

**A Study on Human Resource Management Practices in Private Sector Banks
in Perambalur District**

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Introduction

Twenty –first century HR is emerging to uniquely combine activities and processes of human resource management (HRM), human resource development (HRD), and organizational development (OD), three fields that “grew up” distinct from each other. Contributing strategically to organizations demands that HRM, HRD and OD coordinate, partner and think innovatively about how they relate and how they do impacts people and organizations. The primary apprehension of the bank should be to bring in proper integration of human resource management strategies with the business strategies. It should foster cohesive team work and create commitment to improve the efficiency of its human capital. More than operational skills today are banking call for these ‘soft skills’ to attend the needs and requirement of the customers at the counter. Banks have to understand that the capital and technology-considered to be the most important pillars of banking are replicable, but not human capital, which needs to be viewed as a valuable resource for the achievement of competitive advantage. The long-term vision for India's banking system is to transform itself from being a domestic one to the global level may sound far-fetched at present. To take up this industry to the heights of international excellence requires combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control, external regulations and human resources at the most. The main challenges faced by Banks in our country are the role played by financial instrumentation in different phases of business cycle, the emerging compulsions of the new prudential norms and benchmarking the Indian financial system against international standards and best practices.

There is a need for introduction of new technology, skill building and intellectual capital formation. The most important need in this service industry is naturally the HRD. During the early phase of banking development in India after independence, opportunities for employment of the educated man-power were relatively limited. This sector was the preferred employer for the educated persons in the country in addition to civil services. In recent years, this position has changed dramatically. Certain rigidities have also developed in HRD within the banking system as this system is public sector. Its hierarchical structure gives preference to seniority over performance, and it is not the best environment for attracting the best talent from among the young. How well Challenges are met will mainly depend on the extent to which the bank's leverage their primary assets i.e., HR in the context of the changing economic & business environment. It is expected that the Indian banking and finance system will be globally competitive. For this the market players will have to be financially strong and operationally efficient. Capital would be a key factor in building a successful institution. The banking and finance system will improve competitiveness through a process of consolidation, either through mergers and acquisitions through strategic alliances. Indian Banking system has played a crucial role in the socio-economic development of the

country. The system is expected to continue to be sensitive to the growth and development needs of all the segments of the society. Besides practicing HR in different units it is also a mammoth task for the banks to face the central and outer challenges. In different way the HR department sales, finance and manufacture the strategic over time to achieve its ultimate objectives. Monitoring as well as changing the strategy also permits the business to cope up with the current demand.

Statement of the Problem

Traditionally, banking implied accepting deposits and lending to the required sections of the society. In this modern world, banking has progressed far beyond, to incorporate a range of technological advancement as well as to include distribution of financial products. Customers with their tight work schedule expect banks to function on 24x7 systems, which led to the technological revolution of ATM spreading far and wide, to all parts of the country. Similarly, banks are expanding their operations. This led the banks to explore new areas of generating revenue. Additionally, the companies have one slow on credit compelling banks to give a thrust on retail. Lots of developments have taken place in the recent years, which indicate a total paradigm shift in banking. The Private Banks wants to follow the mantra of universalization and are increasingly trying to position them as financial super market. But hardcore traditional bankers are finding it somewhat difficult to adapt to these changes. The challenges for banks management consist in making their employees multi-skilled.

