CHAPTER - II

METHOD AND SCOPE OF THE STUDY
This chapter deals with the method, scope, and other technical aspects of the study. The objectives and the problem of the study are stated first before discussing other aspects. Then the chapter covers in detail the scope and relevance of the study, the method adopted for collection of data, and the limitations of the study. The chapter also deals with the designing of the questionnaire used for the collection of data.

OBJECTIVES OF THE STUDY

While Planning the study, a number of objectives such as the personnel management practices in nationalised banks, the various factors that are responsible for motivation and demotivation with respect to officers in public and private sector banks, the value they attach to all these factors were all borne in mind. It was also the objective to suggest remedial changes wherever required. However, the main objectives of the study are:

1. To study the factors responsible for motivation/demotivation of bank officers.

2. To find out the causes of growing dissatisfaction/frustration among the bank officers.
3. To make a comparative study of the level of motivation among the officers of public sector banks vis-a-vis private sector banks and the factors responsible for the difference, if any.

4. To inquire into the factors causing motivation/demotion among bank officers and the reasons for the same.

5. To study the Human Resource development (HRD) practices adopted by banks having a direct bearing on the motivation/demotion of bank officers.

6. To study the work environment and the forces influencing the same.

7. To suggest remedial measures to improve employee motivation and employee morale.

THE PROBLEM

With the above objectives in mind, the data were collected. This helped to identify the various factors that led to the satisfaction and dissatisfaction in the public and private sector banks as far as officers are concerned. The number of officers leaving public sector banks and joining private sector banks have been showing an increasing trend particularly after the liberalisation process, in spite of good salary, perquisites and job security. This observation has led to the hypothesis that the public sector banks must be facing serious problems in the personnel administration and motivation. Further, the officers have been dissatisfied with the working conditions
or various personnel policies/practices. The impersonal attitude, poor human relations, absence of proper personnel policies, and their implementation demotivated a large number of officers and the banks are really facing problems in attracting and retaining talented people and in motivating the existing work force to the desired level.

Moreover with the onslaught of sweeping reforms in all the areas of banking except personnel area, there is a feeling that the officers are taken for granted, without understanding their real inner problems. The officers are simply exposed to the revolutionary changes without any preparation or without having any regard to their self-respect and human dignity. Any service industry needs a highly motivated staff and it is more so in the banking sector. Although the banks have formulated various personnel policies, it is felt that there are plenty of deficiencies in their implementation.

The policies and practices have become a matter of routine exercise rather than responding to the felt needs of the organisation and the individual employees in the context of changing bank environment and emerging challenges due to the reforms and liberalisation wave. When the study was taken up it was felt that motivation was more a matter of choice and willpower than the working conditions and incentives on the part of the individual employee. But now the study has revealed the important role of human relations, namely having regard to the human respect and
dignity of the individual employee, treating him as member of the family, is equally important in achieving continued motivation for realising organisational goals.

The large number of complaints against the public sector banks regarding the poor customer service subsequent to nationalisation led to the hypothesis that the main deciding factor was the nationalisation of banks. There is a feeling that officers are not showing the interest and enthusiasm, which they showed prior to the nationalisation. Further the profitability and productivity of banks were decreasing and the banks have started publishing balance sheets showing losses. The number of complaints on indicipline in banks are also been increasing. The factors like growing indicipline, decreasing profits, increasing complaints from customers, increase in vigilance and fraud cases, hesitation of officers to take independent decisions, wide gap of performance and effectiveness between public sector and private sector banks etc, have led one to conclude that public sector banks are facing a number of problems. It is felt that the most acute is the problem of employee motivation.

