CHAPTER SEVEN

REENGINEERING TRAINING FOR GLOBALISATION:
CRITICAL TRAINING AREAS
OVERVIEW: The strategy for reengineering the HRD and Training Systems of the Indian Banking Sector in order to bridge the existing gap, has so far covered aspects relating to proactive HRD interventions for improving organizational culture (chapter 5) and parameters of effective training delivery (chapter 6). In addition, the reengineering endeavour has to emphasize the coverage of critical training areas so that the Indian banks are able to meet the demands of globalization/financial sector reforms/ liberalization even while meeting their social obligations as required in a developing nation.

Some of these critical areas which we shall be discussing are:

1. Training for preparing Indian Banks for International Operations.
2. Training for information technologies/computerizations (for keeping up with the global trends and handling the complex voluminous work load efficiently).
3. Training for improving productivity/customer service in banks (including a marketing orientation and behavioural science training for inculcating the requisite attitudes in the training personnel.)
4. Management Development Programmes, Management Self Development for enhancing the leadership/coping/problem solving capabilities of bank personnel.

The critical area of training for effective Rural Development Banking we shall cover in the following chapter.
TRAINING FOR PREPARING INDIAN BANKS FOR INTERNATIONAL OPERATIONS/GLOBALISATION:

The difficult environment in which Indian banks abroad will have to operate, the competition they will face, the needs of customers at the foreign centre demands that we prepare the banks to face the challenges of International Banking future of this sort? In their operations at the international financial centres, Indian banks would have to satisfy certain minimum conditions. A major one will be the financial strength of the Indian banks and its ability to command good international ratings. Mechanisation, computerisation and electronic banking systems would be an essential pre-requisite for a bank to function at international finance centres.

The staffing pattern is another area to be looked into. Many Indian banks rely substantially on expatriate staff to satisfy the operational and managerial needs of foreign office. While the skills of Indian staff are of high standards, the other features such as lack of familiarity with the local environment and short-term tenures abroad result in a situation where the expatriate staff are unable to give their best. This situation also discourages a large number of foreign companies from actively dealing with the Indian banks. The preparation of Indian banking personnel to cope with the extensive and intensive domain
of international banking is a fundamental issue: the right man for the right job at the right time, represent the crux of managing commercial banks' international operations. With a meagre branch spread of 0.3%, foreign banks in India have notched a share of 28% in the total profits of the banking industry in the country. This indicates how these banks have, amongst others, groomed their personnel to manage their business so well. They have trained the eyes, ears and minds of their personnel to remain at the top of the business. It is clear that if Indian commercial banks are to succeed in their international operations, they must not only pick up the correct people, both local and expatriate but also equip them with the knowledge, skills and capabilities to tap the business and service it in a scenario of intense international competition. While exposing the personnel to well-chalked-out learning programmes centred on new activities and innovation in international banking, care has to be taken to see that they do also stand adequately exposed to exploit the opportunities and handle threats in the existing and emerging market environments.

All the human and material resources, strategic plans, and training and other systems can yield results only if banks are provided with a measure of operational freedom that the international environment demands.
A suggested curriculum for International Banking/Global Transactions would comprise of the following:

1. Skills to manage progressive liberalization and greater competitiveness in the economy and other related challenges on the banking and financial systems of the country.

2. Understanding of the changing nature of the international capital markets.

3. Need for expanding the country's foreign trade, setting up of joint ventures abroad, attracting savings of non-resident Indians, Investment Banking.

4. Understanding the process of technology transfer.

5. Handling of a wide range of innovative financial instruments such as commercial paper, floating fixed rate bonds, currency swaps, euronotes etc.

6. Skills to deal with fluid markets and complicated international transactions particularly in view of the possible need for depending on commercial borrowings in future because of deteriorating economic environment for official and concessional capital flows both bilateral and multilateral.

7. Skills for evaluation of new sophisticated industries in terms of their technical, marketing and costing inputs.

Indian Banks, in their international operations, in order to compete successfully with foreign banks, have to provide top quality banking services. For this, their HRD and Training systems have to give the suggested inputs.
Background: There is a growing awareness of the need for computerisation to cope with the explosive growth in volume and variety of Indian Banking services. Computer services are also being used increasingly. The first industry level settlement relating to mechanisation and computerisation took place during 1983 a fresh settlement was arrived at during March 1987. Computers are already being used extensively in industry—for process control and managerial decision making. A network of information centres is also being set up at the district level for monitoring the performance of the economy beginning from metropolitan centres, Indian banks should do likewise.

Indian Banks should devote attention to bringing about gradual reduction of their non-performing assets, better cost effectiveness and higher profits improving operational efficiency and aggressive marketing. Demands for sophisticated services will also compel banks to examine the technology alternative seriously, having regard to the cost-benefit aspects. Banks have already taken several initiatives for progressive mechanisation and computerisation; however, their range and depth must increase further. For better management control over
operations, improving productivity and responding more efficiently to emerging areas, banks will have to strengthen the training sub-system - not only for improving the skill level in their employees but also the attitudinal aspects of their inter-relationship with customers. Collaborative efforts need to be fostered and specialisation encouraged, as recommended by the National Banking Plan document.

