7.1. **INTRODUCTION**

During Stage II, the data collection was undertaken through (1) visit to Corporate Offices of the banks, (2) Interaction with the Heads of Human Resources Departments/Other Senior Officials, (3) Visit to select branches of the bank and (4) Survey among the executives/employees of the banks.

The impact of Organisational design and Human Resources practices in various banks was analysed from the data collected from the above sources. The observations have been presented in two sections:

**PART: I**

Observation based on the data collected, information gathered during visits, interactions with executives and survey among the officials of the bank (as mentioned above).

**PART: II**

Analysis of the data collected during the survey to test the following hypothesis.

1. An appropriate and conducive organizational design that promotes competitive efficiency results in achievement of excellence in customer service in a competitive environment.

2. Banking organizations that practice professional and result oriented human resources management render quality customer service.

3. Employee motivation through HR policies/practices (including reward/incentive schemes, etc.) influence the quality of service rendered by the organization.

**PART-III:**

Survey : Other Observations

7.2. **OBSERVATIONS : PART - I**

The observations relating to Organisational Design, Human Resources Practices and Technology are given in the following paragraphs.
7.2.1. ORGANISATIONAL DESIGN: COMPARATIVE STUDY AND OBSERVATIONS:

This section has been divided into two areas – (a) Structural aspects, and, (b) Functional aspects.

(a) Structural aspects:

(i) The banks with higher levels of ‘Excellent’ rating from the customers, i.e. HDFC Bank, IDBI Bank and Citi Bank have comparatively, flat structures at the top. In the case of HDFC bank, there are only four levels in the senior cadre. Similarly, IDBI bank and Citi bank also have only four levels each at the top. The levels in between are not huge administrative set ups with large supporting staff but functional authorities with supervisory and control functions. For eg., the cluster heads and Zonal Heads in these organizations are functioning individually (or with skeletal staff) controlling the operations without any massive structure and staff supporting them. Hence the layer does not work as an inefficient constraining tier, but a motivating, performance enabling structure with responsibilities for close monitoring of the structure at the operational level. The banks with lower rating of service by the customers, viz. Indian Bank, UCO Bank, United Bank of India have many administrative layers such as Regional Office (RO) with each RO controlling a group of branches. These Regional Offices are generally massive structures with huge staff support with limited contribution to business development and customer service.

Structural Aspects:
The observation can be diagrammatically shown as below:

![Diagram of Banks with Excellent Rating]

**Fig.28**

**BANKS WITH EXCELLENT RATING**
The layer creates an avoidable point through which business reporting has to be done though there is no contribution to this from the Regional Office. The shifting of this manpower to operational level will enable better customer service and operational efficiency.

(ii) The banks with 'Excellent' Customer ratings have enabling structures at the corporate level. The HDFC bank has a pyramidal structure but the divisions are functionally organized with direct reporting from the branches to functional heads. The position is almost same with Citi Bank. However, due to the functional organization at the branch as well as Corporate levels, the structure does not get affected by the disadvantages of conventional pyramidal structures. IDBI Bank has a matrix design and involves multiple reporting. The bank enjoys all advantages of a matrix design which utilizes functional and divisional chains of command simultaneously. There is speed in decision making process and also speed in execution. The banks with lower service rating, though organized based on functions, has a traditional or classical design which consists of very clearly delineated jobs, a well defined hierarchical structure which rely heavily on the formal chain of
command for control. The disadvantage of such a set up is that the operational aspects get pushed down by administrative hierarchical layers.

(b) **Functional Aspects:**

(iii) The corporate office has functional divisions in all the banks studied. However, there are some thin lines of demarcation if one compares one bank with another. In the case of banks with service excellence (HDFC, Citi bank, IDBI), the reporting is function oriented with the functional groups at the branch/operational level reporting to the corresponding functional group at the corporate office level. For eg., the Retail banking at branches include credit card business and Demat Services in addition to maintenance of accounts and grant of loans to retail customers. The branch for the purpose of reporting retail assets will be communicating to the ‘Head’ Credit cards while for reporting on Demat related transactions, they will correspond with Head Custodian, Depository Services. This organizational design ensures specialization, faster decision making process and efficient customer service.

