

Innovative HR Practices in Banking Industry - An Indian Scenario

Dr. Madhulika Gupta

Associate Professor Dr. D.Y.Patil Centre for Management and Research, Chikhali, Pune, Maharashtra, India

Email address: madhulika_gupta123@yahoo.co.in

Dr. Sunil Dhanawade (Co-Author)

Director Dr.D.Y.Patil Centre for Management and Research, Chikhali,Pune

Email address: drsunildhanawade@gmail.com

Prof.Sneha More (Co-Author)

Assistant Professor Dr.D.Y.Patil Centre for Management and Research, Chikhali, Pune Email address: moresneha29@gmail.com

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Abstract:

Banking Industry is one of the imperative financial supports of Indian financial system. Due to globalization and the liberal policies of Government, the pressure had built up on Indian Banks to formulate innovative HR practices to survive in the competition. Also the expectations of the employees have risen from the banks and also to retain good employees and enhance their efficiency it became indispensable to implement the innovative HR practices in the banks. This paper aims to provide an intuition to such innovations, related to Human Resource Management with the help of different perspectives in Indian banks both from public and private sector. Literature review is done for better understanding of the concept.

Keywords: Innovative, HRM practices, Banking, Performance Management, financial system..JEL Classification: E580, M120.

I. Introduction:

A couple of decades back the Indian financial system had been through major policy changes. This major change includes Liberalization which deals with the operational style of the workforce and henceforth it became compulsory for Banks to bring in innovative HR practices so as to guarantee their existence in exceedingly competitive surroundings. Innovative HR practices not only boost up efficiency and productivity of the Banks but also help to retain competent workforce.

The current business environment necessitates Banks to consider innovatively to turn up with the

latest methods to persist the recession and retain employees. Innovative methods would stimulate the employees in various segments particularly in the Banking Sector in India to exploit the skill sets by understanding through open efforts by Bank's business policy. In the existing corporate milieu, human resource has crucial contribution in overall success of any organization. Therefore, an efficient human resource management plays a very important role in the survival and achievements of organizations. Competitive market has made it mandatory for any entity to be dynamic towards any problems related to HR and hence it is inevitable for them to implement innovative HR practices for survival. Histological

research work also specifies that the result of innovative HRM practices can be vital en route for retaining employees and enhancing their performance. The paper attempts to emphasis on whether the preface of innovative HR practices will direct towards positive or contrary conclusions amongst the human resource in the Banks. The study attempts to discover the solution for the research question: Does practicing different innovative Human Resource practices in the Banks will result in organizational commitment amongst its human resource?

Figure 1: Innovative HRM Practices



It has been studied that in coming days it will become indispensable to ignore HRM issues in banking sector. Banks will have to consider issues like Compensation Management, Career Development, flexible timings, motivating factors, security etc. From this it is evident that banks will need to follow innovations in HRM. To deal with this requirement, this paper aims to recognize such innovative HR practices in banks and researchers can use this for further research.

II. LITERATURE REVIEW:

When organisations involve in innovation, they need creative and innovative people, who are flexible, risk taking, and tolerance of uncertainty and ambiguity (Chen and Huang, 2007)¹. It is important for an organisation to adopt supportive HRM practices that can motivate and encourage employees to be creative and innovative (Ling and Nasurdin, 2010)². Recruitment involves

employing and obtaining appropriate and competent candidates through external sourcing (Sparrow, Schuler & Jackson, 1994)⁷. HR has the potential to inspire innovation and creativity in the organisations (Gupta and Singhal, 1993)³. According to Wang (2005)⁵ innovative firms treat HRM practices as the organization's strategy to encourage team responsibilities, enhance organizational culture, and build up customer relationships through participation and empowerment. In turn, it will help to create and market new products and services.

OBJECTIVES:

The main objective of the study is to discover the Innovative Human Resource Management Practices implemented by Banks in India. Furthermore, this study is also based on the questionnaire design on innovative HRM practices.

III. RESEARCH METHODOLOGY

This study is fundamentally based on exploratory and descriptive research, as the researcher has investigated the innovative HRM practices on the basis of the acuity of the employees of bank. The research was carried out in Pune district of India. To carry out the study three banks from each public and Private sector were chosen i.e. total number of banks studied were six. Bank Of Baroda. Bank Of Maharashtra & Central Bank Of India were studied under Public Sector whereas Kotak Mahindra Bank, Indusind Bank & Axis Bank were studied under Private Sector. The sampling techniques used for the selection of the sample are Non random and purposive sampling.

The secondary data is composed through the bank documents for the study i.e. news reports of Banks, Bank articles, RBI reports, different research papers, and various websites. The discussion was done with the experts on Innovative Human Resource Management practices and through a personal interview the

researcher studied and listed out the innovative HRM practices adopted in the respective banks.

