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1.1 Introduction of Banks:

The word “bank” derived from the Italian word banco “desk/bench”, used during the Renaissance by Florentine bankers, who used to make their transactions above a desk covered by a green tablecloth. However, traces of banking activity can be found even in ancient times. [1] In fact, the word traces its origins back to the Ancient Roman Empire, where moneylenders would set up their stalls in the middle of enclosed courtyards called macella on a long bench called a bancu, from which the words banco and bank are derived. As a moneychanger, the merchant at the bancu did not invest money but merely convert the foreign currency into the only legal tender in Rome- that of the Imperial Mint.

1.1.1 Background of Commercial Banks:

India has a long history of both public and private banking. Modern banking in India began in the 18th century, with the founding of the English Agency House in Calcutta and Bombay. In the first half of the 19th century, three Presidency banks were founded. After the 1860 introduction of limited liability, private banks began to appear, and foreign banks entered in the market. The beginning of the 20th century saw the introduction of joint stock banks. In 1935, the presidency banks were merged together to form the Imperial Bank of India, which was subsequently renamed as State Bank of India. Also in that year, India’s central bank, the Reserve Bank of India (RBI), began its operation. Following independence, the RBI was given broad regulatory authority over commercial banks in India. In 1959, the State Bank of India acquired the state-owned banks of eight former princely states. Thus, by July 1969, approximately 31 percent of scheduled banks throughout India were brought under government control, as part of the State Bank of India. [2]

The post-war development strategy was in many ways a socialist one, and the Indian government felt that banks in private hands did not lend enough to those who needed it most. In July 1969, the government nationalized all banks whose nationwide deposits were greater than Rs. 500 million, resulting in the nationalization of 54 percent more of the branches in India, And
bringing the total number of branches under government control to 84 percent. Prakesh Tendon, a former chairman of the Punjab National Bank (nationalized in 1969) describes the rationale for nationalization as follows:

“Many bank failures and crises over two centuries, and the damage they did under ‘laissez faire’ conditions; the needs of planned growth and equitable distribution of credit, which in privately owned banks was concentrated mainly on the controlling industrial houses and influential borrowers; the needs of growing small scale industry and farming regarding finance, equipment and inputs; from all these emerged as an inexorable demand for banking legislation, some government control and a central banking authority, adding up, in the final analysis, to social control and nationalization.”[3]

After nationalization, the breadth and scope of the Indian banking sector expanded at a rate perhaps unmatched by any other country. Indian banking has been remarkably successful at achieving mass participations.

Between the time of the 1969 nationalizations and the present era, over 58,000 bank branches were opened in India; these new branches, as of March 2003, had mobilized over 9 trillion Rupees in deposits, which represent the overwhelming majority of deposits in Indian banks.

This rapid expansion is attributable to a policy which required banks to open four branches in unbanked locations for every branch opened in banked locations. Between 1969 and 1980, the number of private banks grew more quickly than public banks, and on April 1, 1980, they accounted for approximately 17.5 percent of bank branches in India. [4]

In April of 1980, the government undertook a second round of nationalization, placing under government control the six private banks whose nationwide deposits were above Rs. 2 billion, or a further 8 percent of bank branches, leaving approximately 10 percent of bank branches in private hands. The share of private bank branches stayed fairly constant between 1980 to 2000. Nationalized banks remained corporate entities, retaining most of their staff, with the exception of the board of directors, who were replaced by appointees of the central government.
The political appointments included representatives from the government, industry, agriculture, as well as the public. (Equity holders in the national bank were reimbursed at approximately par). Since 1980’s, has been no further nationalization, and indeed the trend appears to be reversing itself, as nationalized banks are issuing shares to the public, in what amounts to a step towards privatization. The considerable accomplishments of the Indian banking sector notwithstanding, advocates for privatization argue that privatization will lead to several substantial improvements.

Recently, the Indian banking sector has witnessed the introduction of several “new private banks,” either newly founded, or created by previously extant financial institutions. The new private banks have grown quickly in the past few years, and one has grown to be the second largest bank in India. India has also seen the entry of over two dozen foreign banks since the commencement of financial reforms. While researcher believes both of these types of banks deserve study, researcher’s focus of the study is on the older private sector, and nationalized banks, since they represent the overwhelming majority of banking activity in India. The Indian banking sector has historically suffered from high intermediation costs, due in no small part to the staffing at public sector banks: as of March 2002, there were 1.17 crores of deposits per employee in nationalized banks, compared to 2.05 crores per employee in private sector banks. As with other government-run enterprises, corruption is a problem for public sector banks: in 1999, there were 1,916 cases which attracted attention from the Central Vigilance Commission. While not all of these represent crimes, the investigations themselves may have a harmful effect, if bank officers fear that approving any risky loan will inevitably lead to scrutiny. Advocates for privatization also criticize public sector banking as unresponsive to credit needs.

1.1.2 The role of commercial banks:
Commercial banks are engaged in the following activities:

- Processing of payments by way of telegraphic transfer, EFTPOS(Electronic Funds Transfer Point Of Sale), internet banking, or other means
• Issuing bank drafts and bank cheques
• Accepting money on term deposit
• Lending money by overdraft, installment loan, or other means
• Providing documentary and standby letter of credit, guarantees, performance bonds, securities underwriting commitments and other forms of off balance sheet exposures
• Safekeeping of documents and other items in safe deposit boxes
• Distribution or brokerage, with or without advice of insurance, unit trusts and similar financial products as a “financial supermarket”
• Cash management and treasury
• Merchant banking and private equity financing traditionally, large commercial banks also underwrite bonds, and make markets in currency, interest rates, and credit-related securities, but today large commercial banks usually have an investment bank arm that is involved in the mentioned activities

1.1.3 Significance of Commercial Banks In India:

Banks have become an essential part of economic life in every field. The development of agriculture and industry is not possible without banks. Modern trade also cannot be thought of without commercial banks.

