CHAPTER IV

EMPLOYEE EFFICIENCY AND PARTICIPATION

4.0 Introductory

The banking business is expanding at a very fast rate in our country. It is however necessary that the productivity per employee also increases with the expanding business. It is often said that banking being a service industry it is difficult to measure the efficiency or set the efficiency bar for each employee. The salaries of the staff in the banking industry are increasing at a fast rate and if the banks are to operate profitably, the productivity of each employee must be increased. For this, it is necessary that norms are laid down in order to measure the efficiency of the employees.

4.1 New Responsibilities

It is imperative that the bank personnel of all categories should rise to the occasion and dedicate themselves to their task with a new sense of responsibility. They should share the new responsibilities enthusiastically and sincerely. They have to behave as partners in this vital experiment. It is the efficiency of the bank employees which will ensure that the nationalised banks do not fall
into the category of inefficient and bureaucratised public undertakings.

In his article on 'Employee Efficiency: Key-note of success' Mr. D.S. Nag has remarked:

"... Operational efficiency depends to a large extent on the quality and numerical supply of trained personnel. As a result of nationalisation, not only the number of branches has increased but the nature and form of banking services also has undergone reorientations. This necessitates more and better trained men to man the banking institutions. Thus, the nationalised banks may soon face shortage of such personnel. It is therefore suggested that, small percentage of profits may be set aside for opening the Training Institutes on zonal basis to train a new cadre of personnel equipped with practical knowledge of requirements of agriculture and small industries of the respective zones. This will enable them to perform their task better and with greater efficiency..."

The average bank employee seems to be happy at this transformation—from private employee to government employee, with greater security and added status. Moreover, if employee is young, alert and adaptable he is likely to get large opportunities for advancement in much bigger banking organisation to which he belongs after nationalisation. For the nationalised banks as far as employees are concerned, there are no masters now. The real masters are the depositors and the customers but no
one bothers about them. The ownership of these banks now belong to the people of this country. Management and Unions of the nationalised banks will have to consciously evolve a different pattern of relationships, new ways of resolving differences between different levels of employees and strive for the new levels of understanding over the basic problems in their respective roles and in building mutual trust. The favourable attitude of bank employees towards nationalisation should become the foundation of managerial strategy in so far as employees at all levels should be involved in exploring ways of improving the performance of the banking industry.

In recent years, criticisms are made on bank staff for deterioration in their efficiency. Apart from this, in recent years, the operations of the banks have become more complex and varied with the assumption of new roles assigned to them in furtherance of social and economic objectives of nationalisation.

4.2 Employee Participation

Appointment of workers and officers on the Board of Directors of the Banks is a unique experiment in the history of banking in India. The institution of participation would be a major break-through in the history of industrial relations in the banking industry. The banking industry is one of the thoroughly unionised white-collar
industry in the country. It has relatively young and educated work force and increasingly more young people from universities are entering the banks. Taking into consideration all these facts there is perhaps no other industry more ideally suited to the development of participation programme than the banking industry.

The experiment is going to decide the future of participation in India. The Banking Industry is the first industry in India in which the appointment of the employee-directors at the Board level has been introduced by law. The new Boards of Directors of banks have been formed in December 1972 and the employee Directors have also been appointed on the Boards. The intention however, is not to raise collective bargaining to the Board level, but to enable the Board to have the benefit of the employee's point of view in dealing with all the aspects of management, whether or not they directly impinge on employee's work and welfare.

4.3 Participation at the Branch Level

On the part of the management the spirit in which participation is accepted would be crucial to the working of the process. Some of them think that it would serve a limited purpose, others doubt whether unions can participate in management and at the same time, retain their right to agitate. If participation has to achieve results, mere
involvement of unions in policy making at national level is not enough. They have got to be involved at every stage in the policy formulation and implementation levels in the banks too. The point that needs to be emphasised in the context of participation at the branch level, is that as far as possible the mechanism for participation at branch level and at all the levels below should be integrated with the existing decision-making system in the banks. One of the most important reasons why participation has had little or limited success in India as well as abroad is the fact that the machinery for participation has been kept separate from the usual decision-making system in the organisation.

At the branch level, participation can be of two types. Firstly, through the representative system of employees, and secondly by the employees themselves. Branch level participation is the crux of the participation process in the banks and it is here that totally new and imaginative approach of re-orienting the work system of the goals of the banks is needed. At all branch levels the purpose of participation is to improve performance through:

(a) Better organisation work.
(b) Better and speedier conflict resolution of the issues arising at all the levels.
4.4 Success of the Experiment: Important Factors

Representatives of both bank employees and officers are now part and parcel of the Boards of the Banks. However, certain important preconditions for the success of the new experiment could be broadly spelt out as follows:

(a) Relations between the officers and the employees' unions and the management of the banks should be informal and cordial. Harmonious industrial relations along can ensure the success of the participative management.