Fig.30

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**Banks with Excellent Rating**

- **Corporate Setup**
  - Head Retail
  - Head Credit cards
  - Head Depository group
  - Zonal Head
  - Cluster Head
  - Branch

**Controlling Layers**

Lean layers of control

- Retail group
- Credit Card Group
- Depository Services group
This is in contrast to the system prevailing in banks such as Indian Bank, UCO Bank, UBI, etc. where the reporting of various functions are made through the administrative layers such as Regional offices to Corporate Office.

Fig. 31

**Banks with Lower rating**

Many of these Regional Offices control large number of branches (unlike the new generation banks) and hence the Regional Offices have the same divisions/sections as those in the Corporate Office/branches. The respective divisions consolidate business reporting and exercise supervision on that function undertaken at branches. Had the branches been directly reporting to the functional divisions in the Head Office, the Regional Offices would have been a thinner structure. However, this has to be viewed in the context of large number of branches these banks have spread all over the country.
(iv) Organisation design provides for a ‘Product Team’ and ‘Sales Team’ at the corporate level for each segment in the case of Banks with service excellence. The product team design the products and sales team looks after the sales. Many of the bank’s products are sold through the branches which function as a one-stop shopping center for various products. At the branch level there are sales teams looking after a group of products or there may be separate groups for various products. The structure at the Corporate level is highly customer oriented, segment oriented and business oriented enhancing the quality and efficiency in customer service. Further, the structure also ensures that there are constant efforts on the part of these banks to improve quality of the existing products and develop new products for their customers.

In contrast, the banks where the service rating is low the corporate office does not have specially designated sales teams. The sales is more or less confined to branch level and the efforts for sales is undertaken generally in the case of wholesale customers (corporate, etc.) only. The existence of sales teams at all levels in the organization enables better out reach and contact points enhancing customer relations.

(v). The organizational design of banks with excellent rating at the branch level shows that the set up has a customer-focus structure. The branches have Sales Teams/ Customer Relation teams who deal with customers directly. The individual customers are attended to and helped by these Customer Relation Officials. Further, these banks have separate Relationship Personnel for ‘Preferred Customers’, ‘High Net worth Individuals’, etc.

Fig.32

Eg. **IDBI Bank:**
The branch structure of this kind is supported by Operational teams which may include Font-line staff, Back-Office support teams and technology support teams. The organization of this kind with high levels of customer orientation enables efficient and effective service delivery.

The concept of ‘Customer Relationship Management’ through designated personnel is yet to find place in the organizational set up and functioning of banks such as Indian Bank, UCO Bank and United Bank of India. This aspect has a significant bearing on the quality of customer service offered by these banks.

(vi) In the case of banks which received ‘Excellent’ customer ratings, the structure has provided for multiple delivery channels at multiple locations. The banks which received ‘Excellent’ ratings in general have the following delivery channels:

- Branch
- ATMs
- Internet Banking
- Phone Banking
- Mobile (SMS) banking

(vii) The technological support to banking operations has become an inevitable ingredient of banking business in today’s environment with globalisation and the rise of new generation Banks in the banking environment. Technology based operations have been initiated at huge cost. In this context it is worthwhile to analyse the role of technology and how it is engraved into the organizational design.

Banks with ‘Excellent’ rating for customer service like HDFC Bank, IDBI Bank and Citi Bank have well founded technology based functioning. The operational environment is fully automated with integrated accounting system and technology based, multiple delivery channels for services offered by the bank. The organizational structure of these banks provide for full-fledged, well staffed technology departments to take care of the existing as well as emanating technology requirements of the bank. The technology department also provides support to ensure efficient performance. While the product design may be undertaken by the concerned functional division, technology based delivery of the same will be designed by the technology department.

The size of the technology department in these banks is a testimony to the emphasis given to technology. For example, HDFC bank in addition to the Country Head has five (5) Vice
Presidents and three (3) Asst. Vice Presidents in the Information Technology Division. In contrast, the banks with lower rating for customer service have created such departments only in the recent past. United Bank of India currently has the IT function looked after by a General Manager. The creation of IT infrastructure in the organizational structure has great impact on IT initiatives of the bank which eventually reflects in the customer service and customer satisfaction.

A comparative chart depicting the position of the six banks with regard to significant aspects of organizational structure is given below.