Economic activities in the fields of consumption, production, distribution and other branches of economics cannot be carried on properly without banks. Government also cannot effectively use various monetary and fiscal measures without banks for the accomplishment of various socio-economic objectives. [5]

Therefore, the statement of Wicksell seems to be perfectly appropriate when he says that “bank is the heart and central point of modern exchange economy”. The significance of banks becomes clear looking at the following points. [6]
1.1.3.1 Banking and Capital Formation:
Capital formation is the basic factor for economic development. Capital formation means creation of physical assets like machines and buildings which increase productive capacity of a country. For capital formation, savings are required which are largely mobilized by commercial banks.

1.1.3.2 Banking and Investment:
The pattern of investment and its quantum that are carried on depend to a large extent on the banking system. An entrepreneur may wish to introduce innovations and this affects economic development positively. Bank credit enables entrepreneurs to innovate and invest, and thus promote economic activity.

1.1.3.3 Banking and Industry:
Banks are helping industries by providing them credit for establishing new units and updating and expanding the old units.

1.1.3.4 Banking and Agriculture:
Banks are helping farmers to develop agriculture for providing them long term finance for buying tractors and installing tube-wells.

1.1.3.5 Banking and Trade:
Banks are helping trade by providing short-term and long-term finance.

1.1.4 Why Organizational Health of Commercial Banks Need to be assessed?
The key to the success of any organization lies in how effectively the organization manages its' human resources. The principle applies equally and perhaps more aptly to service institutions like banks. The issue is all the more relevant to the public sector banks who are striving hard to keep pace with the technological changes and meet the challenges of globalization.

In order to meet the global standards and to remain competitive, banks will have to recruit specialists in various fields such as Treasury Management, Credit, Risk Management, IT related services, HRM, etc.

For talent management, the first priority for the banking industry would be to spot, recognize and nurture the talent from within. Secondly, the industry has to attract the best talent from the market to maintain the required competitive
edge vis-a-vis global players. However, the issue of critical importance is how
talent is integrated and sustained in the banks. Therefore, a proper system of
talent management has to be adopted by all the banks. [7]

As the entire Indian banking industry is witnessing a paradigm shift in
systems, processes, strategies, it would warrant creation of new
competencies and capabilities on an on-going basis for which an environment
of continuous learning would have to be created so as to enhance knowledge
and skills.

Another important ingredient of HR management is reward and compensation
which at present do not have any linkage to skills and performance. A system
of reward and compensation that attracts, recognizes and retains the talent,
and which is commensurate with performance is an urgent need of the
banking industry.

An equally important issue relevant to HRM is to create a conducive working
environment in which the bankers can take commercial decisions judiciously
and, at the same time, without fear. This calls for a re-look into the vigilance
system as it exists today, and perhaps there is a need to keep the banking
industry out of the CVC. The Banks’ Boards may be allowed to have their
own system of appropriate checks and balances as well as accountability.

1.1.5 Summary:

For the overall development of public sector companies and commercial
banks are the main pillar. The health of this institution is paramount
importance for any nation. For any nation it is therefore necessary to evaluate
the health of such organization. This research is an attempt to identify the
hidden spots or problems of commercial banks, which can be considered as
to seek and manage human capital management in the counterparty
requirement of organization.
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1.2 Concept of Organizational Health:

1.2.1 Introduction:
Organizational Health, as a concept, continues to evolve drawing from two distinct themes. One theme relates to the organization as a performance system and its ability to achieve organizational goals. The other theme relates to employee well-being and the impact of employee satisfaction and employee health upon both the organization and employees. [1]

Each of us as an individual’s has numerous systems working inside of us. Those systems are in varying states of health. When an individual is unhealthy, People see symptoms of poor health and take steps to improve the illness. Considering organization as an organic system the corporation or organization can be unhealthy, and we must take steps to fix the situations. Taking steps to keep the organization as healthy and efficient as possible is the purpose of OD.

Many studies document the direct and indirect benefits of healthy work environments for individuals and organizations. People know healthy jobs and Organization contribute to an individual’s physical, psychological and social well-being. These benefits ripple across the entire organization through higher job satisfaction, lower absenteeism and turnover, improved job performance, lower accident rates, and reduced health benefit and worker compensation costs. Individuals need to take responsibility for reducing their health risks and employers can support this through a range of health promotion programs. However, the biggest sustainable gains in employee health and productivity result from changing the work environment.

While health promotion programs are becoming more widespread, they are just that – programs – and mainly focus on individual health behaviors rather than Organizational Health. The health champions are seeking ways to address the underlying causes of unhealthy workplaces. One must overcome major hurdles to launch change programs in the organizations. Traditional organizational health promotion programs focus narrowly on employee health, so are not catalysts for the more fundamental reforms required to target underlying causes.
Concept of organizational health attempt to answer a very basic question: How can we design effective strategies to change workplaces so they become healthier and more productive? Now day’s organizational health as requiring transformational change in organizations. [2]

There is some amount of confusion over the identity of two concepts, viz., Organizational climate is very close to the properties of Organizational health. For using the term Organizational health and vice versa, with result that the delineation line between the two has remained very thin. (Patel, Minakshi 1993, Sayeed, 1991). Because of the many similarities between the two concepts i.e. organizational climate and Organizational health, it becomes necessary to evolve the differences of the two concepts.

According to Campbell (1984) Organizational Climate means "a set of attributes specific to a particular organization that may be induced from the way that organization with its members and its environment".

The concept of Organizational health is similar to the concept of the health of a human body. A person always tries to keep himself healthy in terms of physical and mental health. Fordyce and Weil (1971) have described life, growth and vitality as the three major dimensions of health. Similarly, the health of an organization can be identified with its capacity to cope up with internal as well as external change or circumstances.

(McFarland, D.E., 1992) “A healthy organization sets its targets and work accordingly and to reach to the targets stresses open the internal state of the whole system as well as needs for employees maintenance and continuously makes growth as a whole and change as requirement.”

