Chapter – IV

Suggestions & Policy Implications
SUMMARISED FINDINGS OF THE STUDY:

Before putting forth suggestions for further improvement in the employment relations in the commercial banks, it is imperative and feasible to summarise the major findings of the study, which are as follows:

1. The majority of bank employees (62.6%) perceived moderate level of 'employment relations', while as 17% of the employees perceived a low level of 'employment relations' and 20.4 percent of the employees perceived 'high' level of 'employment relations'.

2. The bank employees were unanimously conscious and sensitive on their role and the importance of efficient and effective customer services in shaping and cementing healthy employment relations in the industry.

3. The study confirms that the bank employees of public and old private sector who bitterly opposed computerisation in the industry fearing its adverse impact on their job security, promotion chances, etc, have allayed those fears of adverse impact of computerisation and instead they now believe that automation in banking sector has led to the increased operational efficiency and profitability of banking organisations.

4. The hyper-competitive environment in the banking sector has necessitated a better degree of work autonomy and decentralization to the bank employees for effective and quick disposal of their day-to-day work at the branch level. Besides, overall sufficient financial powers have been vested in the hands of branch heads for speedy financial decision-making at the branch level.

5. The dimension of trainings seemed to be getting proper and due emphasis in the employment relations of the banking organizations as
all hierarchies of employees were found to be satisfied with the adequacy and quality of the trainings provided to them.

6. The study found bank employees fairly satisfied with their job safety and working conditions at the branches.

7. The study found bank employees getting overall fairly adequate welfare facilities.

8. The bank employees seem to be satisfied to a certain degree about their grievances being listened by their managements (though not satisfied with their satisfactory redressal)

9. The bank employees perceived better promotion avenues and also seemed to be fairly satisfied with the promotion policy in vogue.

10. The bank employees perceived their salaries adequate to the extent of 60%. However, they suffered on the comparative favourability of their salaries with their counterparts in foreign sector banks.

11. The study revealed that the following elements had the potential to cause adverse reaction to the chemistry of employment relations (from employees' perspective) in commercial banks:
   - Involvement in decision-making process,
   - job security,
   - performance appreciation,
   - fair postings/transfers,
   - favourable salary package in comparison to foreign banks,
   - satisfactory redressal of employee grievances and
   - favourable welfare facilities compared to foreign sector banks.
   - The study confirmed declining role of trade unionism in the banking sector.
   - Unionism has not been curtailed due to the application of proactive HR policies by the management.

Sector-Wise Findings

12. There were huge variations in the perception of the public sector, old private and new private sector bank employees on the elements of
performance appreciation, fair postings, employees' involvement in decision-making, employee grievances redressal, employee welfare comparison, trade unionism vs. proactive HR and employees' role in customer services

13. Public sector bank employees perceived their trainings effective and adequate, enjoyed sufficient work autonomy and decentralization to discharge their day-to-day duties, considered their working conditions safe and were fairly satisfied with regard to the treatment of different categories of employees and also perceived a sound performance evaluation system in place.

14. The study found that elements which had the potential to cause adverse reactions to the chemistry of employment relations in the public sector banks included:

- involvement in the decision-making process concerning employees' work,
- appreciation to the performers over non-performers,
- unionism vs. proactive HR policies,
- fair postings/transfers,
- satisfactory redressal of their grievances,
- comparative favourability of employees' salaries,
- comparative favourability of welfare facilities with foreign sector banks and
- adequacy salary package commensurate to employees' job responsibilities and experiences.

15. The employees of public sector perceived good relations with their management on the elements of promotion policy, welfare facilities, job security, job safety, decentralization/work autonomy and unionism over the employees of old private sector bank.

16. The employees of the old private sector bank perceived comparatively better relations with their management on all other elements of
employment relations compared to the employees of public sector banks.

17. The employees of new private sector had comparatively better relations on all the elements of employment relations over the employees of the public sector employees except the elements of job security and unionism

18. The following elements had potential to cause adverse reaction to the chemistry of employment relations in old private sector bank

- Job security,
- Involvement and participation in the decision-making process relating employees work,
- Salary in comparison to new private and foreign sector banks,
- Welfare facilities in comparison to new private banks and foreign sector banks,
- Fairness in employees' postings and
- Satisfactory redressal of employees' grievances.