**Organizational Design : Comparison Matrix**

<table>
<thead>
<tr>
<th>Features</th>
<th>HDFC Bank</th>
<th>IDBI Bank</th>
<th>Citi Bank</th>
<th>Indian Bank</th>
<th>UCO Bank</th>
<th>United of India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of customers giving excellent/very good rating</td>
<td>92%</td>
<td>87.1%</td>
<td>86.8%</td>
<td>14.7%</td>
<td>1.5%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Overall structure</td>
<td>Pyramidal</td>
<td>Matrix</td>
<td>Globally matrix, Indian arm pyramidal</td>
<td>Typical Pyramid</td>
<td>Typical pyramid</td>
<td>Typical Pyramid</td>
</tr>
<tr>
<td>Organisational structure at the top</td>
<td>Comparatively flat</td>
<td>Flat</td>
<td>Flat</td>
<td>Hierarchical</td>
<td>Hierarchical</td>
<td>Hierarchical</td>
</tr>
<tr>
<td>Corporate Office Design</td>
<td>Functional Task oriented groups</td>
<td>Functional Task oriented groups</td>
<td>Functional Task oriented groups</td>
<td>Functional but hierarchical and administrative</td>
<td>Functional but hierarchical and administrative</td>
<td>Functional but hierarchical and administrative</td>
</tr>
<tr>
<td>Divisional design at the Corporate Office</td>
<td>There are Product Teams and Sales Teams</td>
<td>There are Product Teams and Sales Teams</td>
<td>There are Product Teams and Sales Teams</td>
<td>While Product development takes place at Corporate Office level, the unit generally remains as an administrative set up</td>
<td>While Product development takes place at Corporate Office level, the unit generally remains as an administrative set up</td>
<td>While Product development takes place at Corporate Office level, the unit generally remains as an administrative set up</td>
</tr>
<tr>
<td>Branches Design</td>
<td>1. Broad approach</td>
<td>Customer-focus structure</td>
<td>Customer-focus structure</td>
<td>Resource allocation structure</td>
<td>Resource allocation structure</td>
<td>Resource allocation structure</td>
</tr>
<tr>
<td>2. Coverage</td>
<td>Only Retail banking</td>
<td>Many functions – segment wise divisions</td>
<td>Branches mainly cater to consumer group</td>
<td>Many functions within the branch under one umbrella</td>
<td>Many functions within the branch under one umbrella</td>
<td></td>
</tr>
<tr>
<td>3. Structure</td>
<td>Sales team/ Relationship team and support/back office team</td>
<td>Customer Relations Teams and support back office team</td>
<td>No clear/ specific Customer Relation group segment-wise counters</td>
<td>No clear/ specific Customer Relation group segment-wise counters</td>
<td>No clear/ specific Customer Relation group segment-wise counters</td>
<td></td>
</tr>
<tr>
<td>4. Front-line structure</td>
<td>Exclusive front-line staff</td>
<td>Exclusive front-line staff</td>
<td>Staff at counters attend to all operations</td>
<td>Staff at counters attend to all operations</td>
<td>Staff at counters attend to all operations</td>
<td></td>
</tr>
<tr>
<td>Delivery channels in the structure</td>
<td>Branch ATMs, Internet Banking, phone banking, Mobile (SMS) banking</td>
<td>Branch ATMs, Internet Banking, phone banking, Mobile (SMS) banking</td>
<td>Branch ATMs (limited compared to spread), Internet banking, phone banking</td>
<td>Branch ATMs (limited compared to spread), Internet banking, phone banking</td>
<td>Branch ATMs (limited compared to spread), Internet banking, phone banking</td>
<td></td>
</tr>
<tr>
<td>Reporting System (From branches)</td>
<td>Functionally vertical to Country Heads (through cluster heads/Zonal Head)</td>
<td>Vertical – multiple reporting to Country Heads (Through cluster head, zonal head)</td>
<td>Functionally vertical to country heads</td>
<td>Vertical through Regional Office and other administrative layers in corporate office</td>
<td>Vertical through Regional Office and other administrative layers in corporate office</td>
<td></td>
</tr>
<tr>
<td>Interaction between Branch (operational) staff and Controlling entities</td>
<td>Very frequent</td>
<td>Very frequent</td>
<td>Very frequent</td>
<td>Regular but less frequent</td>
<td>Regular but less frequent</td>
<td></td>
</tr>
<tr>
<td>Size and structure of Cluster Head/ Zonal Head/ Regional Manager</td>
<td>Generally one man set up or 1+1 or 2 set up (Lean)</td>
<td>One man set-up Lean</td>
<td>Massive set up in view of large branch net work</td>
<td>Massive set up in view of large branch net work</td>
<td>Massive set up in view of large branch net work</td>
<td></td>
</tr>
</tbody>
</table>

7.2.2. Human Resources Practices: Comparative study and observations

This section deals with comparative study of the most significant Human Resources Management policies and strategies where diverse observations have been made among the
banks studied.