The problems the banking industry and particularly the public sector banks are facing have accumulated over a period of time and now after the liberalisation wave and the introduction of reforms, they have reached the climax. The study has tried to look into all the problem areas from the point of view of personnel administration and organisational effectiveness.
SCOPE OF THE STUDY AND RELEVANCE OF THE STUDY

As per the objectives of the study, the scope of the study was limited to public sector and private sector banks. Among the public sector banks, 21 out of 27 banks have been covered. So far as the private sector banks are concerned seven leading private sector banks having excellent all round performance were covered. The study is a comparative one pertaining to the existing HRD policies/practices relating to employee motivation. The foreign banks were not considered for the study as the scope was restricted to Indian banks only for studying certain specific issues/problems that are relevant and comparable to these banks only.

The relevance of the study has to be seen from the point of view of the following aspects:

a) The widening gap of performance and organizational effectiveness between public sector & private sector banks.

b) The reasons for growing dissatisfaction among the officers of Public sector banks.

c) The need for motivating the officers of public sector banks.

d) Whether privatization of public sector banks is a remedy for all the ills at present.

e) The need for improving organizational effectiveness through better HRD efforts, better systems and procedures, and better work culture.

f) The necessity for enhancing job satisfaction of officers.
a) The widening gap of performance and organizational effectiveness between public and private sector banks.

In respect of deposits, during the period 1985-90, the total deposits of public sector banks have registered an average annual growth of 17%. In the next four years the rate has decelerated by around 3 percentage points i.e during the period 1991-92 and 1994-95 it was 14%. Private sector banks on the other hand, have reported deposit growth of 29 percent (average) a year during 1991-1995 compared to around average of 13% during 1985-90. The number of banks reporting over 20 percent growth a year during this period is highest (17) in respect of private sector banks, followed by foreign banks (14) and the public sector banks (10). In respect of the growth of various components of deposits, savings and fixed deposits have grown by 15 percent each in respect of public sector banks, current deposits being 12 percent. In respect of private sector banks the growth of fixed deposits, however, has been very high, 35 percent followed by current at 25 percent and savings deposits at 16 percent. In foreign banks, fixed and savings deposits have grown at 26% and 23 percent respectively whereas the current deposits have a lower growth of 7 percent.

As on 31st March 1995, the public sector banks account for 87.50 percent of the total deposits with the share of private sector banks at 6.54 percent and the foreign banks 6.96 percent. The advances of the public sector banks during the period 1991-95 show an average increase of 7 percent compared to an average yearly growth of 18 percent during 1985-90. The Private sector banks, however, have stepped up their
Advances in the aftermath of reforms. These banks have reported an average annual growth of 30 percent during 1991-95 compared to an average annual growth of 13 percent during 1985-90.

Investments on the other hand show a marked increase during this period. Total investments of the public sector banks, during this period have reported an annual increase of 20 percent, that of private sector banks 33 percent. In respect of public sector banks, investments in government securities show a yearly annual increase of 22 percent, in other approved securities by 4 percent in share by 57 percent and in debentures 54 percent. In case of private sector banks, investments in government securities, show an annual increase of 28 percent, other approved securities 11 percent, shares by 153 percent and debentures and bonds by 227 percent. In respect of foreign banks, the average annual growth of investments in government securities stands at 25 percent, compared to a negative growth in respect of other approved securities, an yearly growth of 30 percent in shares and 6 percent in respect of debentures and bonds. Wide disparities have been observed in income growth of different groups of banks. During the period 1991-92 to 1994-95, income of public sector banks rose by 8 percent, of the private sector banks by 28 percent. Another aspect which attracts attention is the steep growth reported by private sector banks in generation of other income which has grown by an annual rate of 45 percent during the period from 1991-95 in contrast to 11 percent annual growth reported by the public sector banks. A high degree of dissimilarity is observed in respect of
expenditure growth too. 7 percent in public sector banks 25 percent in private sector banks, which is also found in respect of profits and profitability.