19. The employment relations in the new private sector were under stress due to the apprehension of job security, inadequate salaries commensurate to employees' job responsibilities and insufficient authority financial at the branch level.

Hierarchy-Wise Findings

20. The branch heads (branch managers) perceived comparatively better employment relations than the 'other officers' and clerical-level staff.

21. The other officers perceived comparatively better employment relations than clerical-level employees.

22. The most prominent and significant variations on the mean values of three hierarchies of bank employees viz. branch heads, other officers and clerical-level employees were on the elements of involvement, participation, promotion avenues, promotion policy, grievance listening, grievance redressal, performance evaluation system, performance appreciation, decentralization, favourable comparison of
salaries, trade unionism vs. proactive HR, training adequacy and salary adequacy

23. The elements of job security, job safety, customer service as competition tool, trade unionism, employees’ role in customer service, automation vs. operational efficiency, automation vs. employees’ concerns, training effectiveness, welfare comparison and delegation had least degree of variation among the three hierarchies of bank employees.

24. The branch heads and other officers shared similar perception on the elements of salary adequacy, favourable comparison of salaries, grievances redressal, fair postings, welfare facilities, favourable comparison of welfare facilities, performance evaluation system and unionism vs. proactive HR.

25. The branch heads perceived better ER than the other officers on the elements of promotion avenues, promotion policy, grievances looking, participation and involvement, trainings adequacy and trainings effectiveness, fair employee treatment, job security, decentralization / work autonomy, unionism, performance appreciation, automation vs. employee concerns, automation vs. operational efficiency, customer service as a competition tool and employees’ role in customer service.

26. The other officers perceived comparatively better ER than branch heads on the elements of job safety and work autonomy.

27. The branch heads and the clerical staff were both enjoying sufficient work autonomy for the disposal of their routine jobs at the branches.

28. The ‘other officers’ experienced comparatively better relations with the management on all the elements of employment relations than those of the clerical-level staff.

29. The branch heads and the other officers were converged either on high and or moderate level on most elements of employment relations while as the clerical-level staff were converged on low or moderate level on most of the elements of employment relations.
30. The branch heads considered officers associations least effective in their employment relations while the other officers considered officers associations a little effective in balancing their relations with the management but the clerical-level staff considered trade unions as most effective in checking the arbitrary powers of the management.

31. The study found that the following elements of the employment relations had the potential to cause adverse reaction to the chemistry of relations of branch heads with the management:

- Job security,
- Comparative favourability of welfare facilities,
- Fair postings/transfers,
- Favourability of salaries in comparison to their counterparts in foreign sector banks,
- Unionism vs. proactive HR and
- Satisfactory redressal of grievances.

32. The study identified that the other officers perceived following elements of employment relations as major obstructions in forging cordial and healthy relations with their managements:

- Involvement in decision-making process relating to their work,
- Job security,
- Performance appreciation,
- Unionism vs. proactive HR policies,
- Favourability of salaries and welfare facilities in comparison to their counterparts in foreign sector banks,
- Satisfactory redressal of grievances

33. The clerical-level employees perceived the following elements as having the most adverse impact in their relationship with the management.

- Performance appreciation,
- Involvement in decision-making process relating to their work,
- Favourability of salaries in comparison to foreign sector banks,
• Satisfactory redressal of their grievances,
• Unionism vs. proactive HR policies,
• Fair postings,
• Promotion avenues,
• Adequacy of salary commensurate to their job responsibilities and experience,
• Promotion policy,
• Favourability of welfare facilities in comparison to foreign banks,
• Job security and
• Adequate trainings.

Findings on Personal Characteristics Employees & ER

1. Employee Gender & ER

34. The majority of employees in commercial banks were male (85.91%), while as the ratio of female employees was 14.09%

35. There was no significant difference in the overall employment relations of male and female bank employees.

36. The male employees experienced better employment relations on the elements of participation and involvement in decision-making process, 'automation vs. employees concerns', 'customer service as a competition tool', and 'employees role in customer service' over their female counterparts.