1.2.2 Definition of Organizational Health:

Life is a system that always tries to maintain its individuality. The same thing can apply to an organization or institution. It is said that an organization always keeps on existing with relation to its environment for that it has to coordinate with the environment. An organization is called "healthy" if it can cope up and progress against environmental effects. In other words Organizational
health is the capacity of the organization to know and to co-ordinate with internal as well as external changes.

Organic system always tries to balance or adapt with environment changes. The same concept can also be applied to the organization. Considering organization as an organic system it should adapt to the inside and outside changes. In short, Organizational health has been defined by various psychologists and authors. Some definitions are as follows.

Miles (1973) clarifies the concept and says" Organizational health is a system of long-term characteristics, which helps to maintain the effectiveness of the organization. In this accordance, a more coordinating strength for long term in addition to keep in existence at present. At a certain point of time the organization can be effective or non-effective, but in the long run it shows proper harmony and constant progress"

Sayeed (1980) gives another viewpoint that, "Organizational health implies certain dynamic and durable conditions that can be characterized as evaluative criteria."

While Fordyee and Weil (1971) define organizational health as, "the Organization is said to be healthy, if it knows or conceives its goals or objectives and if it is easily flexible". Life, growth and vitality are the main factors of 'health concept'. A healthy organization must have a dynamic system, which can harmonize with environmental factors.

Moreover Clark (1969) opines that, "Organizational health is the strength of organization to set the standards of organizations level of complexity, and to maintain them. These levels include individuals to entire organizations."

Some writers on Organizational Health refer to the need to address ‘soft’ factors that affect an organization’s ability to perform such as Leadership; Direction; Capability; Cultural and values [3]. Other writers include aspects of an organization’s structural framework such as accountability, organizational reporting structure, and coordination & control [4] that reflect "hard" factors. Others consider that in improving Organizational Health all aspects of a work system as well as their interactions are involved, where improving
Organizational Health is viewed as analogous to improving an organism’s biological health. That is, Organizational Health is dependent on the organizations performance as a system of interrelated components functioning together, seeking balance [5].

Keeping in mind all the above definition it can be concluded that organizational health is strength of organization, to co-ordinate, to identify and solve the problems, to implement the solution, to keep up effectiveness in adverse situation and to change according to situation and environment. In short positive control over all the phases is called organizational health.

1.2.3 The Impact of Organizational Health on organizational Capability:

Organizational Health refers to an organization’s ability to achieve its goals based on an environment that seeks to improve organizational performance and support employee well-being. [6]

Capability is important to an organization's health as the concept can be applied to improve both organizational performance and develop employee well-being.

The following figure explains what capability is and its application to the elements of the Organizational Health model shown in Figure 1.1 That is:

- **In Organizational Performance**
  - Role capability
  - Process capability, and
  - Organizational Capability.

- **In Employee Well-being**
  - Personal and Team Development.
  - in so doing reference is also made to both employee satisfaction and customersatisfaction.[6]
1.2.4 Developing Role Capability through Training and Development:

In training and development terms while Functional Competency can be based on both a:

- **Problem solving approach which applies a linear exploration by subject that is tutor led and knowledge based; and**

- **Problem based approach which applies problem scenarios in a way that encourages people i.e. employees or students to engage with and manage their own learning.**

Role capability can only be developed through a Problem Based Approach because it is integrated, experiential, and relational.

This has advantages in reducing training time and costs, for instance, restricting tutor led training to “core” competency requirements, then allowing trainees to develop capability through self managed learning. It can also, if learning is encouraged and not restricted to job standards and targets produce exemplary performance.

1.2.5 Healthy Workplaces to Healthy Organizations:

Thinking and action in the area of workplace health is in transition. The emphasis is shifting from programs designed to change individuals’ attitudes and behavior, to more comprehensive interventions that target health risks in
the physical, social and psychological work environment. This also shifts the emphasis from illness, injury and fatality prevention to health promotion, which the World Health Organization (WHO) defines as “the process of enabling individuals and communities to increase control over the determinants of health and thereby improve their health.” [7]

There is agreement among occupational health and safety, workplace health promotion and epidemiological experts that successful interventions must target underlying workplace and organizational factors. The Toronto-based Institute for Work and Health documents that the limitations of Organizational health promotion programs can be remedied by promoting the workplace determinants of health, which address job, organizational and work environment causes of health and wellness. The most promising feature of the emerging healthy workplace perspective is its attempt to link healthy work environments with improved health outcomes for individual employees and improved business results. This widens the agenda to the entire organization – its values, people practices, work systems and performance. While we need a better understanding of exactly how healthy conditions in organization contribute to organizational performance, this link offers the greatest potential to convince managers and business owners that investing in organizational health and wellness makes good business sense.

To make this connection, researcher need to broaden and deepen what study mean by ‘health,’ from a characteristic of workplaces, or working conditions, to a characteristic of the entire organization. Though this research highlights healthy workplaces and healthy organizations, arguing that the latter is a more robust and sustainable version of the former, having embedded employee health and well-being into how the organization operates and goes about achieving its strategic goals.

1.2.5.1 A commitment to company values:

An organizational climate in which employees feel valued and are able to resolve group conflicts; and Management practices such as rewarding workers for quality work, supportive supervisors and strong leadership.
Similarly, in the European Union, the Luxembourg Declaration on Workplace Health Promotion sets as a goal “improving the work organization and the working environment; promoting active participation; [and] encouraging personal development.” The desired results are improved quality of work life and better economic performance. [8]

This new thinking on organizational health is reinforced by recent advances in human resource management, making it imperative that workplace health and human resource agendas draw on each other's strengths. Firms are slowly recognizing that their future success depends on providing employees with a work environment that supports them to be productive, while at the same time meeting their personal needs. These are the key to successful employee recruitment/ acquire, maintain development and retention (AMAR APPROACH) – which are growing concerns for employers.