The traditional brick & mortar private banks are moving gradually towards remote delivery channels like ATM, Internet, Core Banking solutions, Mobile Banking, Cheque Truncation etc. Thus the total face of the banking business is sought to be changed by these technological innovations. Companies increasingly want to reduce their borrowing from banks. In order to compensate for the low returns offered by corporate lending, the private banks deploy the funds in personal finance. Private Banks has identified retail as a focus area. Most private banks have gone aggressive on lending to the housing sector, personal finance, consumer finance & educational loans etc. The Private Banks are exploring new sources of income such as Bancassurance, distribution of Mutual Funds, Wealth Management, Depository & Online Trading Services, collection of taxes, collection of utility bills & other services such as treasury income, cash management services, and remittance products. The Private Banks have also entered multiple service areas. Hence the bank employees, with their traditional mindset of working for fixed hours, would find it difficult to adapt to this changed environment. There is an urgent need for them to become multi-skilled. Bank management is therefore faced with the challenges of continuously equipping their employees to stand up to the new challenges confronting them. Overall performance of the private sector banks has increased to a large extent because of sound Human resource management practices. But the dissatisfaction among employees also has increased over a period of time. In view of the above stated issues the private sector banks are not in a proper position to discharge their roles in the way in which they are expected to perform in the presence of ever-changing competitive environment, unless their HR practices are x-rayed. Hence the proposed area of research leads to certain solutions to the problems.

Objectives of the Study

1. To study the need and importance of Human resource management in private sector banks.

2. To understand the profile of Indian private sector banks selected for study.
3. To analyze and evaluate the existing policies and practices of human resource in selected private sector banks in Perambalur District.
4. To study the impact of Human resource management practices on the job satisfaction of the employees in private sector banks in Perambalur District.
5. To study the job satisfaction of the employees of different position and experiences, and socio-demographic characteristics of private sector bank employees.
6. To offer useful suggestions in the light of findings for toning up of the Human Resource Management (Particularly in Development) in private sector banks in Perambalur District.

Scope of the Study

The scope of the present study is confined to the Human resource management practices and policies of the private sector banks in Perambalur District, from the employee's perspective only. An attempt is made in this study to examine the existing HRM practices of the private sector banks in Perambalur District. LAKSHMI VILAS BANK, AXIS BANK, CITY UNION BANK, ICICI BANK, CATHOLIC SYRIAN BANK, KARUR VYSYA BANK, HDFC BANK, IDBI BANK, SOUTH INDIAN BANK, TAMILNADU MERCANTILE BANK are taken for the study. The present study covers human resource planning, job analysis, recruitment, induction, training and development, placement, compensation, career planning, performance appraisal, promotion, transfer, complaint and grievances, separation and layoff, and the work environment of the Indian private sector banks in Perambalur District.

The primary data collected and analyzed in the study refers to responses received through structured questionnaires administered on the selected private bank employees. The private bank employees include clerk/executives and Bank Managers. The outsourcing employees' opinion or responses are not included in this study. The study will be useful for the present and prospective employees and for the banking companies, which are operating in Indian banking industry and the government for framing the rules and regulations with respect to HRD.

Sample and Sample Size

The sample of the study involves. LAKSHMI VILAS BANK, AXIS BANK, CITY UNION BANK, ICICI BANK, CATHOLIC SYRIAN BANK, KARUR VYSYA BANK, HDFC BANK, IDBI BANK, SOUTH INDIAN BANK, TAMILNADU MERCANTILE BANK Clerks/executives and officers/ Bank Managers in Perambalur District.. The sample sizes are 300 employees are selected using dis-proportionate stratified sampling technique. So, the sample size is distributed equally among all the private banks selected for the study.

Limitations of the Study

1. The study area is restricted to Perambalur District. The employees' perception of Human Resource Practices may differ in other states/countries.
2. As there is a wide gap in HRM practices of the private sector banks, comparisons may not be fully viable.
3. It covered only Bank officers/Managers and Bank clerks/executives. Other outsourcing employees, employees working under franchise', and sub-staff are not taken into consideration.

4. Another limitation is that some of the employees are afraid of giving factual answers.
5. The information provided by the respondents is assumed to be accurate.

Suggestions

. In the research study it is clear that private banks do not involve employees in designing the HR policy and HR policies are not in easily understandable language, and hence beyond the comprehension of many employees. This leads to many misunderstandings between the employees and the management. So all the selected Indian private sector banks should clearly define the HR practices of the bank in easy understandable language and should communicate the latest change in the HR manual to all the employees from time to time to avoid the confusion and misunderstanding.