The eight new private sector banks, which have commenced operations in the aftermath of banking deregulation, have created a niche for themselves with their aggressive business strategies and marketing drive. The product development these banks could undertake with the help of latest technology and highly skilled manpower which they have access to, could unleash rapid transformation in the scope and content of high value banking services. After coming into operation since April 1994, these eight new private sector banks have managed to mobilise Rs. 4200 crores through their 47 branches as on Sept 30, 1995, making profits in the very first year of their operations.

Taking into account all these recent developments, the public sector banks are called upon to play a very highly demanding role if they have to survive and thrive in the banking industry in the days to come. Hence this study becomes extremely relevant.

b) The reasons for the growing dissatisfaction among the officers of the public sector banks:

With a near total ban on recruitment during the last decade and with the decline of promotional opportunities at all levels, the officers of the public sector
banks have reached a point saturation in their career opportunities and a point of stagnation in their pay scale. Working conditions in banks also changed substantially during the last two decades. Poor human relations and lack of proper HR management, frequent transfers and increasing accountability without adequate powers, were all factors which paved the way for the growing dissatisfaction and consequent frustration among the bank officers, particularly in the public sector banks.

There has been an increasing tendency among the officers to avoid taking independent decisions for fear of arbitrary punishment or Victimization. It has become quite convenient for bank officers, therefore to follow the Chinese proverb; "do more, err more; do little, err little; do nothing, err nothing." Of late officers are shirking the responsibility and the post of branch manager.

c) The need for motivating the officers of public sector banks.

Banking being a service industry, there is a need for highly motivated team of officers. The main reason behind poor customer service, wide gaps in productivity, profitability and house keeping is lack of employee motivation. Officers being supervisory staff, if they are not sufficiently interested in discharging their duties, it will affect the performance of staff working under them or around them. Lack of motivation on the part of officers can affect adversely the productivity, profitability and efficiency of the entire banking system. Effective and result-Oriented banking
depends on quick and timely decisions by the officers at various levels. But due to various reasons, the officers of the public sector banks are demotivated and frustrated. This has killed the enthusiasm and initiative of a majority of the officers. Therefore, in the present set up, there is a greater need to motivate the officers to improve the functioning of the banking system and particularly that of the public sector banks.

d) Whether the privatisation of the public sector banks is a panacea for all the ills faced by them at present?

The study is extremely relevant from the point of view of privatization which is loudly thought of and indirectly encouraged at present. The health of the public sector banks, though appears to have improved after the introduction of reforms, it is not all that cheerful as it is required for the present day fierce competition. Whether privatization of banks will be able to solve all the problems and make the public sector banks more vibrant and competitive is a moot point. The study is also relevant in finding out whether the policy formulation was wrong or its implementation was wrong.

e) The need for improving organizational effectiveness through better HRD efforts, better systems and procedures and better work culture:

The organization is people. The strength or the performance of the organization depends on its workforce. Only a satisfied worker can satisfy the
customer. Nobody can give what he does not have. If one doesn't have satisfaction he cannot give satisfaction to others or satisfy them. Dissatisfied & frustrated people will only make others around them dissatisfied and frustrated. Hence the task of the day is to integrate the individual employees' needs with those of the organisation in such a way as to make optimum utilization of the available workforce at a minimum cost. This calls for integrated approach in Human resource Management. The HRD efforts are to be streamlined in such a way that proper and effective systems, policies, procedures and practices are adopted in the best interest of both the individual employee and the organization. An atmosphere of mutual regard and respect, arising out of sincere love for the workforce as members of one family has to be developed. This type of care, concern and mutual understanding paves the way for a new work culture and organizational climate that is most essential for sustained employee motivation.

f) The necessity for enhancing job satisfaction of officers.

As there is considerable dissatisfaction among the officers of public sector banks, unless these dissatisfiers are identified and corrective steps are taken, there will be an exodus of talented officers leaving the public sector banks and going elsewhere looking for greener pastures. Hence while reducing the dissatisfaction, care must be taken to increase the job satisfaction. The lack of freedom and standardization of pay scales, perks, automatic increase in salary, all prevent the officers from taking extra interest in their work. The traditional schemes of
incentives like monetary rewards have failed to motivate officers. Similarly fear of authority has also reduced substantially because of the rise of powerful unions and associations. In view of this it is of vital importance to increase job satisfaction of officers so that the best talents can be retained in the public sector banks.