Training needs in information technology: Training needs in information technology can be looked at from the angles of the individual level, the occupational level and the organisation level (Dell).

- Individual level training needs: The executives who run the banking system today and who grew up in an era when computers were not part of the society, need to be trained most through different strategies. Banks could provide all executives up to the level of, say Regional Managers with a PC connected to the central computer/mini computers so that they can retrieve what they need and generate any desired output. To encourage the executives to use the computers provided to them it would be a good idea to also give them 'resource persons' - officials/employees with requisite skills in computers and software who will develop
application packages, needed by the executives.

Training needs at other levels: This depends on the role of the employees concerned eg. those working in data processing centres—their needs can be met by technology-based training programmes; some working say at the foreign exchange desk their needs could be met by role-based training. 'Education has gone through distinct phases; beginning with mass education, it came down to individual education and is now moving towards group education. Computer technology too is moving from PCs to work stations, from the former's individual productivity to the latter group's productivity. Group learning should hence be the key element of technology training in banks. For this banks can follow the Coverdale method whose focus is not on more knowledge acquisition and retention, but on 'applying in practice what's already known to the participants. In the training situation, participants from different backgrounds are brought together to form stranger group—the members in each such group work together and carry out small blocks of work, called 'tasks'.

Decentralised Computer Based Training: Computer based training divisions should be set up by all banks, headed by senior bankers, well versed in banking, educational technology and computer technology. For this banks could set up 'Computer learning rooms in all their training colleges/centres and large branches. Subs-
equently the Computer Based Training divisions could prepare
the course material on banking business and provide them to the
centres, where computer learning-rooms have been set up. The
responsibility for training should be entrusted to a faculty
at the training set-up or a supervisory member of the branch
staff. The Computer Based Training Divisions could also prepare
embedded training software—i.e., teaching material relevant to
each desk where computers might have been already installed.

The purpose of using technology in training is to:

- decrease the learning time.
- increase the quality of learning.
- increase the trainers' efficiency without sacrificing
  learning quality.
- reduce costs, without affecting quality.

The items deal with the intangible aspects of educational
technology called the underware as opposed to hardware and
software. The emphasis is on the teaching techniques and learn-
ing rather than the aids used. The Banks should impart techno-
logy training and also use technology in doing so. The former
prepares the trainees for the emerging era; the latter enables
the trainees to do so faster—without sacrificing quality.
I.T. Important Training Areas: Areas which would require attention in respect of computer based information technology in the immediate future would be Computer Security, Auditing, Faculty training and Attitudinal Reorientation.

- Security: The important threat posed by breach of security of a computer based information system in the banking context is that concerning the privacy of information pertaining to individuals and institutions due to risk of confidential information falling into wrong hands. The systems which hold and process vital data have to be protected against eg. virus attack or failure through such measures eg. validation checks on input data, installation of fire resistant safes to protect media as security threats may be of either accidental or deliberate. Courses designed in this area could cover aspects like security of data within the computer and at the man-machine interface to overcome the wide gap between the protection under experimental conditions and that actually implemented in the banking systems.

- Computer auditing: Computer auditing has to catch up with the increasing tempo of use of computers in the banking industry. EDP auditing is required by Indian Banks to determine whether a computer system safeguards assets, maintains
data integrity, achieves organisational goals effectively
and consumes resources at an optimum rate.

- **Faculty Training**: Computer and communication provides the
  thrust towards modernisation in banking. While Colleges of
  banks have provided adequate faculty in respect of opera-
  tional aspects relating to banking, the same cannot be said
  about computer/communication. There is need for augmenting
  and strengthening of the faculty in this area. Effect would
  have to be directed to selection and training of faculty
  from amongst the existing ranks or even from the computer
  industry. Banks would follow the State Bank of India in
  establishing a separate Institute of Technology for imparting
  training on this rapidly developing discipline.

- **Reorientation of Attitudes**: Systems and procedures, check
  points etc. in banks are those to which the staff in the
  banks are accustomed. Decision support system based computer
  data, is something which will perhaps deny many executive of
  the feeling of indispensability and innovativeness. The
  Staff Unions are also well organised and resistant. Training
  will have to persuade managerial cadres and Unions to respond
  positively and adopt to technological changes, to move from
  paper, and file based scrutiny to inter-active screen mode.
  People have to think/react on the keyboard rather than with
a pencil/pen in hand and following printed material on paper.

**ONLINE EDUCATION & DEVELOPMENT**

As as yet little-used technology in the educational and training world, **computer mediated communications systems (CMCS)** offers enormous possibilities for enhancing educational provision by the potential they give to offer online education. Computer-mediated communications' systems connotes any form of communication that occurs over a network of computers—using of computers to send and receive textual communications. The text is often held in mainframe computer where it can be retrieved any time. Electronic mail demonstrated this store and retrieve principle; E-mail is most suitable for person-to-person communications. Where interactive group communication is important, **computer conferencing** allows groups of people to communicate. Electronic meeting differ from face-to-face meetings (McConnell, 1990) and require new ways of thinking about the meaning of group work when it is mediated via computers.

The basic set up requires a host computer where the CMCS software is held, and computer terminals or personal computers capable of connecting with the host to allow users to interact with the CMCS software. If there are large numbers of users and if access is needed by several users at the same time, then
the host computer will usually be a mainframe computer. Users can access the CMCS software by a variety of methods, using a variety of equipment.