IV. RESULTS AND ANALYSIS

1. Recruitment and Selection:

The process of recruitment and selection is very important part in today's new recruitment and selection. And it is an important task. Main objective of recruitment and selection is to deliberate to increase employee for meet the employer strategic goals. It is make sure that right candidate at right place for achieve the organizational goals. Selecting, Sourcing, shortlisting and screening are the process of the right candidate for the requisite vacant positions

2. Training and Development:

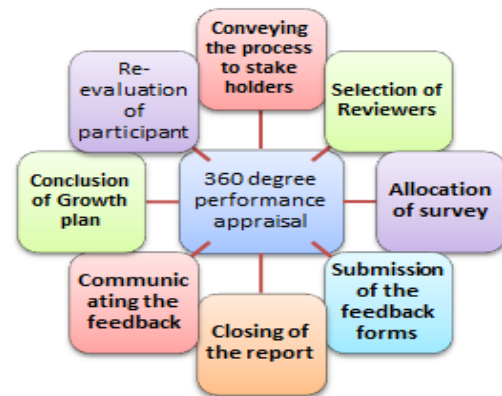
Training and development procedures are an organizational venture aimed at enlightening the performance of the individuals and groups of personnel in the organizational settings. It is an organized venture for growing the information and skills of the personnel. It involves methodical procedures for moving technical and organizational skills to the employees. Training process is very important venture for the organization, and it is also important for the employees. Skills obtained by the personnel through training are beneficial for the organization and assets for the organization. The enrichment of the skills provides the employees job security as well as opportunities for profession improvement.

3. 360 Degree Performance Appraisal:

The 360 degree performance appraisal is a method that makes certain that the appraisal is completed in a proper manner taking in view all the essentials encircling the employees. The 360 degree performance appraisal method considers taking care of all aspects as far as performance of employees is concerned. Item braces the crucial aspects such as association, joint efforts and leadership. The 360 degree

performance appraisal system is sophisticated type of appraisal which is used by various organizations where performance of employee is reviewed using the review of approximately 7 to 12 people.

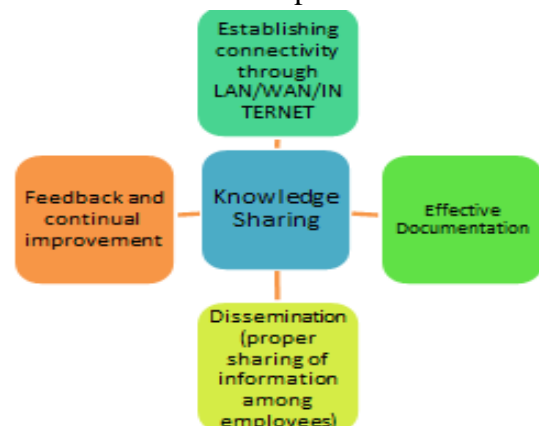
360 Degree Performance Appraisal Process



4. Knowledge Sharing

Companies should espouse a organized process to make sure that knowledge management is in coordination with the organization strategy. The organization stocks up knowledge in databases to make available better access to data posted either by the employees or the organization on the knowledge portals of the organization. It should be made compulsory for the employees to post and share all the important knowledge gained through any training program on the portal.

Creating a knowledge organization by following steps



- i. Effective Documentation (processing and storing data)
- ii. Establishing connectivity through LAN/WAN/INTERNET
- iii. Dissemination (proper sharing of information among employees)
- iv. Feedback and continual improvement

5. Reward Management

Rewards are nothing but monetary and non monetary benefits offered by banks to its employees for their job performance. Human Resources of the organization expect monetary rewards and non-monetary rewards like better salary and wages, pension plans, paid vacations, transportation, health, job enrichment and other benefits as reward.

Harmonizing the reward process with the performance of the employees is an effective reward management. Transparent reward management system motivates employees to give their best towards realizing an organizational objective.



6. Career Development-

This study identified that if proper career development opportunities are provided to the employees it helps them to develop themselves in all way and do good in their career. Few banks just like AXIS bank provides opportunities to their employees to get enrolled to professional courses

so as to augment their expertise as well as credentials. It is important to make the employees aware about the career opportunities available for their overall career growth, this will also enhance the performance of the employees through new skill development. Few of the innovative ideas are:

7. Employee Motivation: Proper motivational practices fulfil the physiological & psychological needs of the employees. From the study following motivational practices were identified.

- i. Providing loans at discounted rates
- ii. Flexibility in working hours and leaves
- iii. Organizing excursions
- iv. Providing Safe, healthy and happy workplace.



V. Findings:

It has been found that the novel and innovative HR practices would assist the banking sector to be more aggressive in today's competition. Consequently, all the mentioned innovative practices are a necessity in Banking Sector to be more dynamic in today's environment.



This study has come up with many new innovative concepts and terms related to HRM practices. Concepts like 360 Degree Performance Appraisal, Knowledge sharing, professional courses in banks, organizing career opportunity guidance conference, organizing excursions, etc. quite innovative ones.

Flexibility in working hours and leaves, promotions on the Basis of Merit, providing Safe, healthy and happy workplace etc. are just a few other examples of the innovative practices of HRM uncovered in this study.

VI. Limitations/Scope For Future Work:

The major limitations of the study are time constraint, biasness and hesitation of employees in expressing their views. Also, other public and private sector banks in Pune are not considered for the study owing to time and cost limit. Furthermore Overseas banks have also been not included in the study.

The outcome of the study can be a basis for further research and study as a questionnaire can be designed which can list down all the innovative HR practices. Future research can be done by covering a wider area across the country. Researchers may also look at the differences, if any, in the implementation of innovative HRM

practices. Industry wise comparisons can also be done using this study.

VII. CONCLUSION

Now-a-days the banking industry in India is facing tough competition globally, talent gap, and shortage of skilled employees. Hence, the banks should understand that employees are also a crucial part and equally important as customers, and should practice innovative HR practices to pull and retain the talent and provide them secure work surroundings. It is clear that skilled employees are the one who can help the banks to face the cut-throat global competition. The banking industry is the financial support of the Indian economy. The implementation of these innovative HR practices is underway and a constructive results in the productivity will make these banks realize that how significant these are for their growth. All these practices are implemented in a different way in various banks.

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