37. The female employees seemed to be more satisfied with their postings and the degree of work autonomy than their male counterparts

2. Employee Age & ER

38. The Group-I (younger bank employees aged below 30 years) perceived overall better employment relations than Group-II and Group-III (those in the age groups of 30-45 years and the above 45 years).

39. The senior bank employees in the age group of above 45 years experienced comparatively better employment relations than those in the age group of 30-45 years.
40. Bank employees of all age groups had good and similar perception on the elements of job safety and working conditions at their work places.

41. The younger bank employees below the age of 30 years and the senior bank employees, i.e. above the age of 45 years shared similar perception on the elements of salary adequacy, salary comparison and involvement in decision-making process and fair treatment of employees of all categories.

42. The senior bank employees in the age group of above 45 years perceived comparatively better relations with the management than those in the age group of 30-45 years on all the elements of employment relations except on unionism and customer service as a competition tool.

43. The employees in the age groups of 30-45 years and above 45 years considered trade unions effective and essential for balancing their relations with the management.

44. The senior bank employees in the age group of above 45 years were still apprehensive and indifferent on the automation of operations and processes in the banking sector.

3. Employee Work Experience & ER

45. The least experienced bank employees with work experience of upto 10 years perceived comparatively better relations with management than those having over 10 or 20 years of bank service.

46. The most experienced bankers (employees with above 20 years of bank service) perceived comparatively better employment relations than those having banking experience of 11-20 years.

47. The least experienced bank employees with upto 10 years of bank service and the senior bankers with over 20 years of bank services had statistically non-significant difference in their overall perception on the employment relations.

48. All the three groups of employees on the basis of their work experience were satisfied with the safety of their working conditions.
49. Bank employees with more than 20 years work experience and with up to 10 years of work experience had statistically non-significant differences on the elements of salary adequacy, job security, job safety and decentralization and work autonomy.

50. The study found that there is an association between employees' work experience and their employment relations.

4. Employee Education & ER

51. The study found that 49% of the bank employees were graduates, 34% were general post-graduates and 17% were post-graduates with professional qualifications such as MBAs, MCAs and M.Sc (Agri) or its equivalents.

52. 96% employees in the new private sector had professional post-graduate education qualifications of MBA or its equivalence.

53. The employees with PG (professional) qualifications perceived comparatively better employment relations than those with PG (general) and graduation qualifications.

54. The employees with general post-graduation education perceived comparatively better employment relations better than their graduate counterparts.

55. The level concentration of bank employees with different educational qualifications did not corroborate the correlations of employees' qualifications with their employment relations.

56. The employees with professional post-graduate education had better mean scores on all elements of employment relations except the elements of job security and unionism over both general post-graduate employees and graduate employees.

57. The general post-graduate and the graduate employees shared similar perception on the elements of salary adequacy, salary comparison, grievances listening, satisfactory grievances redressal, employee involvement in decision-making, employee treatment, fair postings, job
safety, decentralization, delegation of authority, performance evaluation system, unionism and automation vs. operational efficiency

58. The graduate employees had better perception than general post-graduate employees on the elements of promotion avenues, promotion policy, adequacy of trainings, effectiveness of trainings, welfare facilities, and welfare facilities comparison, curtailed role of unions due to proactive HR policy, automation vs. employee concerns, and customer service as a competition tool.

59. The general post-graduate employees had better perception over graduate employees on the elements of job security, performance appreciation and employees' role in customer service.

60. The study found association between employee education and employment relations but an inconclusive positive correlation between the two.

5. Employee Unionisation & ER

61. Unionised bank employees perceived better employment relations than their non-unionised counterparts.

62. The majority of unionised bank employees were concentrated on overall moderate level of employment relations, contrarily majority of non-unionised employees were concentrated on high level.

63. Both, unionised and non-unionised bank employees had statistically insignificant difference on the elements of job safety and delegation of powers and work autonomy.

64. The non-unionised employees perceived comparatively better employment relations over their unionised counterparts on all elements of employment relations except the element of "unionism".
SUGGESTIONS FOR IMPROVING EMPLOYMENT RELATIONS

The employment relations in the commercial banking industry, which have been improving over years as reflected by the decreasing number of employee strikes in the industry during recent years compared to the earlier decades.