Training Implication For Requisite Computing Skills:—There are three levels of computing operations ideally required for computer conferencing: wordprocessing skill, tele-communication cations skill; conferencing skill. This has important implications for training.

- Word Processing Skill:— For effective use of CMCS, one should prepare the text of time, personal messages and responses before going into a conference.

- Telecommunication Skill:— For linking the personal computer to the best computer by use of communications software. The user joins the conferences of interest to them and networks (i.e. receives on their own PC) conference text and personal messages etc.

- Conferencing Skill:— For reading new items and responses, adding new responses, sending personal messages etc.

Online Education & Training Characteristics—Online education & training is different from face to face meetings as follows:
1. People from geographically distant sites 'meet' without physically travelling to one location so there are time and travel savings (and therefore financial savings, although there will be initial capital set-up costs, and recurring costs).

2. Meetings are continuous - a meeting on line can take place over a defined time span (e.g. a week or a month) or can continue indefinitely (for months or years).

3. There is a permanent record of the meeting and of the participants' contribution to it (this can be manipulated like a data base).

4. Social presence, process and product of cc meetings often differ from face-to-face meetings.

5. cc enables to work collaboratively in group it can support co-operative learning and group process in ways that may be difficult to achieve in face-to-face meetings.

6. CMCS offers democratization of educational exchanges in not having to interrupt others or talk over people in order to say what you want to say within a conference. All users have the same access to the dialogue-visual cues denoting status and power are eliminated.
Uses of CMCS: The possible uses of computer conferencing within education and training are a complete replacement for face-to-face meetings; as an adjunct to them; as a multimedia approach to teaching and learning.

- **Complete Replacement**: Computer conferencing may be used to replace conventional face-to-face meetings, either by offering these meetings electronically at a distance for geographically isolated learners, or by offering them as a viable alternative to in-house courses. It can provide continuing education courses for industry and commerce, and for teacher in service education work.

- **Adjunct Method**: Electronic communication is also suitable as an adjunct to face-to-face meetings. Electronic seminars and tutorials can add a useful and interesting focus to on-campus and in-house courses. Material covered in lectures can be added to and complemented in a computer conference. Students can question the trainer about the course, request additional information or add their own information.

- **Multi-media approach**: It is exemplified by resource-based learning which emphasizes a variety of different media and approaches to teaching and learning for example in an open University course in information technology alongwith
all the usual packaged learning materials provided as part of the course (course text units: audio-cassettes; broadcast television; a course reader, supplementary readings, course guides, and so on), students are also given access to computer conferences. The latter one of several alternative ways of learning on the course—variety of media available to meet the varying learning needs of the students (Mason and Kaye, 1989).

Applicability of CMCS to Indian Banking: A wider use of CMCS within education and training for banking industry appears feasible because of the following:

* Personal computer prices are continuing to fall, and PCs are increasingly being used at home and work.

* Text processing and communications software is becoming more sophisticated and user friendly.

* Networks for online education and training are gradually becoming widely available—users can access CMC systems via ordinary telephone lines, via data lines or through private local area networks.
Manpower Planning & Training Strategy for Banks' Computerisation:

The success of computerization depends on the participation of people involved in the project. In networking the various parties involved include the party developing the network software and planning and the hardware configuration usually an outside vendor. Along with the vendor developing the package, the banks should also appoint computer literate managers from the banks to interact with outside specialists at various stages of the project. This will help the bank to specify its requirements to the vendor, and maintain the system, once it becomes operational. It is very necessary for the banking professionals to clearly explain their application requirements to the vendor and also to develop the capability to add banks own set of messages.

Networking is a specialized area where investments in hardware and software are heavy and the bank's top management and customers will have high expectations about the service they are going to get. The success of any network depends mainly on how well the system is maintained and how widely the system is used. Hence, training the top management of the bank through awareness programme will be essential, since unless they appreciate and actively use the network, the networking of computers will be futile exercise.

Specialists from junior management level who know about the
hardware and software should be trained by the leading academic institutions like National Centre for Software Technology (NCST), National Institute of Bank Management (NIBM) etc. to manage and develop application. The strategy should be that the banking industry create a separate subsidiary to deal with networking on the lines of the National Informatic Centre and CITYCORP which is a software subsidiary of CITYBANK. There are problems particularly of manpower in the computer industry, since the number of specialists in this field are few compared to the requirement. Hence, people change the company very fast. In order to retain the professionals, the banking industry needs to evolve novel personnel policies and methods.

Computerized cheque clearing systems, on-line transactions automatic teller machines, etc. are becoming common features in banking and financial institutions even in developing countries like ours. 'Computer crime is advancing just as fast as the technology, and banks managements may not be fully aware of the potential problems. All banking and financial institutions should develop specialist skills to address every aspect of security and safety of information technology.'
Background & Concepts: In the last two decades of post-nationalisation period, a round expansion in banking business has brought with it problems like declining standards of customer service, poor maintenance, depleted profits and profitability of banking. This is due to increasing quantum of non-performing financial assets, increasing administration costs and declining manpower productivity.