1. **Recruitment to key positions:**

Recruitment can have two approaches. One is the bulk approach where the organization assesses the manpower requirement taking into account the positions coming up in the ensuing year, the likely retirements and recruit personnel at the entry point/points. This approach is generally adopted by Public Sector Banks which recruit clerical staff and officer staff at junior most level (Junior Management Grade-I) at certain intervals to meet the organizational requirement on an ongoing basis. In this system, the vacant positions arising in the grades/levels in between will be filled in by internal promotions. This is the system followed by banks like UCO bank, United Bank of India, Indian Bank, etc. in general (except exceptions). This system assures internal promotion channels from the employees within as the entry to the organization is allowed only at the base level. Thus filling up of key positions within the organization (except some positions which are advertised like that of Executive Director) in these banks is undertaken through internal promotions/postings, etc. Hence, in the case of these banks, the choice of quality, competence, skills, etc. of the employees available for filling an internal position is limited to that available within the system. This puts qualitative and competitive constraints on the competence of the people available. Depending upon the organizational situation, position filled and quality of personnel available, this could have an effect on the performance of the organization and in turn an impact on quality of service rendered.

The banks which received ‘Excellent’ rating have another approach to recruitment. The manpower requirement is assessed based on the branches to be opened, expansion plans, etc. and recruitments are made for various levels. In private banks and foreign banks where attrition rate is comparatively high, recruitment may have to be made in an emergency also. In these banks (HDFC Bank, IDBI Bank, Citi Bank) the recruitment is made from both ‘External’ and ‘Internal’ sources. Hence a position which is arising in the hierarchy is made open to the internal candidates as well as external candidates. Though an internal candidate may be preferred (subject to everything else being equal), there is no conscious policy ensuring his selection. Hence the organization selects suitable candidates from external or internal sources. Through this process, the organization gains access to a larger number of competent people to choose from and hence have more competent
personnel manning positions. This gives tremendous competitive capabilities to the organization and also keeps the internal workforce competitive as they may have to face external threats when it comes to seeking a higher position. This approach to recruitment when analysed in the context of customer service competitiveness of the organization, gives an indication that this is a performance enhancing initiative and has positive impact on the quality of service rendered by the organization.

II. Recruitment of Front-line Staff:

One of the important aspects of the structure of the banks studied is the role of front-line staff who invariably are the faces of the organization. The more efficient and effective these personnel are, the better will be the customer service quality. It was observed, while studying the structure of the banks which received ‘Excellent’ rating that the structure provides for front-line staff and or Customer Relation employees. The competence, skills and attitude of these employees make considerable impact on customer service. In the case of HDFC Bank, IDBI Bank and Citi Bank, it was observed that these banks identify and recruit personnel for the front-line job based on the skills and competence of the candidates. They are put through special training in handling customers and also in the knowledge base required for rendering service. Hence a special need-based recruitment to these position ensures effective customer service leading to better levels of customer satisfaction. Banks like HDFC Bank, IDBI Bank, etc. do not recruit employees in the clerical cadre and hence the front-line staff are in officer's/executive cadre. The competitive edge is augmented there as many front line staff are management graduates.

The banks with lower rating for customer service (UCO Bank, UBI, Indian Bank) do not have a recruitment policy which enables special recruitment of these personnel. The front-line personnel are clerical staff who are recruited in bulk and rotated among various positions. The recruitment does not specifically look into the skills required for front line personnel. Further, with limited or nil recruitment to this cadre in the recent past the old banks of this kind have to keep rotating the personnel who have already put in a large number of years of service. This definitely creates a handicap in the competitive environment where these banks have to compete with new generation banks/foreign banks.
III. Placement:

In the case of banks with ‘Excellent’ Service rating the officials/personnel are recruited based on the requirement arising in a functional position taking into account the experience, skill, expertise of the candidate selected for executing the job. Conventionally, these officials who are working in a particular segment, say, Retail Banking continue in the same area. Lateral movement to other areas generally take place only at higher level when the officials move to middle / senior management grade. Many of these officials during their career move to other banks in higher position but continue in the same area. This phenomenon has two aspects. The first aspect is that these officials acquire in depth knowledge and expertise in their area of operation which is extremely beneficial to the organization in terms of quality of output, efficiency, etc. This has immense effect on the quality of service rendered to the customers as job knowledge and expertise are the major factors deciding the qualitative aspects of the service from the point of view of customers. The other aspect associated with this phenomenon is that the officials do not acquire knowledge in other areas of the bank’s functioning which cripples their capability to handle the organization at higher levels. However, the new generation banks appear to be cashing on this phenomenon and the same has a positive effect on customer service.