The issues which were found out by the study to be major strainers in building up and maintaining a cordial relationship between bank employees and their managements, were both psychological and economic in nature. Employee participation in decision-making process relating to their work, their job security, appreciation and encouragement of the performers over non-performers, the employees’ postings/transfers, unfavourable salaries and employee welfare facilities in comparison to the foreign sector banks, unsatisfactory redressal of employees’ grievances and inadequate salaries commensurate to employees’ job responsibilities were the major stumbling blocks in fostering cordial relations between bank employees and their managements.

The concept of industrial democracy does not seem to have bloomed fully in commercial banking industry as the most straining element in the employment relations between employees and the management has been the lack of involvement of bank employees in the decision-making process at the grass root levels because except the branch heads, other lower hierarchy of employees at the branch level felt suffocated over their exclusion in the decision-making exercise relating to their work and job. There is huge communication gap between management and employees as the employees complained that learn about introduction of certain changes at the operational level through mass media such as newspapers or electronic media which hurt the psyche of employees and distances them from the management.

However, the new generation private sector bank under study which got birth in the age of economic liberalization, privatization and globalization have a greater degree of employee involvement in the decision-making process relating to their work as revealed by the study.
The concept of industrial democracy need to be introduced in real and practical terms in the banking sector particularly in public sector and old private sector banks by involving their employees through information sharing and taking employees into confidence at all levels in the decision-making so as to develop ‘collective strength’ to meet the challenges of competition. No organisation can survive by neglecting the majority of their employees and keep them out of the mainstream."Organisations have to learn the art of team working and understand the dynamics of human relationships to build a culture of mutual trust, respect and dignity’ (Singh, B.D., 2003)

The new generation of bank employees are highly educated both academically and technically, very intelligent, enthusiastic and ambitious who have lot of talent and creative potential which need s to be tapped through their proper involvement in the decision-making process. It is through the process of participation and involvement that a culture of sharing and caring is created in an organisation which in turn creates a sense of belonging among the employees for the growth and development of the organisation. Many research studies have revealed that participation and involvement of employees in decision-making process enhances their performance and productivity (Sashkin, 1984; Lawler, 1992) Sashkin (1984) identified five areas for employees involvement and participation; setting goals, making decisions related to one's work, solving one's work problems and making work changes.

The management of new private sector which got birth in the age of economic liberalization and globalization, realize the importance of involvement of employees in the decision-making process as the employees of new generation private sector bank experienced significantly healthier and better employment relations over the employees of public sector and old private sector banks on most elements of ER including employee involvement and participation

Therefore, it is imperative for both the public and old private sector banks to win the confidence of all their operational level employees by
sharing all work related information with them and allow them to suggest solutions for solving their day-to-day operational problems.

The most valuable, precious and critical asset of any organisation are its human resources which have certain distinctive features over other assets. Human resource is the only animate, active and living resource that has the ability to feel, think, conceive and grow, show satisfaction or dissatisfaction, resentment or pleasure, resistance or acceptance for all types of actions. Each individual has a unique psychological framework and a distinct DNA code. All employees in an organisation cannot be treated alike. Those who perform better than others need to be appreciated and encouraged by proper rewards to distinguish them from the poor performers otherwise it demoralizes the performers and creates a wedge in the employment relations. The impact of rewarding and punishing behaviours has been studied by learning theorists. Social psychologists have studied the effects of many of such procedures on the performance of individuals working in organizational system. Dayal and Saiyadain (1970) found that motivation of employees is related among other factors to the recognition of good work of the employees.

Amid the unprecedented growth experienced by the domestic banking industry, the battle over talent has emerged as a critical issue for this knowledge-based sector. The huge exodus of manpower has been experienced the banking sector particularly at junior levels where the attrition rate is as high as 25-30%, whereas in middle and senior management it is 5-8%.