Banks, which are service oriented organisations, in the face of increasing competition, in future shall have to develop themselves as financial super markets. "Banks the world over are becoming financial super markets providing a wide variety of services and facilities, many of which are far removed from the traditional banking activities ... In our country too customer requirements are getting more and more sophisticated .... Be it rural banking or metropolitan banking, there is a need to enlarge the package of schemes and services offered, based on customers convenience and preferences. In a situation like ours, where banks have limited freedom in terms of offering attractive returns, the major thrust of marketing strategy should be to widen the range of products offered and improve the quality of services rendered (Chairman, IBA 1987)
Productivity is a measure of how well the resources are brought together in an organisation and accomplishing a set of objectives—output per unit of input. It connotes reaching the highest level of performance with the least of expenditure of resources. The concept of productivity is understood in different ways/different functions—for a personnel functionary, it is a ratio between the output and the manpower, whereas for an engineer it is output per machine, improved earnings/profits/profitability could be the productivity concept for a finance executive. We shall consider productivity improvement through training in Indian Banks so as to improve customer service/other important areas. We shall view productivity as a function of both effectiveness and efficiency—effectiveness refers to performance and efficiency to resources utilization.

**Issues in productivity improvement:** With declining profitability and recruitment bar, productivity improvement is the only workable solution on manpower front. We shall consider the characteristics of the Indian Banking Industry & measurement issues in relation to productivity.

**Characteristics of the Banking Service Industry:**

- Banking being a service industry is labour intensive where the human factor has pivotal role in running the business. Men
Unlike machines have different attitudes, cultures and aspirations. The management of human resources attains special significance in case of banking industry.

- Measurement of quantity and quality of both, input and output, is difficult in service industry. Quality control poses problem since the service not a commodity. The demand for service is not foreseeable since service is provided on-the-spot.

- The outlets provided for rendering service to the customers are the thousands of widely dispersed branches which poses a challenge. Also banks have to offer very diverse services.

- The reliance for evaluation is on subjective judgement like service is prompt or otherwise.

- Control mechanisms such as inspection/withdrawal of the product is also not possible as the manifest behaviour on-the-spot is a service, sound or defective, that already is released.

Productivity related Measurement Issues:

- Most of the banks have a four-tier organisational structure comprising corporate, zonal/circle, divisional/regional & branch levels. Top management confines itself to policy function, senior management to policy analysis and
formulation of strategies, middle management takes up administrative coordinating functions, while the grass-root level performs routine operational activities.

Productivity measurement must encompass all these decision making and implementing levels, rather than focusing on operational management.

For productivity management indicators, certain criteria which need to be fulfilled are:

* Qualitative aspects of banking business shall have to be given due consideration along with the quantitative.

* The productivity norms shall relate to the performance appraisal to facilitate discrimination amongst better and poor performers.

* The indices should be simple and comprehended by staff at all levels so that their acceptability for improvement is increased.

* Work technology - present & future shall have to be given due attention due to its impact on work processes and methods of supervision.

* Intelligent segmentation customers on the basis of their psychographic nature has to be done (eg. business vs. service based customer, urban vs. rural and their subcategories) and banking services beamed to them specifically.
Customer Service Tasks: A banker shall have to perform the following tasks in the context of customer service:

(a) Identify the needs of the customer. The customer may be an illiterate or even when educated, may not be able to verbalise his needs by questioning him and other measures.

(b) Retrieve relevant information from various sources for example, other departments in the banks, government agencies.

(c) Transform the need of the customer into a banking operation eg, when a customer likes to send money to somebody in some other town and the banking official finds out whether DD, or TT is the most appropriate operation.

(d) Take decision after weighing the different factors, the strengths and weakness of the customer/scheme and implement the decision and get other agencies to implement.

(e) Follow-up the decision-keep in touch with the customer supervise the end use of the services offered, counsel the customer wherever necessary.

Changing Organisation Culture: At different levels and at different desks many other specific skills will be required of a banker to perform the job. These skills are required not only by executives or by officers but even by clerks and to a certain extent even by the subordinate staff all of whom have to be used
for customer service. More sermons on customer service will not produce results unless certain systems and procedures in the bank are changed; mechanisation introducing computer system. Lectures alone by higher authorities are not going to be effective monetary incentives is not positively co-related with motivation resulting in high productivity or job satisfaction. The employees in the banking organisation have crossed the stage of physiological or security needs as well as to a great extent the social needs (Maslows' need hierarchy). The banking industry is recruiting graduates from diverse disciplines who are above average in terms of their intelligence and will not accept the foundal values/practices of an organisation. This means that along with the change in systems and procedures, industry shall have to re-examine the organisation structure and the psychological environment i.e. work culture in the organisation. eg. through delegation and participation. An employee gets affected if a customer is not satisfied and should synchronise his personal achievement goals with the organisational goals. The Indian banking industry is a service industry - an important instrument of national development. To get the bank employees see this relationship between the banks role as an instrument of national development and his role as an employee of that bank, the training strategy shall have to be suitably geared.
Training Intervention for Productivity Improvement: Training System, being the means to attain organisational goal like productivity improvement has to undertake a significant role. HRD divisions shall have to initiate and coordinate productivity improvement programmes but the message of productivity down-the-line has to reach through the training system of each bank. The enormous applied research requirements for the task can be carried out by training systems' multi-disciplinary faculty. Relaxed environment available in a training situation enables faculty & participants to be frank with a down-to-earth approach. Productivity improvement task would require creating productivity awareness at all the levels, identifying reliable tools for carrying branch level productivity studies creating data base about the total bank in relation to productivity indicators discussions with employee organisations training system would mobilise the resources to undertake studies provide research support and create awareness for productivity and quality through training programmes.