1.2.6 Importance of Organizational Health:

Every employees working in the organization evaluates different aspects of the organization. This kind of evaluation deeply effects to his attitude and behavior. Positive evaluation can motivate the employees while in the case of negative evaluation it can decrease the level of morale and can change his attitude in negative. Also the positive evaluation of the different aspects of the Organization can change the perception of the employee and make him highly satisfied.

According to Chapel and Shelly (1973) high morale is the sign of healthy organization emphasizes more on human needs. So, that organization tries to satisfy it more and increases the level of satisfaction. Satisfaction and high morale are the most essential aspects of better result and big achievement.

According to Hall and Findlender (1975) a healthy organization tries to do best in owner's satisfaction, customers' satisfaction, co-operation satisfaction, higher executives' satisfaction, Creditors' or investors' satisfaction and employees' satisfaction.

A healthy organization gets respect from its employees. Problems like absenteeism, misbehavior, strike etc. can be reduced. Due to the goal clarity, highly satisfied, trained and communicated people, organizational goals can
be achieved. Production can be increase not only quantitatively but also qualitatively. Organization can get a respective position in the tight and competitive market. Men power turnover can be reduced due to the highly satisfied employees. [9]

In short a healthy organization can work effectively and efficiently in and circumstances and can make its highly positive image in the market.

1.2.7 Organizational Health as Organizational Change:

Organizational health advocates frequently call for a dismantling of the organizational and professional silos that obstruct broad-based healthy organization change agendas. This is based on awareness that achieving healthy organizations requires fundamental changes in an organization’s culture, work structures and management systems. It, therefore, makes sense to view a healthy organizational agenda as facing the full spectrum of large-scale organizational change challenges, and to draw relevant insights from the extensive research on this topic.

So, to ensure that healthy organizational goals at both the individual and organizational levels are to meet, it must understand the dynamics of how work contexts can be changed. Second, it also needs to know more about the experience of successful and unsuccessful change.

What most of the organizational change and change management research discusses is transformational change, as opposed to superficial change. Creating a healthy organization exemplifies transformational change; introducing only a fitness program or a policy on flexible work schedules are examples of superficial change. Transformational change does not require a sudden leap from an old organizational model to a brand new one. Realistically, the shift to a new culture and work system takes time – usually 3 to 5 years. Often, it results from a sequence of small steps that are guided by a compelling vision. What distinguishes this approach from superficial change is that the cumulative steps of change reach deep into the systems of the organization.
Above all, research on organizational health provides insights about success factors and barriers.

### 1.2.8 Healthy/Unhealthy Organizations:

Some of the characteristics of unhealthy and healthy organizations adapted from the book managing with People, by Jack Fordyce and Raymond Weil are as under.

#### 1.2.8.1 Characteristics of Unhealthy and Healthy Organizations:

Table-1.2.1 Characteristics of Unhealthy and Healthy Organizations

<table>
<thead>
<tr>
<th></th>
<th>UNHEALTHY</th>
<th>HEALTHY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEADERSHIP</strong></td>
<td>Top-down control of decisions</td>
<td>Decision making at all levels.</td>
</tr>
<tr>
<td></td>
<td>Frequent bottlenecks</td>
<td>Organizational level not a factor.</td>
</tr>
<tr>
<td></td>
<td>Manager is prescribing parent</td>
<td>Leadership is flexible and shifting</td>
</tr>
<tr>
<td></td>
<td>Control and justification</td>
<td>Freedom and trust</td>
</tr>
<tr>
<td></td>
<td>Excessive justifications required</td>
<td>High degree of autonomy</td>
</tr>
<tr>
<td><strong>BUY IN</strong></td>
<td>Nobody volunteers</td>
<td>Everyone pitches in</td>
</tr>
<tr>
<td></td>
<td>Nobody cares when things go wrong.</td>
<td>Optimistic about problem solving.</td>
</tr>
<tr>
<td></td>
<td>Mistakes and problems remain hidden</td>
<td>People signal awareness of problems.</td>
</tr>
<tr>
<td></td>
<td>Only top-level interested in objectives.</td>
<td>Objectives widely shared by all levels.</td>
</tr>
<tr>
<td></td>
<td>Managers get minimum cooperation &quot;It's their duty to save the ship.&quot;</td>
<td>Noticeable sense of team work. “My/our responsibility and resources utilization to save the ship&quot;.</td>
</tr>
<tr>
<td></td>
<td>People feel locked in jobs Stale, bored, security-oriented.</td>
<td>People involved by choice are Excited, motivated, energized.</td>
</tr>
</tbody>
</table>
**PERSONAL / INTERPERSONAL**

| Needs and feelings are side issues. | Problem solving includes personal needs |
| Judgment at lower levels not respected | Judgment at lower levels is respected. |
| Marksmanship and image building | Relationships are honest |
| People feel alone | People care about one another |
| Undercurrent of fear | Confidence and assurance |

**PROBLEM SOLVING**

| Innovation in hands of a few | Everyone anticipates the future |
| Organizational charts dominate | Informal, nonterritorial |
| Pleasing management top priority | Boss is frequently challenged |
| Nonconformity frowned upon | Nonconformity encouraged |
### OFFICE POLITICS

<table>
<thead>
<tr>
<th>Conflict is covert</th>
<th>Conflict resolution is out in open</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office politics rampant</td>
<td>Not concerned with office politics</td>
</tr>
<tr>
<td>Policies and procedures hinder</td>
<td>Policies protect organizational health</td>
</tr>
<tr>
<td>Blame or withdrawal during crisis</td>
<td>People band together</td>
</tr>
<tr>
<td>Competition</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Distrust of others' motives</td>
<td>Trust and acceptance</td>
</tr>
<tr>
<td>help equals weakness</td>
<td>Help freely given and sought</td>
</tr>
</tbody>
</table>

### PROGRESS

<table>
<thead>
<tr>
<th>One mistake and you are out</th>
<th>Willing to learn and adapt from each others' mistakes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tradition!</td>
<td>High rate of innovation</td>
</tr>
<tr>
<td>Minimizing risk most important</td>
<td>Risk accepted as part of growth Feedback is growth</td>
</tr>
<tr>
<td>Feedback is avoided</td>
<td>Learning is welcome and encouraged</td>
</tr>
<tr>
<td>Learning is difficult</td>
<td>Feedback sought, given and used through good communication policy</td>
</tr>
<tr>
<td>Little or unhelpful feedback</td>
<td></td>
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### 1.2.9 Dimensions of Organizational Health:

To measure Organizational Health, psychologists consider different operative factors.