The next major element that has been straining the employer-employee relations in the public sector and the old private sector banks as revealed by the study was the lack of recognition and appreciation through suitable rewards for performers' inspite of having a performance evaluation system in place in these banks. Here again, the management of new private sector bank has been forward looking and proactive as the mean percentage scores of the employees of this sector on the element of employees appreciation was very high and the 'z' value of employees of this sector over both the public sector and the old private sector was respectively -42.25 and -24.30 indicating that
the employees new private sector were far superior to the employees of both
the public and the old private sector banks on this element of their
employment relations. And the employees of old private sector were a little
better than their public sector counterparts on this element of the ER. New
generation private sector banks are knocking at the doors of B-schools to shop
for managers and thereby hire and groom fresh talent. Besides, they are also
offering incentives like employee stock option schemes to create a proprietary
interest in the company.

It is essential that the managements of both public sector and old
private sector banks need to initiate immediate steps to orient their overall
management to the essentiality of appreciating and rewarding the good work
of their employees by suitable incentives as lack of recognition and
appreciation to the performers over non-performers was the second most
element straining employment relations in the commercial banks as revealed
by the study.

The employees of public sector banks and the old private sector banks
are losing a substantial percentage of their talented employees due to lower
compensation in terms of salary packages and welfare facilities to the new
generation private sector banks as already pointed above. The employees of
new generation private sector bank were quite satisfied on this element of
their employment relations. Managements of public sector and old private
sector banks need to differentiate between performers and non-performers
and review the “structured compensation packages with limited flexibility.
The time of same salary structure for all employees seems to be irrelevant in
the present competitive environment. The banks have to use various methods
of rewarding the good work of their employees such as performance-linked
pay and perks, fast track promotions, and other financial and or non-financial
rewards.

The managements of public sector banks seem to have taken
cognigence of this issue as they have been pleading for the right to use up to
5% of their net profits for compensation purposes. As of now, the government
policy allows them to use only up to 1% of their profit to compensate performers.

Salary is the strongest element in the chemistry of relations between employees and the employer in any contract of employment. Employees of commercial banks see their salaries not only inadequate and non-commensurate to their job responsibilities, qualifications and experiences but also unfavorable compared to the salaries of their counterparts in the foreign sector banks operating in the country.

Compared to officers-level employees in public and old private sector commercial banks, their clerical-level employees had the lowest scores on most elements of the ER including among others salaries and welfare facilities commensurate to their job responsibilities, educational qualifications and experience.

This is inspite of the fact that average salary hikes have been consistently high in India over the last few years; but the clerical staff has been bereft of such benefits in a booming sector of the economy in India. In fact, the salary gap between managerial and clerical staff has been widening sharply of late. India ranks fifth in Asia-Pacific region on base salary differential between clerical staff and the managers, says a study by Hay Group, a global HR consulting firm. The study ranked 13 countries in the region. The widening salary differential is also indicative of the gaping divide in skills and capabilities of senior executives and clerical staff.

The wage revision negotiations between the public and old private sector bank managements' amalgam "Indian Banks Associations" and different bank employees' federations of these banks are prolonged paving way for creating bitterness in the relations between bank employees, their unions and the bank managements. As observed above that the time for a similar salary structure for all the banks irrespective of their performance has lost relevance in the contemporary competitive business environment and prevailing employment relation system in general and commercial banking industry in particular. Therefore, instead of industry-level salary structure,
bank-level salary structure need to be encouraged to shorten the process of wage negotiation. Besides, the wages revision should be realistic and benefit of the revision should be fair to all cadres of employees in the organisation.

Banking as decentralized organisations work through a net work of branches spread far away in various corners of the country. So posting of employees has been a major issue between the employees and the management effecting their relations and the overall working atmosphere in the organisations. The employees of new generation private sector bank have almost no grievances on this account because of their recruitment policy in these banks which prefer recruitment at the local level through campus recruitments and or other local sources. However, employees' posting/transfer policy is a major impediment in developing a healthy relationship between employees and their managements in the public sector banks and the old private sector banks. A sizeable number of employees of these banks had been most disturbed due to their postings as they perceived their postings most unfair, subjective and discriminating.