In today's competitive job market condition recruiting the right candidate for the right job is very challenging. Candidates from different educational background, different experiences and different cultures join the banking services. Training is one of the best tools used to bring them in banking line. Training should fill the gap between knowledge and skill required and available.

In the present scenario talented employees who joined executive posts want to go for higher education for promotion and for better salary and more importantly for up gradation of knowledge. The technology and market strategies are changing rapidly. From the research study it is clear that the selected private banks are not encouraging their employees to go for higher education. It is suggested that all the private sector banks should open a higher education support department. Through that department banks should sponsor the cost of higher education and sanction leave to encourage their staff members to go for higher education and should consider qualification at the time of promotion.

The sincere and hardworking employees always expect the management to give better salary and facilities. So the performance appraisal procedure should identify the hard and sincere and hardworking employees and distinguish them from lazy employees. From the research study it is clear that the private banks do not conduct performance appraisal frequently and the employees are ignorant of the performance appraisal methods.

It is suggested that all the private sector banks should design performance appraisal method scientifically and it should be in easy understandable language. All the private sector banks should communicate the performance appraisal methods to all the employees and should conduct performance appraisal programmes at least quarterly.

Recruitment and selection of the right candidate is another challenging job of HR. From the research findings it is clear that in private sector banks recruitment and selection criteria are not well defined. The recruitment is based on the market conditions. Some of the employees are hired from other competing banks without proper recruitment method. They offer better salary and facilities to such employees than their own old employees. Some of the employees are recruited on influence of the key managers of the bank. So these recruitment procedures badly affect the existing employees. Hence it is suggested that all the selected private sector banks should clearly define the recruitment and selection methods of the banks and transparency should be maintained in the selection and recruitment of employees from other banks.

Designing a good compensation package is one of the best methods of attracting and retaining the talented manpower in any successful organization. The research findings reveal that in the private sector banks compensation is not well designed and transparent. This creates lots of confusion and misunderstandings between the employees and the management. So it is suggested that all the private sector banks should frame the compensation package at par with public banks and foreign banks to retain the talented and experienced staff of the banks. The compensation package should clearly define the method of calculation of HRA, incentives, performance, bonus, and overtime wages. etc, and should communicate it to all the employees.

Promotion is the reward given to the sincere and hard working employees. From the research findings it clear that, in the private sector banks promotion and transfer policy are not well defined. So it is suggested that all the private sector banks should clearly define the promotion and transfer policy of the bank and should communicate the same to all the employees.

Employees' complaints especially of women employees should be handled very carefully. From the research findings it is clear that in the new private sector banks, employees' complaint redress is not handled properly. So it is suggested that all the private sector banks should set up employees grievance redresses committee comprising experienced psychologist and women officers and employees' representatives.

Facilities are another important tool used by the management to motivate the employees. From the research findings it is clear that in the private sector banks facilities are not provided. This will create a lot of dissatisfaction among the employees group. So it is suggested that all the private sector banks should provide certain essential facilities, such as transportation, education to their children, residential accommodation, tour package etc. All the private sector banks should clearly set the working hours of the bank at par with the nationalised banks.

The job security is another important factor which is vital to retain in the organisation. From the research findings it is clear that in private banks the termination/separation policy is not communicated to employees at the time of joining. So it is suggested that all the private sector banks should clearly define the employees' separation policy of the bank within the legal framework and should communicate the same to all employees at the time of joining.

Conclusion

In this research study after examining the HRM practices of the private sector banks, it is observed that the private banks are following low HRM practices and that HRM practices positively relate with the job satisfaction of the employees. Service industries like Banking cannot survive and grow without employees who are well satisfied and competent. So, the private banks should develop standard HRM policies to improve the job satisfaction of their employees. However, the challenges faced in the HR front are numerous and need to be handled diligently.