The bank such as UCO bank, UBI and Indian Bank do not follow a system where the officials are rotated among the divisions/segments at regular intervals. The theory followed is that the officials are generalists who have knowledge of certain specialized areas to which they have been exposed to. These banks, over a period of time, expose and train the officials in all areas of the bank’s functioning. This proves beneficial to the employee and the organization in the long run as the broad knowledge level enable better management of affairs at senior levels.

IV. Remuneration:

It has been observed that in the case of banks with service excellence the remuneration package is flexible. The remuneration, in general, for a position has a fixed part which is arrived at taking into account the job profile, skill requirement, etc. The Benchmarking of the remuneration is undertaken with market rates and also with those personnel with similar position in the organization. The actual remuneration is fixed based on the above variables and also the experience and expertise of the candidate considered for a position.
The pay structure/ remuneration has a fixed part and flexible pay. The flexibility in remuneration package is a significant aspect of the compensation offered by these banks.

In the case of banks like UCO bank, UBI and Indian Bank, the remuneration structure is more or less fixed. The remuneration is arrived at grade-wise as these banks have officers in Gr.I to Gr.VII. The scale of each grade is based on the bi-partite agreement between the Officers’ Association and the bank which is a result of protracted negotiations. The Association normally go by Industry’s agreement with the Indian Banks’ Association, though the individual banks may go separate with individual agreements with their own Association exclusively in future. The same is the case with clerical and sub-staff categories where agreements are arrived with the labour unions. The salary and other structure fixed in this fashion does not distinguish between various positions or functions. This precisely means that an officer in Junior Management Grade-II will draw the same remuneration irrespective of whether he is working in Retail/Personal Banking/Small Industries Finance/Corporate Finance or Foreign exchange irrespective of the fact there is wide variation in the job profile, quantum of job, risk associated and level of accountability among these jobs. Further, some of these areas may be making substantial contribution to bank’s profit compared to some other areas. This is a major constraint for the organization as the system cannot compensate an individual for his quantity of output, quality and the risk and accountability the individual is facing. The situation has also created an anomaly in the industry with individuals doing similar kind of jobs in different banking institutions being paid remuneration with vast difference. This has also attracted shift of competent personnel from traditional banking institutions to new generation banks. While the traditional banking system is making efforts to break away from this, there will be some time lag before the efforts become fruitful. The competitive compensation offered by the banks with Excellent rating, viz. HDFC bank, IDBI Bank and Citi Bank has an impact on the employee morale and performance. This is reflected in the quality and quantity of output as well as the attitude of the employees which, in turn, affect the customer service.

V. Performance Rewards:

The conventional banking system to which banks like Indian Bank, UCO Bank and United Bank of India belong, do not have any system till now for making monetary compensation for performance excellence. Generally, the record for good performance has confined itself
to (1) issue of appreciation letter, (2) appropriate recording of the performance in the performance/confidential reports, and (3) giving a weightage to this while taking up the promotion of the individual. In this scenario the real performers who perform extraordinarily in their job are those who are intrinsically motivated (Internal motivation) or those who would like to support their candidature for higher positions with the job performance. Despite having the knowledge of the fact that some individuals make extraordinary contributions in terms of business, profit, etc. the organization appears helpless in the matter due to the conventional way of working and the HR policies followed. The integration of the policies with the industry standard and also the history of standardizing the policy among all public sector banks have contributed to this demoralizing scenario which eventually affect their performance and in turn customer service. The situation, on the other hand, is different in the new generation banks like HDFC Bank, IDBI Bank etc. and also in foreign banks like Citi Bank. There is a conscious policy in these banks to link ‘Pay and Performance’. The performance related pay generally takes two shapes: (1) Annual increase in the remuneration based on performance during the year, and (2) Bonus paid to the employees after the completion of the year. As this initiative has to be supported by a robust performance appraisal system, these organizations have designed and put in place a system which will enable the bank to professionally evaluate the employees. The employees are categorised, at the end of the financial year, in to various categories of performance and appropriate performance pay is arrived at for high performers. The employees whose performance is far below the expectations are advised to improve the performance.