COLLECTION OF DATA

The data were collected through a detailed questionnaire sent to the officers of public and private sector banks personally or through messengers. Before sending the questionnaire, the same was personally handed over to four respondents for a pretest. This helped to make some minor changes in the questionnaire. The pretest of the questionnaire helped to make it more convenient to answer the questions. The pretested questionnaires were sent to various points of the country by mail to be handed over to the respondents personally. To those respondents from Manipal, Udupi, Mangalore and nearby places the questionnaire was handed over personally. All the respondents who were personally contacted showed keen interest in the subject and had very encouraging words to say about the compilation of the questionnaire. The questionnaires sent by mail needed a lot of follow up action. Most of the respondents wanted the information furnished by them to be treated as strictly confidential. Some of the respondents have not filled up the biodata as they did not want to be identified. Some have not written their name, some have not signed the biodata sheet. In order to
get their frank views writing the name or putting signature on the biodata was made optional.

The Sample:

With the introduction of the financial reforms the banking industry in India has been undergoing sweeping changes. The liberalisation wave had created a new playground for the various players namely the public sector banks, private sector banks and foreign banks. When compared to the performance of private sector banks that enjoyed success, the public sector banks except a few were limping with losses. Hence, as has been mentioned earlier, it was decided to make a comparative study between public and private sector banks with respect to their HRD policies and practices and especially the secret of every ‘success-employee’ motivation. The foreign banks were excluded for the simple reason that they are foreign and not Indian. Hence only the Indian players in the public and private sectors were considered for this analytical study.

Since officers hold the responsible posts/positions and influence their subordinates because of their decision making power, the officers category was taken up for the study. The officers covered in the study pertain to Junior Management Grade - Scale I to Top Management scale VI with majority of them having service of more than 15 years and hailing from all over India.
The Questionnaire

The questionnaire used in the study appears in annexure II. The questionnaire was prepared with the intention of collecting all relevant data/information from as many respondents as possible. The respondents were from different parts of the country as the study was of an All-India nature. The questionnaire was prepared in such a way that the respondents could give their answers immediately. Wherever possible, the respondents were met personally and through a dialogue, additional information/data were elicited. Quite a few respondents gave detailed information and shared their personal viewpoints on various aspects of HRD policies and practices and also their frustration was amply displayed. Some of the respondents hesitated to write their names or put their signature in the bio-data sheet. However the respondents gave all the required information willingly. There was a feeling among the respondents that the questionnaire was very lengthy. This was partly due to the exhaustive nature of the questionnaire covering practically all aspects and partly because the answers expected revealed personal feelings relating to satisfaction and dissatisfaction relating to rules, procedures, systems and problems faced by the respondents in the form of their work experience over a period of time. Apart from this, all the required and relevant information for the study had to be collected mainly through the questionnaire. For the purpose of convenience, all the questions in the questionnaire can be grouped in the following manner depending on the type of information sought from the respondents:
<table>
<thead>
<tr>
<th>Classification Of Questions</th>
<th>Suggested Area Of Answers</th>
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</thead>
<tbody>
<tr>
<td>Group I (1-2)</td>
<td>Reason for joining bank &amp; post held for major part of service.</td>
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<tr>
<td>Group II (3-4)</td>
<td>Recruitment/Selection procedure</td>
</tr>
<tr>
<td>Group III (5-11)</td>
<td>Induction &amp; HRM functions</td>
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<tr>
<td>Group IV (12-13)</td>
<td>Transfer policy</td>
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<tr>
<td>Group V (14 -16)</td>
<td>Promotion policy</td>
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<tr>
<td>Group VI (17 -19)</td>
<td>Training</td>
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<tr>
<td>Group VII (20 -22)</td>
<td>Management / leadership</td>
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<td>Group VIII (23)</td>
<td>Organizational climate</td>
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<tr>
<td>Group IX (24)</td>
<td>The role of union/association</td>
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<td>Group X (25 -26)</td>
<td>Performance appraisal</td>
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<tr>
<td>Group XI (27)</td>
<td>Pre &amp; post nationalization</td>
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<tr>
<td>Group XII (28)</td>
<td>Disciplinary action</td>
</tr>
<tr>
<td>Group XIII (29 -33)</td>
<td>Motivational factors for continuing in the bank</td>
</tr>
<tr>
<td>Group XIV (34 - 36)</td>
<td>Human relations and leadership</td>
</tr>
<tr>
<td>Group XV (37 -40)</td>
<td>Factors behind motivation/ demotivation</td>
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<tr>
<td>Group XVI (41 -42)</td>
<td>Symptoms of frustration</td>
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<tr>
<td>Group XVII (43-55)</td>
<td>Central / fundamental issue of motivation</td>
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<tr>
<td>Group XVIII (56-58)</td>
<td>Participative management &amp; quality circles</td>
</tr>
<tr>
<td>Group XIX (59)</td>
<td>Hierarchy</td>
</tr>
<tr>
<td>Group XX (60)</td>
<td>Author of motivation</td>
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</tbody>
</table>