The reason for this phenomenon among other factors is the recruitment policy of these banks. The employees in these banks are appointed through national-level Recruitment Boards. Therefore, employees are posted at far off places from their places of domicile. Consequently employees use all influence and approach in getting comfortable places of posting and those who could not muster the necessary approach and influence in getting suitable postings, face discrimination in postings. This has resulted in adverse relations not only between the employees and the management but between employees themselves. The postings of employees need to be standardized besides decentralizing the recruitment process and bring it at par with the recruitment policy of new generation private sector bank, with due provision for reservations for various categories as provided under the statutes. In fact, the old private sector bank under study has already initiated necessary steps in this direction.
The next irritant in the employer-employee relations in the commercial banking industry as revealed by the study is unsatisfactory redressal of employees' grievances. The bank employees have different types of grievances with their managements ranging from working conditions such as, bad physical conditions, heavy work-load, poor relationship with the supervisor; management policy, such as seniority, transfer, promotion, demotion, lack of career planning, hostility towards a union, etc. and from personal maladjustment such as excessive self-esteem, impractical attitude to life, etc.

One of the major obstacles in the satisfactory redressal of employees' grievances is the grievance procedure. The frontline officers of the organisation should be educated and properly trained to handle employees' grievances. Positive employee relations are a two way street where both sides must give a little and try to work together. Relationship building is the key to successful employee relations. Following each step of a grievance procedure in good faith facilitates the resolution of the grievance and allows both parties to have meaningful input in the process. Managers who routinely deny all grievances at the initial steps of the process will ultimately hurt the validity of the process and endanger ill will between management and the employees and or their unions. So managers need to be educated about the importance of the grievance process and their role in maintaining favourable relations with the employees and their unions. Effective grievance handling is an essential part of cultivating good employee relations and running a fair and successful productive workplace.

The public sector and old private sector banks shall have to take leaf from the new private sector banks who have installed a better and effective employee grievance handling procedure as found out during the course of interactions with bank officers and officials. The employees of new generation private sector bank were most satisfied with their grievance handling process. The employees of new private sector instead of addressing their grievances to headquarters or regional officer directly address to an officer designated as
'cluster head'. The bank has a ‘cluster head’ for a number of branches located in a particular area. The cluster head, being himself a practicing manager at the operational level at some branch and is, therefore, well versed with the daily and usual grievances of the branch employees and as such, is in a position to offer an immediate practical and satisfactory solution to employees' grievances.

In a highly competitive business environment performance is the natural yardstick for the survival of an organisation. The poor performers or the erring employees are always under the threat of punitive actions including the threat of losing the job. Therefore, in a fierce competitive environment where performance is essential for survival of an organisation, it is but natural that the apprehension of losing job due to poor performance looms large on the minds of employees. The employees of new private sector bank were most deterred on account of the insecurity of their job as compared to employees in public sector and old private sector banks. Similarly the employees of old private sector who are now under pressure to match up to the performance standards of the new generation private and foreign sector banks, are also reeling under the apprehension of job insecurity in this competitive business environment.

This sense of job insecurity is a natural consequence of the fierce competitive business environment where the rule of 'survival of the fittest' applies.

Employees' unions or associations as an actor in the employment relations system has been waning away in influencing the employer-employees' relations in the contemporary business environment. There are various reasons for this worldwide phenomenon prominent among them is said to the emergence of a new model of Human Resources Management based on proactive HR policies as reported in the literature review. The study revealed that the trade union influence in banking sector had curtailed for reasons other than the application of proactive HR policies by their managements. The bank employees of all the three sectors of banks are
aspiring to the application of proactive human resource policies in their organisations particularly in case of their monetary benefits such as unilateral realistic hikes in their salaries, welfare facilities, and other monetary benefits, etc. as the employees or their associations have to mount pressure on their employers for the acceptance of these demands and the employees of the public sector and old private sector banks have to fight long battles on each wage revision which besides causing lot of inconvenience to the general public and business community, causes huge loss to the national exchequer. As per a report country’s financial system was taking a hit of Rs.20 billion per day due to strike in State Bank of India group (Source: www.banknetindia.com) It is pertinent to mention that SBI group has only 7 banks with just 30% of the total banking business in the country. The loss to the nation can be gauged from these figures when the entire public sector and old private sector banks strike work for a day.

The findings of the study are a clear indication to the fact that the employees of an organisation have to be considered as equal and strategic partners in the business and a cordial, harmonious and conducive employment relations environment need to be created in the organisation for full utilization of employees’ potential for the efficient and effective use of all organisational resources and for the growth and development of not only the organisation but the country as a whole.