Argyris (1958) considers absence, turnover, low level of accidents and high productivity as various measures of organizational health.

Whereas Chapel and Sayles (1961) take in to account the factors like Morale, attempts of existence and progress.
Fordyce and Weil (1971) opinions with reference to the features of healthy and sick organization, that individuals liberty, responsibility of decision making, interaction, personnel's decisions, appreciation, individuals needs and human relation congruence, co-operation, feedback, liberal leadership, high level of trust, approach of trial and error, combined decisions in order to improve quality, positive review point towards innovations, united efforts to prevent depression or other problems are main characteristics of a healthy organization.

Parik and Rao (1978) says organizational health of a unit depends upon many factors, viz., organization's past, formal structure, strategically obtained goals, conceptual understandings, role of leaders, socio-psychological stress and pressures, interaction between the organization and associated people.

Wayne.K. Hay and Patrik. B. Forsith measure the Organizational health by considering institutional integrity, principal influence, consideration a principal behavior i.e. friendly supporting open and collegial, initiating structure, resource support, morale and academic emphasis. (Patel, M.K., 1993)

1.2.10 Criterion for Study

The dimensions given by Miles (1973) are accepted for my study as criterion. Miles mainly considers three factors and for them he gives 10 dimensions. They are as follows:

1.2.10.1 Task Need Dimensions:

1. **Goal Focus** - goals are clear to members, acceptable and achievable.

2. **Communication Adequacy** - distortion free communications produces good and prompt securing of internal strain.

3. **Optimal Power Equalization** - the distribution of influence is relatively equitable, subordinates can exert influence up world, and they perceive their boss can do like vise.

1.2.10.2 Maintenance Needs Dimensions:

1. **Resource Utilization** - personnel is used effectively, neither overloaded nor idling. The fit between needs and demands is good.
2. **Cohesiveness**-members are attracted to the organization, want to stay and are influenced by it.

3. **Morale** - the organization displays a general sense of well being and group Satisfaction.

### 1.2.10.3 Growth and Development Need Dimensions:

1. **Innovativeness**-the organization invests new procedures and moves towards new goals.

2. **Autonomy**-the organization does not respond passively to the environment, it demonstrates some independence from the environment.

3. **Adaptation**-the organization has ability to bring about corrective changes to grow and develop.

4. **Problem Solving Adequacy**-problems are solved with minimal energy and the problem solving mechanism is not weakened

### 1.2.11 Summary:

Thus, the concept of organizational health implies **life, growth and vitality**. Organizational health then clearly reflects the twin goals of commercial bank’s survival and growth. Survival is a minimum goal, and an importance one. But, the healthy enterprise pours its energies in to vigour for progress; if not the Organizational health is just not a climate study but a valuing process and is a key to increase the effectiveness.  
The study of Organizational Health highlights the areas where the organization is weak. So, it becomes easy to find out the real problem and to apply the effective remedy.  
The key to the success of any organization lies in how efficiently the organization manages its human resources. The principle applies equally and perhaps more aptly to service institutions like banks. The issue is all the more relevant to the public sector banks which are striving hard to keep pace with the technological changes and to meet the challenges of globalization. So, for the continuous development, one thing must be ensured i.e. the organizational health.
References:

[1] An explanation of well-being from a health and wellness perspective is provided in Sloan Work and Family Network Glossary on Health and Wellness, definition(s).


[3] Both the NHS Institute for Innovation and Improvement in Organisational health: A new perspective on performance improvement? and the Mckinsey & company in The Missing Link’ refer to ‘Soft’ factors that can improve organizational performance such as Direction; Leadership; Accountability; Coordination & control; external orientation; capability; environment & values; motivation; and Innovation. ComCare in Building a case to invest in OHS and organisational health also identify seven elements: Direction, Leadership; Capability; Governance; Relationship; and Culture. ComCare’s elements similarly reflect these “soft” factors.

[4] Mckinsey & company in The Missing Link includes areas such as Accountability, Coordination & Control, while European Network for Workplace Health 2009 Promotion also refers to the “work organisation”. Dive dedicates a book to explaining how to improve accountability as a means of improving organizational performance in The Healthy Organization.

[5] In Improving performance and quality of working life: A model for organizational health assessment in emerging enterprises, Shoaf, Genaidy, Karwowski, and Huang provide an historical background to the development of the concept of organizational health in the United States, and refer to Organizational Health as a system of interrelated components, analogous to biological health.

[6] Alman in Organizational Health provides an Organizational Health Model upon which the application of capability is illustrated. Organizational Health
refers to “the extent an organization achieves its goals based on an environment that seeks to improve Organizational Performance and support Employee Well-being”. In this respect an environment that improves Organizational Performance and supports Employee Well-being through the development and application of capability.


[9] This description is consistent that that used in Healthy organizations from conflict management. The associated note in that Google Knot is as follows: “Dive (2004, p.3) describes a healthy organization as one that meets its mission and simultaneously enables individuals to learn, grow, and develop. Britton in Organizational Learning and Organizational Health views organizational health as the achievement of employee and organizational goals. He also refers to the need to create an environment to support a healthy organization”.