In the survey conducted among the executives of the banks which received Excellent customer rating the employees expressed their appreciation of this scheme. It was opined by most of them that there is high level of performance motivation due to the availability of reward system like ‘Performance related pay’, ‘Performance related bonus’ etc. Bonus which is paid in lumpsum also play a significant motivating factor for the employees. It was also stated that one major reason for excellent individual performance leading to organizational effectiveness and excellent customer service is the existence of such motivational tools.

VI. Financial participation:
It is a known fact that the attitude of an individual to an organization changes depending upon whether he is the owner, labourer or the professionals running the firm on a day to day basis. Globally one strategic initiative was to bring in employees’ stake in the management and ownership. Workers participation in management by allowing their representative to be in the boards of the corporates was a major initiative in this regard. Sharing of ownerships with the employees by allotting them shares of the companies is another major milestone in this regard. Traditionally public sector banks in India which were fully owned by the Government of India, could not have considered this idea at all. ‘Employees Stock Option Programme (ESOP)’ is the most widely used instrument in this context and has found favour with the bankers in general. This instrument is a major motivational tool which enables them to raise their performance level higher.

In the case of banks which received Excellent rating like HDFC Bank, IDBI Bank and Citi Bank, the employees are given such option. In the case of IDBI Bank the option is available for certain categories of executives only. The stock option made available provides an opportunity for the employees to participate in the ownership of the company. Being the shareholders facilitates development of a healthy attitude to the organization and enhances commitment levels. This in turn, has a positive effect on the performance levels and ultimately reflects in the quality of service rendered by them to the customers. Offering stocks of the banks on a regular basis as a compensation for high levels of competence, commitment and performance exhibited by the employees has worked well with the new generation banks and had an impact on organizational performance and customer service. The banks where the quality of service has been found to be comparatively on lower side are yet to introduce schemes of this kind.

VII. Control on Operations:
The internal environment in the organization is a major factor enabling rendering of quality service to customers. The internal environment, to a great extent, depends on the industrial relations, organizational culture and communication. The design of the organization has a great role to play in the creation of the organizational environment. For example, two of the new generation banks taken up for study, viz. HDFC Bank and IDBI Bank have created a structure where there is no workmen employees eligible to form organized labour union. All the employees are in the executive cadre and are taken at the entry level as Junior Executives. For eg., the lowest level employees in a branch set up in IDBI Bank are...
designated as Teller Service Executives, customer sales executives, Assistance Service Office Manager, Relationship Officer, etc. In the case of HDFC, the junior most level is 'Executive'. A study of the industrial relations scenario in the banking industry in India reveals that presence of strong unions of the work-men employees has been a significant feature in the maintenance of industrial climate. While the strong unions had a very healthy role to play in the management-employee relations, these were banks which are examples where the management had very little control on day to day operations. The weakness in controlling the operations in the case of the management of some banks had an adverse impact on customer service with impediments cropping up even in day-to-day running of branches. It is however, heartening to note that the industrial climate in the country and that in the banking industry has undergone metamorphic changes in the recent past, especially in the last decade. The response of the employees to the functioning of the banks has been more positive than even before. However, the presence of strong unions in the organization necessitates discussion with them when the organization undertakes initiatives to make major changes. This could be a time consuming affair if not an impediment to metamorphic changes, as they do not have absolute control on operational matters. It may be observed in this context that banks like HDFC bank and IDBI bank did not have to face difficulties of this kind nor will they face such situations as they do not have employees eligible to form unions and hence has absolute control on operational matters. In the case of Citi bank the employees eligible to form union are not very large in number and the bank has been able to maintain cordial and healthy relation with them.

In the case of banks like Indian Bank, UCO Bank and UBI, there were strong unions and the management had the challenge of making progresses without sacrificing congenial industrial climate. Much progress has been made in the adoption of technology and operational aspects in the recent past while progress was slow in the previous two decades.