(b) The employees' and the Officers' unions should pull in the same direction and work with a spirit of mutual understanding and co-operation with the management.

(c) The purpose of both the officer-director and the employee-director should be to equip themselves with the dynamics of modern banking enterprise in India's social and economic context. Both these Directors should not merely represent the interest of officers and the employees, but think in forms of helping the bank to solve its problem and realise its social and economic objectives.

(d) Banking costs are fast soaring and the profitability is dwindling. Both officers'
and the employees' unions can make concrete suggestions to the boards through their representatives.

Participative management in a formal way, at the highest level, where employees' and the officers' representatives participate in the meetings of the Board and the management committee will not be enough. If the benefits of participative management are to be reaped fully, participative management should be extended in an informal way at the level of administrative hierarchy below the board of directors.

None of the employees' representatives can claim to be the sole representative of the employees whether workmen or non-workmen. The criteria for selection of non-workmen was that he should be from a panel of three names furnished by representative union. The representative union may be majority union but the trade union movement in the banking industry as elsewhere is such that there are any number of unions and federations which does not help the cause of the workmen. Inter-union rivalries have created innumerable problems and the Government should see that the multiplicity of the unions does not come into the way of progress.

4.5 Participation at Lower Level

The representatives of the employees should not only
be on the Boards, but participation in the management at the lower levels though they have sought it only upto the regional levels, it would be worth while to make it further down, right upto the branch level. Thus, we arrive at collective responsibility at all the levels.

The scheme prepared by the Government for the bank management provides for Board and Management Committees. Many banks, in the past used to have local advisory committees for big branches with the Branch Agent as the Chairman. The basic approach is and should be that the employees are of paramount importance and such importance does not merely arise from the fact that they are employees but equally importantly, out of an awareness of acceptance that they all have a contribution to make towards the success of the institution.

4.6 Performance Appraisal

For increasing the efficiency a sound system of performance appraisal needs to be developed. The system of performance appraisal should not be used so much as a tool discipline but as of development. Performance appraisal as a tool of individual development needs greater recognition. A sound basis for the appraisal should be to relate it to the job of an officer who performs it. The goals and expectations in each job should be made clear to the officer. Goals in each job could be
mutually agreed between the officer concerned and his
near superior. Such an attempt should be initiated at
the branch level and upwards. The appraisal system
should be integrated to the general appraisal system.

A disconcerting feature of the Indian Banking scene
today is marked by the declining trend in productivity.
In view of the increasing socio-economic responsibilities
which the banks have to shoulder in the coming years,
there is more than ever need to improve productivity.
The problem essentially centres round the management
practice. An important step in this direction is to moti­
vate the staff to turn out better output and better
quality of work.

4.7 Motivation

An individual engages himself in an activity to satisfy
necessities which are ever rising. There is no denying
the fact that money is one of the main driving forces
which induces a person to work. In essence, adequate
remuneration and security are the important pre-requisites
of an effective motivational system. By current Indian
standards bank employees earn fairly good remuneration.
The employees enjoy benefits like bonus and overtime wages.
The banks are providing quite good financial motivation.
The job security is also guaranteed. They will have to
lay more emphasis on motivation of a non-financial nature.
There is general misconception that motivation is synonymous with only money. No doubt it is one of the reasons. However, there are some other psychological factors which influence the productive efforts of the employees. These considerations are status, freedom, recognition and job satisfaction which cannot be ignored.

4.8 Promotion Policy

An employee seeks opportunities for advancement. Due to the progressive rise in the number of branches and diversification of business activities the banks require a large number of supervisory personnel. As a result, there is fairly good scope for rise. What is called for is rational policy to identify the employees who deserve promotion. This will ensure justice and fair play which will go a long way in motivating the staff. Mere seniority cannot be the only criterion for promotion. When promotions become purely a function of seniority or such other considerations, the damage to the organisation takes place in several ways. The promotion policy should ensure that the proper person is fitted in the proper place. Ability to perform the job is the basis for motivating an employee to put in efficient work. It is essential for the banks to pursue a well thought out promotion policy so as to get the best out of their employees. In practice, the promotion is regarded as to
place the employees in different jobs to tide over temporary difficulties and thereby ensure completion of the day-to-day work. There is hardly any attempt made to take a long range view and utilise the skills and talents of the employees fully.

4.9 Induction Programme

Every effort has to be made by the banks to develop in their employees a sense of belonging to the institution. This is possible by an induction programme. It is aimed at providing information to employees and inspire confidence in them. However, mere induction programmes will not meet the ends in view. The bank managements will have to establish a proper communication with employees. It is not possible for an employee to approach his union for every grievance he may be having. He has to be assured that management is willing to give him patient hearing in case any injustice is done to him. Banks, must, therefore, devise suitable methods to redress legitimate grievances of their staff. A well-organized and well operated suggestion system is an important tool for motivating the employees. It is designed to encourage active co-operation of the staff by seeking ideas for cost reduction or for enhancing efficiency. Realising the importance of this, many banks have introduced such schemes. They must be reviewed and revised periodically
to achieve participation of a large number of the employees. Most of the banks are facing the problem of absenteeism. One of the ways to overcome this problem is to take the staff into confidence and find out reasons for the malady. In this connection, it is worth considering the feasibility of introducing a scheme of attendance bonus. This can serve as a motivational tool for the employees to more regular. Employees can be motivated by providing them congenial surroundings with the healthy working conditions. Acute shortage of space has posed a serious problem.