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1.3 Human Capital Management- The AMAR Approach:

People resource is the most vital asset in any organization, and managing it is the greatest challenge. For a company to succeed, it is necessary to map the people-centric strategies with business strategies. Researchers have proved that organization with advanced Human Capital Management (HCM) processes have much higher levels of productivity than companies with non-focused people approach. Moreover, Human Capital Management brings in a strategic focus for the Human Resource Function by making it more informed, proactive and smart. It provides tools, which not only allow the fare function to take better decisions for the workforce, but also better support for senior management to take decisions based on facts which are not visible. HCM is directly linked with productivity as the pace of an organization's growth is inseparable from its people growth. HCM therefore, focuses on building motivated, skilled, productive and innovative people. It also helps make people a source of competitive advantage in delivering superior customer value. The truth however remains that human capital is often underrated, not because the value is not realized, but the fact that organizations do not know the best ways and means of managing their people resource. However, organizations today feel the need to fine tune people, processes and technology to be competitive. The industrial age adage of varying capital and production does not hold good. Managing people, improving processes and better utilization of technology are not enough to be competitive in the future. Organizations know why they exist, what is important to them, what they want to be and what their game plan is. However, there is a gap when it comes how processes should be improved to fit into the game plan and what an employee must do to contribute towards it. To successfully compete, one needs to align people, resources, Assets and process to fit the game plan. One needs to go beyond just managing people and maintaining employee records and conducting training and appraisal. The need of the hour requires AMAR Approach, i.e. ACQUIRE, MAINTAIN, ALIGN and RETAIN APPROACH to transform human resource management into a strategic function for managing and leveraging organization's Human Capital.
1.3.1 Training Methods:

The various training methods to develop and maintain the human capital are: Technology-Based Learning, Simulators, On-The-Job Training, Coaching/Mentoring, Lectures, Group Discussions & Tutorials, Role Playing, Management Games, Outdoor Training, Films & Videos, Case Studies, Planned Reading, etc.

Therefore, development cannot be at merely 'competency' levels. It has to be a process of capacity building in true evolutionary term. Development largely refers to 'change', a change that is consistent and ongoing. For such a change a development process should address the values at a belief level. A value is a belief upon which a man acts by preference. When the change is at belief level, it is lasting and transformational in nature. A belief change is possible through a process of values clarification. Development should enable a process of clarification intent is evident, its manifestations are well perceived. Therefore, development needs to focus on individuals. The growth as progress of an organization in the era of consciousness largely depends on the capacity of its cultural capital i.e., its people. Therefore, there has to be a serious thought, strategy and design build before any development activity can be implemented. The ROI (Return on Investment) has to be clear and precise. This would not only call for innovative ways of calculating the ROI, but also to design excellent integration and application mechanism for each of the training institute. It has to significantly relate to their areas of work. All trainings methods should be aligned to the vision of the organization and be instituted in accordance to the values held by the organization. The clarity on this has to be well communicated to the participants of development activity. Development then has to be transformational in nature. Adult teaching should be grounded in adult's experiences and that these experiences represent a valuable resource, is currently cited as crucial by adult educators of every conceivable ideological hue.
1.3.2 Aligning the Human Capital:

Aligning the so-called intangible assets of human capital with business strategy is the key to creating value for all organizations. What does this mean? This means that if employee skills, training, knowledge, culture, leadership, and teamwork can be “synchronized” with business plans. Human resource professionals can create value that their organizations need to thrive in the new century. But with increasing competition and globalization, the challenge of aligning the efforts of human capital with organization's goals and objectives is becoming difficult. Building and maintaining the right level and mix of human resources is a constant challenge. Companies recruit, train, manage and then loss capable people quite often with disappointing commercial results. As a result alignment of people with organizational objectives and strategy in a timely manner is very important. This can be done by enabling management to effect positive change by giving them the tools to help actively connect the workforce to these objectives. To help employees understand organizational strategy and strategic objectives, it is important to implement a strategic communications program as a part of the human capital alignment process. Many companies find employees who are able to identify the organization's key strategies clearly. Understand their job requirements and feel more committed.

Employee Performance Management system (EPM) is another tool for managing performance by planning and aligning the efforts of employees towards achieving individual departmental and organizational goals. EPM systems encompass a wide range of processes that focus on results and competency development through communication partnership and planning between supervisors and employees. It is important to analyze the EPM approach and to assess its strengths and weaknesses. It is also valuable to determine how employees and managers perceive the company's EPM so that one can gauge how much change management will be needed to successfully align individual performance to strategy. To help people get used to this new approach focus should be on phasing in the score cards. The process should start with aligning only the executive team to the score cards.
Next, create personal score cards for the organization's strategic job families because these employees will have the high impact on the strategy. Once personal score cards to these employees have been successfully deployed, the system cascade to the rest of the organization.

To create an individual score card, begin with the internal perspective of the organization's strategy map; because this is where the day-to-day work is reflected, and it is the primary focus of the individual's contributions to the broader strategy. This allows employees abilities to determine how their work contribution fits into the larger scheme.

Competency management is yet another tool for aligning human capital assets with business strategy, so as to create value for organizations and drive their performance forward in a competitive talent market. There's an old saying about "fishing from the same pond." - Increasingly, the talent pool, or pond, is diminishing. Yet companies today have an even greater need for talent than ever before. Without a sufficient quantity of quality talent to implement business strategy, companies will falter. How can HR professionals avoid this? This problem can be curbed by searching for the talent from within the organization rather than searching the talent from outside. Actually, Talent comes from two sources - it can be "bought" (sourced from outside a company) or developed. Buying talent can be very expensive while developing talent requires time and effort. If part of the war for talent results in people leaving their jobs for other jobs, it might mean that people aren't getting what they want from their original jobs. What do people want in their careers? The only way to know is to engage employees in goal setting and people planning. Help employees align what they want from work with the needs of the organization.