We shall now discuss two other important HRD/Training aspects related to improvement in customer service/productivity in banks
(1) Inculcating marketing orientation to satisfy customer needs and to target banking services for greater profitability, (2) Behavioural Science Training for such objectives as customer friendly attitude.
HRD/TRAINING IMPLICATION OF MARKETING ORIENTATION/MIX OF INDIAN BANKING SERVICES:

Concept/need for the marketing orientation: - The role of the banking sector continues to grow in a developing economy like India. It can serve the needs of the society only when it can adopt to the changing needs and preferences of its customers. In this context, marketing approach is required for banking services. Earlier banks were selling their services. But now very careful and planned marketing strategy has to be evolved. Both private and public sector companies are collecting deposits directly from the public by passing even the banks and a number of funds, National Savings Certificates etc. have succeeded in collecting huge amounts of money for the exchequer directly. Also other compulsion Areas of profitability of banking business, need for innovative product development, emergence of new range of banking services, ensuring optimum use of vast banking services, ensuring optimum use of vast banking infrastructure resources crunch and poor recovery factors. So development of marketing approach to Indian Banking becomes imperative and must be emphasised in the training/HRD programmes of the banking sector. So banks have to think of marketing their services not only in terms of their deposit mobilisation and related activities
but also streamlining techniques for a healthy credit portfolio.

Marketing mix meaning combination of the elements which make up the marketing programmes: 4 Ps of marketing Product, Pricing, Place and Promotion. In case of services organisations marketing mix includes two other elements such as People and Procedures, popularly know as 6 Ps which have to cleverly adopted to the changing external environment.

**HRD/Training implications of the marketing orientation**: - Training/HRD programmes for inculcating the marketing approach among Indian Banking personnel will have to highlight the various issues involved in marketing mix variables, which will now be discussed.

1. **Price**: Price refers to the amount of money a customer is willing to pay for the service. Though the price is one of powerful marketing tool, pricing strategy has limited scope in the banking sector because of the controls exercised by the Reserve Bank. banks should have more control over pricing strategy.

2. **Place**: Place mix refers to location of the service that the bankers have to offer to the clients-branch location and distribution are important areas of marketing of banking services,murban, semi-urban and rural areas. While marketing banking services, the distribution strategy is mainly used to
expand the branch network to those areas where potential for deposit mobilisation and credit requirements exist. Distribution of branches along with location, work load, working hours etc. has to be studied by the bankers for catering the needs of the customers. The present working hours are not convenient for the majority of the bank's customers. In urban area banks could be opened during the early morning and late evening hours, to facilitate customers to attend to banking transactions without any disturbance to their normal activities.

3. **Product** :- Trading business first decides the products to be produced, by knowing the needs of the customers and take a number of decisions as to product additions, modifications, on the basis of marketing information, "Unless the banks quickly respond to the emerging needs of the clients, other institutions will grab the opportunity. Therefore it is in their own interest that they anticipate, identify and provide all kinds of new services that are needed by the public. The banks' products can be considered as under three categories: credit, deposit scheme & ancillary services:

- **Credit Schemes** :- Banks have designed several credit schemes such as term loans, bank overdrafts, advances, consumer loans, Loan Linked deposit schemes, loan to
pensioners loan against Govt. securities housing finance etc.

- **Deposit Schemes**: A wide range of deposit schemes or different sections of society have been offered by the commercial banks in India—saving bank account, current accounts, recurring deposit accounts, fixed deposit accounts, cash certificates, etc. and new/innovative financial services like mutual funds, loan syndication, housing finance merchant banking Stockinvest schemes.

- **Ancillary Services**: Banks also offer various ancillary services to the customers like bank drafts, telegraphic transfers, Safe deposit lockers, Credit cards end consultancy, etc.

Some of the product related issues which the Indian Banks have to consider are:

- Improper market assessment: Since the banks launched some of the deposit and credit schemes without properly assessing its market potential the schemes had to be withdrawn. There is need to plan new products in proper way.

- Since the schemes and features are almost uniform in every bank, the only way to create product differentiation is by providing high quality services along with the offering of
the product—the qualities of services offered and courtesy with customer is deteriorating in most of the nationalised banks.

- As banks are not able to fully mobilize rural savings they should develop new schemes to suit the needs of rural customers.

- Credit card system popularisation: When more people take to credit cards it will reduce the cash payment and cash withdrawals at the bank counters, leading to less customers banks will earn extra income by way of service charges the customers will get a convenient mode of payment.

4. **Promotion** :- The promotional aspects in marketing of banking services relates to activities like advertising, publicity, public relations, personal selling which aim at customer information and customer communication.

- (i) **Personal Selling** :- Personal selling of marketing of banking services implies a direct or face-to-face contact with the customer. Personal selling is prominent in the areas of deposit mobilisation where the employees use their personal selling skills to meet the targets set. Retaining or renewing, deposits, loan arrangements instead of premature
encashment of deposits are few of the other areas where personal selling is required.

- **Public Relations**: The main goal of public relations is building a favourable opinion among the public that are neutral and attempting to change the attitude and opinions, of those who are unfriendly to the organisations. In the marketing of banking services adopting public relations and community services concept is more important to build and maintain beneficial relationship with the target groups and the community. The bank as a whole has to be more sensitive and responsive to the needs and expectation of the customer. Banks in association with social organisations should undertake various community welfare services such as organising medical and health care camps, tree plantation programmes etc., for improvement of the people's economic situation and further improving the bank's image.

5. **People**: In a service industry like banking, the quality of human resources is of vital importance as Banking is essentially person-to-person business. Bank customers would prefer to do business with a bank whose staff are well informed and well disposed. Though banks have limited discretion in pricing they can acquire competitive edge in offering better customer service through their staff.
For this the best personnel will be selected, motivated and trained to conduct marketing functions in a much better way than human efficiency and personalised services.

6. **Procedures**: Procedures are an integral part of the marketing of banking activities. The management should communicate the procedures involved in the banking transactions in a better manner e.g. the procedures for giving loans are cumbersome and illiterate, rural customer finds it difficult to complete these procedures. So the banks can simplify the procedures as the need of the hour is consumer orientation rather than procedure orientation.

Thus, if the Indian banks are to make big strides in the 21st century against the threats and challenges from various corners, they will have to become market-oriented. The acceptance of the marketing concept to bank management would also necessitate creation of marketing organisation in the banks. When everybody offers the same range of service with similar technology and expertise, the level of customer service will matter the most in bringing more business. Here the approach and attitude towards customers will make as much difference as the efficiency of service rendered. Serious thought will have, therefore, to be given to motivate inspire the banking staff to deliver 'satisfaction' to the customers.
BEHAVIOURAL SCIENCE TRAINING IN BANKS:

Relevance & Focus: Training generally imparts knowledge, improves skills and reorients attitudes. Behavioural science work is used in the area of attitudinal changes of immense importance in a service industry like Banking. BS training in Banks is mainly done through institutional training which provide BS as one part of a larger programme that they conduct in omnibus programmes like the Induction and Orientation Programmes for Clerks and Officers, General Management Programmes for Branch Managers, Accountants when Role-transition occurs, BS sessions are generally included. These BS sessions touch such areas as Communication, Motivation, Perception Interpersonal Relation, Leadership, etc.

The B.S. Training could lead to better customer service and solve some of the bank's problems (e.g. cover the seven Is listed in the World Bank Study in Chapter 4).

BS Technology: Mostly comes through the structures comprises of concept sessions (communication, perception etc.) exercise or "games" (tower building, prisoners dilemma etc.). Transactional Analysis to cover ego states and the nature of transactions. Sometimes films are also used on some BS subjects.

BS Trainers & Trainers: Many Banks continue to depend on guest speakers who come from diverse fields are assigned "tops" in the BS area and they are selected on the basis of their reputation. The problem with guests is that they cannot link their inputs
either with other inputs of the programme or the day-to-day situation in the Banks if they are non-bankers. Participants responses to the BS input in a general training programme range from attraction to reservation to hostility. The novelty of the subject and the novelty of the technology used create an attraction. When discussion leaves participants in many doubts which cannot be further discussed for want of time, they decide to take the whole thing with reservation. Hostility would arise out of the use of the technology of exercises and instruments. Interpretation of a participant's data in an exercise may not be acceptable to the participant. For the participant, it becomes a question of his image. He takes a defensive stand. Many participants raise doubts about the trainer's ability to train. These varied responses create problems Bank management do not carry on these Sessions with certain commitment because the responses are not uniformly positive, they do not change the content of these sessions because the resources are limited and they do not fully stop these sessions because they are not totally useless and if they stop such sessions, they will not be with the Joneses.

B.S. Programmes :- Some banks where BS is valued sometimes conduct an entire programme with BS input mainly for the
managerial class. It may be in areas like achievement motivation training, leadership development of change agents, team building. Most Banks do such programmes with outside help either fully or jointly with inhouse faculty. Internal resources for exclusively doing such programmes are available with a very few Banks. Some programmes are in the form of O.D. intervention-diagnosis of working groups is made and interventions using behavioural science are designed and made.

**BS Training in Banks Issues & Strategies** :- This indicates that the investment of Banks in this area is inadequate and wavering. Some symptoms are that (i) their Faculty are inadequately equipped for doing this work, (ii) the amount of B.S. Sessions is already limited and it is further reduced when required in favour of the Non-B.S. input and (iii) the non-institutional use of B.S. is very limited. Thus, although the Banking Industry is be set with the problem of reorienting attitudes of its people, the only available process is used hesitantly. Hence it is necessary to frame certain issues and work out strategies related to behavioural science training in banks and hope the banks will take necessary remedial measures.