A comparative chart depicting the position of the six banks with regard to significant aspects of Human Resources Management is given below.
<table>
<thead>
<tr>
<th>Features</th>
<th>HDFC Bank</th>
<th>IDBI Bank</th>
<th>Citi Bank</th>
<th>Indian Bank</th>
<th>UCO Bank</th>
<th>United Bank of India</th>
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<tbody>
<tr>
<td>Percentage of customers giving excellent/very good rating</td>
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<td>87.1%</td>
<td>86.8%</td>
<td>14.7%</td>
<td>1.5%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Recruitment of Front-line staff</td>
<td>Specific taking into account skills, etc.</td>
<td>Specific taking into account skills, etc.</td>
<td>Specific taking into account skills, etc.</td>
<td>Part of general recruitment of clerical staff</td>
<td>Part of general recruitment of clerical staff</td>
<td>Part of general recruitment of clerical staff</td>
</tr>
<tr>
<td>Recruitment of key positions</td>
<td>Internal or External</td>
<td>Internal or External</td>
<td>Internal or External</td>
<td>Only internal</td>
<td>Only internal</td>
<td>Only internal</td>
</tr>
<tr>
<td>Allocation of personnel to specific areas</td>
<td>An employee continues in same segment at lower levels. Lateral movement at senior level</td>
<td>An employee continues in same segment at lower levels. Lateral movement at senior level</td>
<td>Continues in same segment at lower levels. Lateral movement at senior level</td>
<td>Regular movement among various segments at all levels</td>
<td>Regular movement among various segments at all levels</td>
<td>Regular movement among various segments at all levels</td>
</tr>
<tr>
<td>Career Path</td>
<td>No assured career path</td>
<td>No assured career path</td>
<td>No assured career path</td>
<td>Systematic career progression</td>
<td>Systematic career progression</td>
<td>Systematic career progression</td>
</tr>
<tr>
<td>Remuneration / Compensation</td>
<td>Based on job profile, skill requirement, market rates</td>
<td>Based on job profile, skill requirement, market rates</td>
<td>Based on job profile, skill requirement, market rates</td>
<td>Depends on the grade in the hierarchy and service</td>
<td>Depends on the grade in the hierarchy and service</td>
<td>Depends on the grade in the hierarchy and service</td>
</tr>
<tr>
<td>Remuneration- Flexibility of</td>
<td>Fixed based on job profile, expertise, skill, experience of the person</td>
<td>Fixed based on job profile, expertise, skill, experience of the person</td>
<td>Fixed based on job profile, expertise, skill, experience of the person</td>
<td>Depends on the grade in the hierarchy and service</td>
<td>Depends on the grade in the hierarchy and service</td>
<td>Depends on the grade in the hierarchy and service</td>
</tr>
<tr>
<td>Reward for performance-Monetary</td>
<td>Performance pay, bonus, etc.</td>
<td>Performance pay, bonus, etc.</td>
<td>Performance pay, bonus, etc.</td>
<td>No monetary reward for performance</td>
<td>No monetary reward for performance</td>
<td>No monetary reward for performance</td>
</tr>
<tr>
<td>Stake in the organization/ involvement</td>
<td>Financial participation through employees stock option</td>
<td>Stock option to certain categories of executives</td>
<td>No stock option available</td>
<td>No monetary reward for performance</td>
<td>No monetary reward for performance</td>
<td>No monetary reward for performance</td>
</tr>
<tr>
<td>Category of employees (clerical/others) who can form union</td>
<td>No such category</td>
<td>No such category</td>
<td>Exists</td>
<td>Exists</td>
<td>Exists</td>
<td>Exists</td>
</tr>
</tbody>
</table>
7.2.3. **Technology: Comparative study and observations:**

The survey conducted among customers revealed that availability of technology based services is one of the major reasons for the bank getting higher rating with regard to the service rendered from the customers. It is not difficult, hence, to conclude that customers are looking forward to technology-enabled services which will make their dealings with the bank easy and efficient. In this context, it is imperative that a comparative analysis of the position of the six banks studied is undertaken to have an overview of the technology adoption.