No other organizational system can help individual employees to understand the opportunities for growth and advancement as well as a strategically aligned performance management system. In the best, competency management provides a roadmap for career planning and development.
1.3.3 Domains of Aligning Employees:

The alignment with the employees (human capital) takes place in three domains: 'Corporate Identity and Values', 'Human Operations' and 'Human Development'.

1.3.3.1 Corporate identity and values: In the first place, HCM aims at the proactive development and stimulation of the organization's identity and corporate culture. The study feels that a strong company culture is of great importance for survival and corporate success. The company's mission and supporting values greatly influence the corporate identity, policies, institutional structures and thus corporate behavior, also with respect to its employees. Successful companies pay much attention to the communication of the company's vision and the organizational values. This way the corporate identity can inspire employees to perform to their best abilities. Creating a company culture is a two way street i.e. from top or from bottom: only top down would never work. Alignment between personal and company-values characterizes successful organizations. The increasing number of 'values-driven-organizations' shows the importance of this dimension of organizations.

1.3.3.2 Human operations: The next domain, 'human operations', represents all tasks and execution of planned activities. When operational and supporting processes take place in a context of dialogue and alignment, employees show dedication and high productivity. In his classical book “The practice of management (1952)” Peter Drucker refers to the Hawthorne experiments described by Elton Mayo (1928) which were undertaken at Western Electric Company in Illinois. They were conducting a scientific management research to find out what level of light intensity lead to the highest productivity. The female workers showed higher productivity levels at any light intensity, simply because instead of being a replaceable resource they suddenly received attention for any movement they made. In a process of alignment between individuals and the organization, the mission, vision and company goals are formulated and eventually translated into individual tasks and responsibilities (policy deployment). The situation in which the organization
finds itself—is the organization strategically oriented towards flexibility, creativity, effectiveness or efficiency—and the individual capabilities determine what role managers and employees opt for in order to carry out the appropriate tasks. Also, the degree of empowerment and individual performance indicators are determined in mutual agreement. Aligning the personal characteristics, attitudes and competences of the available human capital with the collective needs of the organization, essentially differs from the top down approach of resource planners.

1.3.3.3 Human development: Organizations innovate and develop technologies according to the changes in the market. To be able to keep up with these developments, employees—the human capital—need to develop as well. New knowledge and skills have to be learned and competencies trained. At the organizational level, 'learning' is established when organizations:

- Structurally determine the need for knowledge and a collective competence profile and use this as a basis for human development, and
- Building learning 'loops' within the company processes, through which they can continuously, improve them.

Within this domain, an alignment needs to be established, between the tempo of the development inside and outside the organization, and the direction and extent of competence development with respect to individual employees. The individual needs of professionals (knowledge workers) in particular are largely aimed at the possibilities for development that a job and an employer offer. A personal approach directed at facilitating this need attuned to the possibilities and needs of the organization, supports the motivation of the individual.

1.3.4 Human Capital Alignment Focal Points:

HRA focal points for human resource alignment vary in accordance with the needs of each organization. Specific questions are mapped to the direct needs of an organization at any given point in time. Researcher believes that human resource alignment assessments are only as good as the questions
asked and the quality of the information gathered. Broad-based questions include the following:

- What are the key business objectives most affected by human resource effectiveness?
- To what extent are the organization structure and job responsibilities aligned with key business objectives.
- To what extent are employees (and new hire) knowledge, skills, abilities and other traits aligned with position requirements?
- To what extent are human resource processes aligned with talent and performance objectives?
- To what extent is culture aligned with performance expectations?

Aligning human capital with strategic plans is an important endeavor for every organization. Studies strongly support the alignment between strategies, human capital, and performance and thus show the potential role HR can play in implementing strategy and developing an organization's competitive advantage. Alignment between HR activities and strategy planning can be formed by HR. HR needs to expand beyond an administrative function and focus more on how it can support the organization in strategic planning and implementation. By increasing the competencies of HR personal, the department will increase its creditability and be integrated into a strategic role. When HR measures itself from a business perspective and by the value it brings an organization, top management will not ignore HR in the strategy process. Instead, top management will welcome HR input because it will have a clear understanding of how HR affects the bottom line from a business and/or strategic standpoint. By inter-locking HR measures with items concerning the ongoing business, HR becomes aligned with strategy through dependent tasks that are accounted for interdependently. In summary an organization's people and their skills ultimately determine the effectiveness of strategic plans and its implementation. In its purest form HR is best suited for leveraging an organization's personal that implements the organization's strategic plans. In other words, HR resources are what drive an organizations' strategic process.
The advantage of getting the retaining process right would be innovative and creative organization.

Meritocracy based organization where rewards, recognition and celebrations are not politicized. Risk Assurance and Program Management become synonymous with growth strategies. Organizations and individuals embrace change and challenge proactively.

- Mediocrity is shunned for pursuit of excellence.
- Highly energized individuals whose identity becomes synonymous with that of the enterprise.

That's why, across sectors, sizes, and status, corporate India now deploys myriad techniques to retain its people. From sharing the CEO's vision and career-counseling to welfare-management and conflict-resolution programmes, while small companies with theory less for the same. And as in any other marketplace, only CEOs who are innovative about retention strategies appear to be winning the war for people.

1.3.5 The Retention Responsibility:

Normally it has been observed that 20 per cent of your employees account for 80 per cent of your success. Focus 80 per cent of your retention efforts on 20 per cent of your people. Across industry-types manufacturing, marketing, and services companies believe that it makes little sense to retain all their employees all the time. The real objective is to retain only those people who contribute to the company's performance in terms of improving the quality of goods and services, or increasing the level of customer satisfaction. However, hi-tech companies insist that their strategies must focus on retaining all employees. Their logic is that organizations get the kind of employee-performances they deserve. Given the high costs involved in mid-career tires, especially in software and telecom companies. It does make sense to create an environment where all their employees on their own continuously upgrade their skills-sets rather than let go of them. Mostly, the HR department and the senior management are the organizational centers vested with the responsibility of retention management. However, the process is shared: in most organizations. The HR department, the individual functions, the top
management, teams and the trade unions who manage the retention function, individually and together.