4.10 Staff Unions: Their Role

Staff unions play a valuable role in motivating employees. In the long-run the interests of the employees are closely dependent upon the prosperity of their organisations. The staff unions must therefore work in active co-operation with the bank management. In motivating the staff the paramount need for discipline cannot be overlooked. The idea is to ensure compliance with the rules for conducting the work. It involves elimination of factors which interfere with the efficient discharge of the work. Indiscipline, strikes hit at the very root of productivity. Proper enforcement of discipline, coupled with appropriate measures for motivation will alone help to achieve the tangible results. Today, the country as a
whole is exercised over the problem of declining productivity. This is equally true of the banking industry. In order to meet the big challenges of the future, determined and sustained efforts have to be made by the banking industry in general and by each individual bank in particular to increase the output and raise the level of productivity. This is an urgent task, which if ignored will impair the future of the Indian banking. Though the earnings of the banking industry have recorded a rise, the operating expenses have also increased. The only way to meet this increasing cost is to increase the productivity of every member of the staff and all concerned devotedly wish for a suitable solution not only in the interests of the staff, but for the benefit of the country as a whole.

4.11 Customer Service: Its Importance

A working group on customer service in the banking industry was appointed by the Government of India. The Government of India has already asked the banks to implement the group's major recommendations while some others are still under examination. The interim report recommend the introduction of limited self-supervision on the part of the clerical staff. The job-contents of the clerical staff are of a routine nature. The rationale behind self-supervision is to do away with the checking of the work
done by clerks in certain transactions. This would have the effect of giving discretion to the clerks in discharge of their duties and cast on them the responsibility for what they turn out. The hope is that, this would give job satisfaction to the aspiring employees, incidentally relieving the officers of some of their routine checking job and affording them more time for the developmental aspects of banking. However, what is important is full acceptance of the concept.

The problem of customer service ultimately hinges on the attitude of the bank staff. In a recent survey of the responses of the customers to the services provided by the banks one finding is that 44 per cent of the customers who responded to the questionnaire said, they experienced dissatisfaction most of the time. This should make the bank employees to think and take steps to educate the staff so that the spread of the banking habit is not hampered by indifference to the customers.

There is need to improve customer service particularly after nationalisation. It is necessary to improve and modernise the bank procedures so as to achieve better customer service. Areas which require urgent attention are—operation of deposit accounts, borrowing account and staff attitude, delays in cashing cheque and also in depositing money! For this, in recent years in most of the banks Teller System has been introduced. In the same
manner, time lag in the sanctioning or rejecting loan applications has to be minimised. Some important suggestions have been made regarding business hours of the banks. Bank hours should be increased to be four hours uniformly and Saturday should be made a "non-business working day". The idea behind this is that the staff will get time for clearance of arrears, balancing of books and undertaking other activities. Banking is essentially a service industry and hence what is needed is customer satisfaction. The banks do agree with this view but mere recognition of the fact is not sufficient. Customer service in banks must have the following features:

(1) Customers need personalised service and hence top priority is a must in providing satisfactory and efficient service to their customers.

(2) The customer must be able to transact his business at one point and in a matter of minutes.

(3) The customer is first introduced at bank counters. Thus the man at the counter has major responsibility in promoting and maintaining customer relations.

Customer relations is a critical area which requires the attention of the bank managements. Customers relations can be developed only by improving the work discipline
and attitudes of the bank staff. Six per cent of the depositors feel that the bank staff treats them rudely and 80 per cent of the customers are not informed by anyone at the branch about the new and existing bank services. Very little efforts are made by the bank staff to inform the customers about various services available from the bank. Effective communication must be developed between the banker and the customer.

The following reasons can be stated for the low standard of the customer service:

(a) Untrained Staff.
(b) Absence of personal involvement.
(c) Organisational climate.
(d) Delayed decision-making at various levels of management demoralises the man at the job.

To increase the efficiency of the bank staff, unhealthy work practices must be identified and eradicated.

4.12 Summing up

In recent times, when the banks are entrusted with the socio-economic responsibility, their success cannot be measured only in terms of increased quantum of deposits and the increase in the number of branches. The success has to be measured by the efficiency of its service to the public. This is the most important duty which the banking system owes to this country. When there is all-round increase in the costs, the banks will be able to render services to the customers at reasonable cost only if there is improvement in the efficiency and quality of service rendered.