A chart giving the comparative position of the banks in the context of technology is given below:

<table>
<thead>
<tr>
<th>Features</th>
<th>HDFC Bank</th>
<th>IDBI Bank</th>
<th>Citi Bank</th>
<th>Indian Bank</th>
<th>UCO Bank</th>
<th>United Bank of India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of customers giving excellent/very good rating</td>
<td>92%</td>
<td>87.1%</td>
<td>86.8%</td>
<td>14.7%</td>
<td>1.5%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Net working of branches</td>
<td>All branches networked</td>
<td>All branches networked</td>
<td>All branches networked</td>
<td>300 branches covered</td>
<td>102 branches networked</td>
<td>200 branches networked</td>
</tr>
<tr>
<td>No. of branches</td>
<td>531</td>
<td>185</td>
<td>36</td>
<td>1385</td>
<td>1700</td>
<td>1317</td>
</tr>
<tr>
<td>Integrated software supported Accounting system</td>
<td>All branches covered</td>
<td>All branches covered</td>
<td>All branches covered</td>
<td>300 branches covered</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>ATMs</td>
<td>1147</td>
<td>330</td>
<td>233</td>
<td>200</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>Internet Banking</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Phone Banking</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Available in 25 branches</td>
<td></td>
</tr>
<tr>
<td>Mobile (SMS) banking</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Sending statement by e-mail</td>
<td>To corporate customers</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
I. Networking and Accounting:

It may be observed from the chart that the banks with Excellent service rating have all the branches net-worked. The banks are supported by Accounting software with inter-linking to branches and other outlets. The IT support to regular banking operations has enabled these banks to relocate delivery points from branches to other locations for customer convenience and operational efficiency.

II. Transactions: External Delivery Points:

With the backing of technology, banks have been making efforts to provide banking services at delivery points other than branches. Automatic Teller Machines and Internet banking are two major delivery channels which enable the banks to reduce the customer-visit to banks and at the same time provide alternate locations for transactions. ATMs provide facilities for withdrawal of money, deposit of money, checking of balances in the account, submitting applications for draft, etc. Internet banking generally provides services such as viewing of accounts, statement of accounts, transfer of funds between two accounts of the customer applying for draft, etc on line, etc. It may be observed from the chart that the banks which received excellent rating has substantial ATM network and also offer Internet banking facility. On the other hand, the banks with lower rating for customer service are in the process of establishing ATM network and some progress has been made in this regard. They do have plans to expand the network in the near future. However, being late starters, they are not in a position to compete with the new generation banks in this regard at this point of time.

Phone banking, where the information on the accounts, transaction, etc could be obtained over phone and instructions to execute transactions could be given through phone is available with all the banks which received excellent rating and also Indian Bank. In the case of UBI, phone banking is available in 25 of the 1317 branches of the bank. On the other hand, mobile banking through SMS is available with HDFC bank, IDBI Bank, Citi...
Bank and Indian Bank. The tele-banking which involves phone banking and mobile banking, has gone a long way in bringing revolutionary changes in the Indian banking scenario. The customer survey conducted has amply revealed that availability of technology enabled services has been a major factor for the banks’ services being rated excellent by the customers.

III. Credit card/Debit Card
Though not in definition of core banking activities, banks in India have made considerable progress in providing credit card services to the customers. This has been an area where the traditional Indian banks also moved ahead in the recent past. Of the banks studied, HDFC bank, Citi bank and Indian bank has credit card business. All the banks which have ATMs issue ATM card which technically, are debit cards. However, debit cards to withdraw/charge from points-of-sale have been issued by HDFC Bank, IDBI bank and Citi Bank. Some cards with special features introduced by some of these banks are given below:

<table>
<thead>
<tr>
<th>Name of the bank</th>
<th>Debit Card</th>
<th>Credit Card</th>
<th>Prepaid cards</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Bank</td>
<td>Classic cards, Premium cards</td>
<td>Classic cards, Premium cards, Special benefit cards, co-branded cards</td>
<td>Forex plus card, Gift plus /card</td>
</tr>
<tr>
<td>IDBI Bank</td>
<td>Debit-cum-ATM card, cash card</td>
<td>--</td>
<td>World Currency Card, Gift Card</td>
</tr>
<tr>
<td>Citi Bank</td>
<td>Cash back cards, premium cards, double benefit cards, Diners card, Special Interest Cards, Convenience cards.</td>
<td></td>
<td>Citi bank world money card</td>
</tr>
<tr>
<td>Indian Bank</td>
<td>IB ATM Card</td>
<td>Yes</td>
<td>-</td>
</tr>
<tr>
<td>UCO Bank</td>
<td>ATM Card- Yes</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>UBI</td>
<td>ATM card</td>
<td>No</td>
<td>-</td>
</tr>
</tbody>
</table>

IV. Miscellaneous
One of the important innovative services introduced taking advantage of internet technology is sending of 'statement of accounts of the customers by e-mail'. This service is made available to customers by IDBI Bank and Citi Bank while HDFC bank renders this service only to Corporate Customers.