1.3.6 The Retention Measures:

Companies now adopt more than one technique to create an internal environment that will retain their employees. The most popular retention-oriented initiatives include:

- **Create a vested interest:** It is essential to give your employees a vested interest in the success of your business. In many companies today, employees feel unimportant and that they have nothing to gain from the success of the firm. That's why bonuses, Employee Stock Option plans (ESOP), and other incentives should be a part of every business. When individuals have tangible reasons to work harder, they are more likely to share your enthusiasm and desire for the company to succeed. It is amazing how much effort, initiative, and intensity people are willing to provide when they have a stake in the outcome.

- **Increase the organization's level of professionalism:** Employees leave companies where intra-organizational interactions are unstructured. And decisions, ad-hoc and driven more by personal prejudice rather than professional consideration. By adopting systems that introduce an element of objectivity into its internal operations, a company can create a better workplace.

- **Maintain cordial relationship:** Employees should have other incentives besides money to work hard and give back to the business; employees should enjoy what they're doing. Create a friendly and caring atmosphere at work with special benefits for your employees. Sometimes a little perk can create an incredible atmosphere of warmth and friendliness. Whether you try birthday cakes, family days, surprise bonuses, pizza parties, or special days off, do something different at work to make your employees feel that they are part of a company that cares about them. An atmosphere of caring isn't confined just to internal perks. Sponsor local community events, send employees back for continuing education, recognize the
families of your employees. These extra touches will create a positive working atmosphere that will have you and the rest of your team looking forward to coming to work every day.

- **Move from family to professional management**: In most family-managed organizations, professional managers leave because they cannot see themselves holding key positions or functioning with the level of independence that their designations merit. By inducting professionals into senior management positions, a company can lower its attrition-rate.

- **Assign responsibilities to the employees**: An important part of managing your business is giving responsibility to other individuals at your company. Giving employees significant responsibility not only makes them feel important, but also frees up time so you can focus on growing your business. It can be very difficult to let go of certain tasks that you have performed from Day One. However, being a manager means delegating responsibility in the most efficient manner, allowing you to spend time on the core areas of the business. Releasing the operational and financial aspects of the business will allow you to focus on future initiatives and other opportunities in the marketplace.

- **Introduce objectivity in performance appraisal**: Employees like to know how, when, and by whom their performance is going to be measured. An appraisal process that lists objective and measurable criteria for performance appraisal removes the uncertainty in the minds of employees that their superiors can rate their performance any which they please.

- **Involve employees in the decision-making process**: People like to work in organizations where their opinions count. The higher an employee's involvement in decision-making, the higher the organization's retention-level. A participative decision-making process is good; but total empowerment is better.

- **Provide a transparent organization**: Always keep the lines of communication open and encourage employees to come up with new ideas and suggestions, even on matters not directly related to what they are
doing. In many growing companies, employees often feel like they're in the dark about important company business - a feeling that can breed mistrust and discontentment, and may even drive individuals to leave the company. Keep your employees feeling like they are an integral part of the team by actively communicating with them, encouraging them to take their skills to the next level, giving them important responsibilities within the business, and letting them know they are important to the company and you personally.

- **Make available incentives and benefits package:** There are many different types of incentive and benefits packages that you can make available to your employees. The best way is to follow a cafeteria approach and let the employees choose their own package within the overall ceiling which may differ from employee to employee.

- **Measure employee satisfaction:** Obsessed with catering to the demands of their external customers, companies ignore their internal customers. Periodic employee satisfaction surveys can highlight the potential flashpoints, and enable the company to take corrective action.

- **Build up a team:** Building a business team that works well together is an essential part of the success of any group. Finding the personalities and skill sets that fit is an important part of the hiring process. Creating an invigorating atmosphere, encouraging people to work together, and providing strong leadership and guidance are all essential parts of building a winning team.

- **Empowerment and freedom:** A very important tenet is freedom and empowerment. It refers to the process in which managers give employees the autonomy to exercise control over job-related situations problems and decisions. Managers at such properties are likely to transfer responsibilities. Provide opportunities for personal initiatives, and demonstrate trust in their employees. Empowerment increases morale, which is directly linked to achievement. This in turn will aid in retaining talent as people fear being left behind if they do not go with the flow.
• **Coordination between individual and organizational goals:** Many companies fall into the trap of expecting their employees to subsume their individual objectives before the organizational one. This forces employees to leave. The best companies achieve a balance between the two.

• **Design a competitive compensation package:** Money isn't a motivator. But it is an effective de-motivator. While organizations that pay best-in-industry salaries may find themselves unable to use this fact to motivate their employees, those that do not could find their best employees leaving.

• **Recognition and rewards:** Managers of tomorrow must strive for activities that influence the level of intrinsic motivation for its employees - making them feel valued and important. The emotional investment of employees in their jobs has to be appreciated and quantified by the top-level management. In addition to their performance evaluation, great managers lead with carrots, not sticks, and in doing so achieve higher productivity engagement, and improved business.

• **Help employees acquire new skills:** As the job-profiles and desired skill-sets for a particular job changes, companies may feel the need to hire employees with new skills, or retrain their existing employees. Companies that choose to do the later will find it easier to retain their people since the training signals that the organization values their contribution, and is willing to invest in upgrading their skills.
1.3.7 Summary:

Human Resources are the most essential resources in any organization. They are like the nuts and bolts that keep the machinery together and help it run properly. No organization can function properly without satisfied and committed employees and that stands especially true in service organizations like banks which run solely on people power.

If the internal customers are not happy with the organization then they will not bother about keeping the external customers of the organization happy. If the financial institutes keep their employees happy than there will be lesser loss of trained and experienced employees who already know the processes and functioning of the organizations, that in turn will lead to saving of time efforts and money spent in recruiting, orienting and training newly acquired employees.
References:


