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## **Human Resource Development and Indian Banking Sector**

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### **Abstract**

Human Resource Development plays vital role in every organizations because it is now considered as a part of modern management system. In Banks HRD is a must for the overall development of employees. Globalization, liberalization and privatization has changed the overall scenario of banking sector in India. So there is a need to study the current scenario of HRD practices in Indian Banks. The paper highlights the concepts of HRD and their importance in banking sector.

**Keywords:** Human Resource Development, Banking, Dimensions, Concepts

### **Introduction & Concept of HRD**

Human Resource Development (HRD) is a process of developing skills, competencies, knowledge and attitudes of people in an organization. The people become human resource only when they are competent to perform organizational activities. Therefore, HRD ensures that the organization has such competent human resource to achieve its desired goals and objectives. HRD imparts the required knowledge and skill in them through effective arrangement of training and development programs. HRD is an integral part of Human Resource Management (HRM) which is more concerned with training and development, career planning and development and the organization development. The organization has to understand the dynamics of HR and attempt to cope with changing situation in order to deploy its HR effectively and efficiently.

According to **Leonard Nadler**, "Human resource development is a series of organised activities, conducted within a specialised time and designed to produce behavioural changes."

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 bench marking the Indian financial system against international standards and best practices. There is a need for introduction of new technology, skill development and intellectual capital formation. For all these, there is a need to develop human resources.

### **Difference between HRD and HRM**

1. The human resource management is mainly maintenance oriented whereas human resource development is development oriented.
2. Organisation structure in case of human resources management is independent whereas human resource development creates a structure, which is inter-dependent and inter-related.
3. Human resource management mainly aims to improve the efficiency of the employees whereas aims at the development of the employees as well as organisation as a whole.
4. Responsibility of human resource development is given to the personnel/human resource management department and specifically to personnel manager whereas responsibility of HRD is given to all managers at various levels of the organisation.
5. HRM motivates the employees by giving them monetary incentives or rewards whereas human resource development stresses on motivating people by satisfying higher-order needs.

### **Nature of HRD**

1. It is a continuous and well integrated process.
2. HRD is an essential subject everywhere, be it a manufacturing organization or service sector industry.
3. It is concerned with behavioral knowledge. HRD is a Multi-disciplinary subject which draws inputs from behavioural science, engineering, commerce, management, economics, medicine, etc.
4. It provides better quality of life and all round development of human resources.

### **Need of HRD**

HRD is needed by any organisation that wants to be dynamic and growth-oriented or to succeed in a fast-changing environment. Organisations can become dynamic and grow only through the efforts and competencies of their human resources. Personnel policies can keep the morale and motivation of employees high, but these efforts are not enough to make the organisation dynamic and take it in new directions. Employee capabilities must continuously be acquired, sharpened, and used. For this purpose, an “enabling” organisational culture is essential. When employees use their initiative, take risks, experiment, innovate, and make things happen, the organisation may be said to have an “enabling” culture. HRD is a Multi-disciplinary subject which draws inputs from behavioural science, engineering, commerce, management, economics, medicine, etc. its limit of growth, needs to adapt to the changing environment. So in banking

sector also requires proper HRD practices to increase the productivity and efficiency of their employees.

### **Challenges faced by Banking Sector**

1. Changing workforce demographic is a major challenge faced by banking industry in India.
2. Competing in global economy due to opening of banking sector in private and foreign companies.
3. The increasing difference of skill gap between new and old employees.
4. The growing importance that companies are nowadays giving to cost-cutting has posed HR with the challenge to minimize expenditure on HR not compromising on the productivity.
5. Major challenge is also to create a balanced organization after mergers and acquisitions.
6. To create learning culture in organization.

### **Meeting HR Challenges**

To meet the various HR challenges, banks should frame strategies that help banks in gaining competitive advantage and encourage innovation in its products and services. The following facts take into consideration to meet HR challenges:

1. To identifying present employees' knowledge, skills and abilities. This includes evaluating employees' strengths, education levels and additional training or certifications.
2. To appoint suitable person for each post of the bank. For this banks can hire those persons who are specialized in different areas.
3. To start training and development programmes for employees so that they can upto date their skill. Banks should also concentrate to frame proper policies regarding retaining of talented employees. To retain the employees' performance measurement, transfer policy and promotion policy must be maintained.
4. To provide non monetary benefits to all the employees of the banks so that they can always be motivated.
5. To provide after service benefits to each employees according to the status of their job.
6. There should be a balanced compromise between organisational need and individual need.
7. To avoid individual preference to avoid frustration at some point of time.
8. While there must be rewards for performance, non-performance must be punished/ reprimanded. Promotions must be only on merit.
9. There must be uniform, impartial and balanced "employee performance review system."
10. There must be a clearly defined system of succession planning and career growth planning in banks.
11. Attitudinal changes are required at the top level.
12. In order to become HRD conscious, the Public Sector Banks should allow independent functioning of HRD section, where the top person should be himself a good successful banker, a real HRD person free from any biases.

13. There should be more openness, transparency in personal matters, high value of human dignity, people oriented management system, creating belongingness and trust, two-way communication.
14. There should be award schemes for best HRD policies & Practices amongst all the banking sector.

### **CONCLUSION**

In the present scenario, all the organizations stressed upon HRD aspects. Banking sector also tries to implement the latest ideas on management regarding development of human resources. The major challenge now for banks is how to develop their social architecture that generates intellectual capital. Developing the individual or human capacity is an integral element of building capacity and, in fact, capacity building initiatives are now increasingly becoming necessary. Taking the banking industry to the heights of excellence, especially in the present competitive environment, requires a combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control and external regulations and, not the least, human resources. If there is a proper planning and strategies of human resources in banks, then only the banks will survive in the long run. Skilled and efficient manpower inventory is now becoming the need of the hour. So banks must start proper HRD practices to their future growth.

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