**Developing B.S. Training Resources** :- B.S. in a bank would be as effective as the B.S. Trainers themselves. Appropriate
training facilities must be made available to trainers either externally or internally. Institutes like the Indian Society for individual and Social Development, Indian Society for Applied Behavioural Science, National Institute of Bank Management conduct Programmes for this purpose. Some Banks like the State Banks of India train their Faculty at such Institutes in such foundational programmes and acquire sufficient specialisation in Behavioural Science and then organise their Internal Programme for Developing B.S. trainers. Such training by itself is not adequate. The trained Faculty of a bank must have adequate opportunity to use his learning in his bank at different levels within his training college/centre or at the workplace when O.D. interventions are planned. Training facilities available in the country for developing B.S. trainers are inadequate. So there is need for a specialised institute for doing B.S. work in Banks.

**Development of Banks B.S. Perception** :- People in Banks especially the senior and the top management, hold a variety of views about B.S. a remedial formula for bringing about change in people's behaviour a means of showing a person what he is as a threat to the existing equilibrium, as an interesting break. This arises mainly on account of inadequate understanding of BS and faulty understanding of it at the hands of
incompetent trainers. If B.S. is seen as a process—work at the socio-psychological level in the bank, the misgivings and the wrong expectations of B.S. would reduce substantially. If behaviour is an output, it is the result of an input which is processed by an individual in his unique way B.S. work can help him to identify the input, be aware of how he has processed it. As it calls for a huge training investment, for a bank such investment needs to be made selectively in programming some trainers who in turn, facilitate such process work for other people by showing new ways of looking at the self to the participants, process—work at the level of groups is more necessary and can show some changes even faster. Since the individual or the group works under a larger environment, when process interventions in the large environment are also made, the former two are facilitated further.

Organising Research & Review:— B.S. use research in the banking sector is necessary as also, review of this important area at suitable forums and through discussion groups.

So Behaviour Science Training in the Banking Sector has to be reengineered along these parameters and suitable HRD support provided for lasting behavioural changes in the banking personnel.
RE-ENGINEERING TRAINING: MANAGEMENT DEVELOPMENT PROGRAMMES (MDP)

IN INDIAN BANKS

Need for MDP:– The quality of managerial personnel largely determines the performance of the organisation because the trained and competent managers not only manage resources properly but also motivate and direct the efforts of subordinates towards organisational goals. A dynamic organisation continuously develops its managers. Management development can be defined as the attempt to improve managerial effectiveness through a planned and deliberate learning process. Management development is one of the tools of organisation development and is conceived as a planned change involving the whole organisation as a complex system.

New developments of far-reaching consequences are taking place in banking. Bank executive would require an increasing understanding of management process, government policy. For efficiency and productivity many more skills in organisational diagnosis and negotiation skills are required. Therefore, it is essential that increased attention be given to training and development of managers, to enable them to discharge the official responsibilities, appreciate the business development as well as to implement policies and provide guidelines in
particular areas of business. Recognising the need for professionalisation of bank management the government set up a study group under B.N. Adarkar to review this area and the committees recommendations led to establishment of National Institute of Bank Management.

Issues in MDP:— According to reports, the MDP programme is rated theoretical. Institutions should develop appropriate teaching methodology course material and faculty experience that create a climate for learning the concepts and also make them relevant in handling the potential problems of bank management. For making management education meaningful there has to be an active partnership between the organisations and the educational institution. Though MDP can give orientation to macre issues and contemporary management, it will have limitations in creating the necessary impact unless senior management personnel have an exposure to management education and unless they develop a shared perspective about the bank's problems and utility of management science to deal with the problems. Unless MDP makes a difference ultimately in his job assignment and responsibilities and unless the purpose of the programmes is reinforced by the practice and ideals of the organisation, the effect of education and training fades. Management education slone is not management development. The focus of management
development is on integrating the individual learning to organisational learning by giving exposure to such jobs which require innovative approaches, inter-functional exposures, job rotations.

'There must be an effective system of 'tracking' down the high performing and high potential managers use of well thought-out performance appraisal and potential appraisal system, a reward system which encourages excellence in work.' For acquiring quality management talent the banks need to take HRD measures such as developing career planning strategies, systematically developing the talent through variety of exposures including the formal management education and training, integrating specialists in the banking system and developing respect for their knowledge.

Programme Design for MDP's: Some aspect of the design of management development programmes will now be considered:

- Management development programmes for top executives have to be viewed basically (though not wholly) as an educational pursuit, and not as departmental or administrative activity—the primary objective has to be to educate, to contribute towards knowledge and understanding, and not the immediate and direct solution of corporate managerial problems.
For their success as educational programmes for top level executives they demand search and identification of sharply focussed themes which can generate high degree of interest both on grounds of immediate relevance as well as wider ultimate relevance covering wider time and human perspectives.

Success demands that for running top level management development programmes special care should be taken to arrange for best possible infrastructural facilities including reception, board and lodge, extracurricular and perfect conference-room facilities to suit the requirements of a really top level conference.

In terms of planning and programme design, it is also necessary to divide the central theme into a few topic to be covered separately in a few separate sessions and to prepare background papers covering different topics.

It is important that papers and other reading materials are produced and distributed in advance. Time should also be provided and built into the programme schedule for reading of material and for discussion in small groups so that intensive thinking and examination of various ideas materialises and makes conference-room discussions more productive.

The role of the educator must have significance. They must
make appearance and occupy the centre of the stage. This is achieved only when the faculty instead of withdrawing itself to the background comes forward with all its strengths to make powerful presentations and to monitor and steer the discussions.

Management Self-development:

It is an important new area within the field of Management Development Programme. The importance of management self-development is because most managers are eager to learn and require guidance in selecting appropriate material. They generally have a natural impulse to further their knowledge, both of their jobs and their outside pursuits. They may pride themselves on being able to learn from experience and self-help rather than from being taught by someone else. Pedler and Boydell observe that important lessons were more likely to be learned from non-contrived experiences such as 'being confronted by a subordinate' than from 'contrived' situations. This did not in any way rule out a more formal training or teaching approach, but merely questioned the methods themselves and any priority that they may be seen to have over self-development. Managers' jobs have marked differences from those of other employees in an organization. The lives of non-managers tend to be dominated by planned situations in which the problems encountered have standard
solutions. Managers, on the other hand, are concerned largely with unplanned events posing problems for which there are no 'right' answers. A different approach is therefore necessary when training managers, one that not only deals with the realities of a job which appears to have very few ground rules, but also capitalizes on the innate inquisitiveness and thirst for knowledge of the individual by Management self-development.

In general, this involves a group the purpose of the meeting may be to assist the self-development of one or more of the group's members seeking support and assistance from their colleagues. Alternatively, the group may be task-orientated, studying problems and searching for solutions in connection with actual work situations. In either case, the group can be self-activating, or it can enlist the help of an 'outsider' such as a trainer or management development adviser a facilitator of learning rather than as a teacher or instructor.

Management self-development is becoming increasingly popular as it has a number of potent features in its favour. The managers involved are usually self-motivated volunteers whose commitment provides a sound basis for successful decision-making and problem-solving. There is an incentive to reach positive conclusions about real and pressing problems. They are not bound by a rigid training framework, trying to accomplish too many
things at once. It is an activity which economizes on staff, a factor which commends it to management with right budgets.

Effective task-orientated groups engaged on work-based projects use an action-learning approach to the solution of their problems studied by Reginald Revans. The principle at the centre of action learning theory is, in Revans' own words, "... that learning stems from responsible experience, and is reinforced when that experience is shared with others ...." Action learning distills from that comradeship in adversity which seeks responsibility through action rather than avoids it through discussion. The members of the management team, whom he very aptly styles, 'comrades in adversity', are, by virtue of the relevance of their considerable aggregated and shared experience, the only people who can do very much to improve the activity for which they are responsible.

Industrial relation (IR) training:

This is another area of management development programme which is gaining importance in recent years due to increased emphasis on maintaining harmonious industrial relations in service organisations like Indian Bank. To ease the process of management/union negotiations to create more suitable conditions in which they could take place the prerequisite is for an objective and
civilized dialogue in the negotiating room or is the establishment of working conditions in which managements and the workforce can communicate sympathetically and effectively on a day-to-day basis. If the only opportunity provided for speaking to each other is when the two sides are in dispute, they are surely starting from the wrong base.

Another important factor over which training managers can have influence, and that is with respect to the training of management negotiators. It is widely assumed that practising managers are competent to carry out the negotiating role without any formal training. Yet lack of skill in analysis, strategy and the process itself can, and often does, have serious consequences. By their impulsive actions and the injudicious use of the wrong language, for example, they may create barriers to future progress. There is a growing acceptance of the need for managers to be trained in negotiating skills.

The essential elements of an IR training programme in negotiating are:

- the provision of detailed information about the organization's industrial relations philosophy, strategies, policies and procedures.
- the process of preparation for a negotiating interview or meeting.
- the skills involved in the negotiating encounter & follow-up
MDP-JAPAN BSR MANAGEMENT PRINCIPLES & COURSES: The Indian Banking sector can learn for the example of the innovative and relevant management courses devised by the Japan Management Association, Japan. Some examples of these courses are:

Business Process Re-engineering: Business Process Re-Engineering, also known as BPR, involves seriously questioning the existing work process of an organization. If required, dismantling and rebuilding them, taking advantage of developments in Information Technology. All this, while keeping the customer in mind. The course objective would be:

- To understand the essence of re-engineering, and its promotion and implementation in an organization.
- To learn how to organize a re-engineering effort in an organization.
- To understand the intricacies of this approach though cases and examples.

Strategic Management Course: This would bring out the way of thinking and strategy formulation of most Japanese corporations that have become world leaders. The course objectives would be:

* To understand the essence of strategic management in the context of very severe state of changes that we are experiencing now.
* To develop capabilities to cope up with the dynamic changes in the external and internal environment of an organization.
NOTES (CHAPTER-7)


10. Ray Corey views marketing as consisting of all activities by which a company adapts itself to its environment - creatively and profitably. Marketing has been defined by Kotler (Marketing Management: Analysis, Planning, Implementation and Control) as a 'social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others.' The importance of marketing has been highlighted by Peter Drucker as: "Marketing is so basic that it cannot be considered a separate function. It is the whole business seen from the point of view of its final result, that is, from the customer's point of view. Business success if not determined by the producer but by the customer."


