Government of India, which has changed the outlook of the business.

## Future of Indian Banking

- The Indian banks have identified the growth potential of the GenNext and are already providing schemes especially keeping in mind the requirements and preferences of the younger generation.

- Banks also provide facilities like **internet banking, tele-banking** etc. recognizing that the younger generation is much more tech-savvy and believe in saving time and energy by using technology. Banks are also **opening exclusive branches for GenNext**, which cater to all the aspects of banking for the young population. The various dimensions of GenNext banking will have a profound impact on information database, behavioural patterns as well as the very concept of relationship building.

- With the second dose of bank licensing, Reserve bank of India has accorded license to open certain new Banks due to which the way of doing business is all

set to change to a new level.

## Future of Bank Education in India

- It is now commonplace to say that the 21st Century will be the **"Knowledge Century"** and we are transiting from product-based to **knowledge-based economy.** The knowledge economy – an economy in which Wealth is based upon the ownership of knowledge and the ability to use that knowledge to create or improve goods and services – presents significant challenges.
- The transformation of banking caused by the rapid development of information and communication technologies has provided banking entities with new ways of bringing their products to the customers. The banks would now have to increasingly deal with knowledge workers i.e. one who works primarily with information and uses knowledge in the work place. Traditional banking has thus changed into electronic banking, and therefore the standard form of contact – personal contact – is taking a back seat to new, faster, more conformable, and cheaper means of communication.
- **Focusing on enriching human capital** will help the banking sector become competitive and efficient. This sector needs to fundamentally strengthen institutional skill levels especially in sales and marketing, service operations, risk management and the overhaul the organisational performance ethic.
- Strengthening human capital will be the single biggest challenge. The older employees will either fade away or get equipped with some of the skills needed for the new banking while the younger employees of the newer and PSU banks would come with a different set of capabilities, which need to be channelised the right way through training and periodic refresher programs.
- In the field of the **knowledge economy**, the re-orientation in banking is required at two levels. The first is the field of banking management, the continuous improvement of which relates mainly to expanding the use of information technologies and knowledge systems.
- This will involve, above all, support for financial system management, internal quality management systems in banks, interactive payment systems, and management information systems. All these will need strengthening through a series of well-designed training programs, to be conducted by experts in the respective fields.

### Changing Role of Training and Education in Banks

- The approach of Training strategy should be three-tiered, i.e., **it should impart required knowledge, harness skills and imbibe positive attitudes** among the work force. There is a direly felt need on the part of the banks to create proper atmosphere in which the workforce can own the responsibility of learning and acquiring new traits.
- **E-Learning: 'Knowledge Transfer'** is the new mantra that is gaining more acceptance than the traditionally accepted definition of **'education'. Classrooms today, transcend limitations of time, space, race and language**. The Internet

has revolutionized the concept of distance education. However, there are certain factors that differentiate the good and the better from the mediocre and the average.

- **Knowledge Transfer in the Banking Industry:** In a country like India, where the sheer volume of people, the expanse of regions and the diversity of languages exists, this new medium of learning holds immense promise

  ➢ For instance, the banking industry – A vertical segment, where timely adoption of technology plays a critical role in deciding the leader and the laggard. With an employee base from different streams of education and walks of life, it becomes imperative to enhance the awareness and transfer of technology in an easy and efficient manner.

  ➢ The changing face of technology being used in our operations necessitates the need for a different and more enlightened view on training. The need to transform into a learning organisation is more apparent in today's dynamic environment.



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