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However, the questionnaire itself did not carry any headings relating to groups mentioned above. This was done with the intention that the respondents should be in a position to answer the questions as if in a dialogue. As far as possible, objective questions with multiple choice on a five point scale were asked for the convenience of the respondents. The analysis of the data collected was done both through computer and manually in order to ensure precision and accuracy.

THE LIMITATIONS OF THE STUDY

The following limitations are noticed in this study. Although 21 out of 27 public sector banks are represented, they all are not equally represented. Even though efforts were made to collect data from officers of all public sector banks equally, the efforts did not get fructified. So far as the private sector banks were concerned, seven leading banks were represented.

Since the questionnaire was same for both private and public sector banks, a few questions like recruitment through Banking Service Recruitment Board and on nationalization were not relevant to private sector banks. Further, the length of service in the bank was not equal for all the respondents. Hence the impressions of the officers about the functioning of the Human Resources Development department or personnel administration may have its bearing on their total service in the banks. The respondents who have a longer service will be able to make a better judgment in
more areas of functioning of banks than those having a shorter period of service. Moreover, over a period of time HRD policies and practices have undergone a sea change. It may be said that the above limitations have not created any problems to the study. The limitations mainly concern the collection of data and the manner in which the data is available. The limitations are related to the quality of the data because of the varied experience of the respondents.

CHAPTER SCHEME:

As has been already noted, the first chapter introduces the subject matter of the study. The second chapter covers the method and scope of the study. The objectives of the study are explained and the problem is stated. The chapter covers in detail the method adopted for collection of data, the scope of this study, the relevance of the study and the limitations of the study. The chapter also deals with the designing of the questionnaire.

The third chapter deals with the review of various motivation theories. A number of theories have been propounded by various management experts starting from F.W. Taylor, Maslow, Herzberg, McClelland, Vroom etc. The various developments in motivational theories of these experts are also analysed.
The fourth chapter deals with the results of the study conducted on the basis of the data received from 140 respondents. The demographic data of the respondents are also given in this chapter. The various problems faced by banks and particularly public sector banks relating to personnel administration and Human Resource Management are mentioned on the basis of the data furnished in the questionnaire. In short this chapter contains the results of the study based on the data collected through the questionnaire.

The fifth, the last, chapter presents conclusions drawn from the study. Necessary improvements are recommended and solutions suggested for better management of human resources so that we can make optimum utilization of available resources at a minimum cost.