CHAPTER-IV

Problems
PROBLEMS

The previous chapter on "Executive Development in State Bank of India" emphasised that though the general climate on executive development in the bank is better but the bank is facing some problems in the implementation of various executive development programmes. There are a host of reasons responsible for the same. The present chapter aims at identifying such problems so that necessary steps could be suggested for overcoming the same.

Accordingly, some of the problems witnessed have been summarised as follows:-

01) INADEQUATE TRAINING SYSTEM

Training in banks has been acknowledged for long as a vital in-house effort at strengthening the institution. With the advancement in management sciences during the past two decades, training has begun to receive more serious consideration and it is already recognised as a continuing intervention in the ongoing process of organisation development.

In the State Bank of India, training is being provided at all levels from the level of senior management to the level of even subordinate staff. Training for senior and middle level executives is organised at the national institutes or at the staff colleges established by the Bank. Though, it is the continuous process in the Bank, but the Bank lacks adequate training facilities.

The existing shortage of technical and skilled manpower in the Bank under study could, by and large, be ascribed to the inadequacy of existing training facilities, lack of well organised training programmes and lack of motivation for bank employees to attend such programmes to meet the current and future
requirements. In fact the existing situation in banking sector is characterised by acute shortage of competent, qualified and trained manpower at all levels of skills. Even where training facilities exist, like in State Bank of India, they are grossly inadequate (for the bank which has near about 9,000 bank branches) and, by and large, limited to only few selected levels. The scope and content of the training programmes also leave much to be desired. Besides, it has been observed that there is general dearth of competent trained and qualified instructors. The Regional and Zonal level facilities for practical training are often lacking, and there is a general dearth of adequate training material and equipment. Then, there is lack of adequate coordination and integration of training programmes particularly at local, regional and national levels. There is lack of uniformity in standards, periodicity duration and contents of the training courses. There are cases of overlapping of training programmes, lack of effective supervision and efficient direction.

During the survey, it has been observed that training is provided to almost all the executives turn by turn at all levels. But, there has been no fixed criteria for the selection of executives for training courses. As per the information collected it is worth to mention here that more training programmes were arranged for JMSG (I) and SSMG (V) executives. But, other scale executives were given lesser chances for being selected to various training programmes. Further, the study reveals that SSMG (V) have attended 39% of training programmes and JMSG (I) 25% during the last one decade. Out of total number of training programmes conducted by State Bank of India, Chief Manager SSMG (IV) senior Manager SSMG (III), and Middle level Manager MMGS (II) have in average attended 13%, which shows that there is no consistency of providing training programmes to various executives at par.

It was found that little effort was made to make a systematic identification
of the training needs. The identification is done in a haphazard manner and on adhoc basis, neither the trainee nor his boss is consulted while he is selected for training. While deciding on the training programmes, little attention is paid to the relevance of the programmes, to the person's current or future job assignments. This reflects the lack of stress on the development of managerial capability of the executives by the State Bank of India. Such being the state of affairs, the State Bank of India executives have failed to perform efficiently the managerial functions of planning, forecasting, decision making, direction, control etc.

The study reveals that training is taken very seriously by the executives in SBI. However, employees returning from training are given only moderate opportunities to try out what they have learnt. Besides, the system of sponsorship for training programmes is also moderately satisfactory.

02) PROBLEMS OF APPRAISALS

The general reason for unsatisfactory performance appraisal in the bank under study is lack of objectivity in appraising the performance of executives. Human element and subjectivity are the major evils. The lack of training regarding performance appraisal technique has had its telling effect. Another problem is the appraisal system itself, where the emphasis is on traits more than on performance. Yet another problem area is that people do not invest enough time and effort on reviewing the performance of executives. Perhaps there is more important attitudinal problem and that is, thinking of appraisals only at the end of the year, not continuously over the year.

In many banks even new performance appraisal systems have become a form filling exercise. The forms have changed but people who use them have not changed their attitudes. In some of the banks, a new appraisal has been introduced with much promise and publicity that it is ‘development’ oriented. But it is used as a controlling and threatening device by linking it to the ‘promotion’
system. Since executives and operating executives do not devote enough time on this, there is no accountability for appraising the subordinates. In one bank, on the basis of rating appraisal, services of a number of senior officers were terminated. It lost all its credibility since then. In our cultural context, people find it difficult to be open minded and true to their convictions.

Banking is one sector where a great degree of attention is being paid to performance appraisal systems. The State Bank of India has recently adopted an open system of appraisal. Its associate banks are likely to follow the same after detailed experience of the State Bank of India. In fact about 10 years ago a common task force of HRD managers of these associate banks was appointed to evolve a common system of appraisal for the associate banks. The task force evolved system similar to that being used by the State Bank of India at present.

The analysis of study reveals, though the performance appraisal system in SBI is based on objective assessment and adequate information, yet there are traces of favouritism present in the system. Had it not been so, the percentage of satisfied executives would have been more as per the data available.

An appraisal which is open is bound to have problems unless intensive efforts with great seriousness are made. In addition, management styles in India do not foster an open relationship. People take too much liberty in the name of 'openness'. Sometimes, it can create interpersonal problems across the organisation. It was also observed during the study that an average executive is ambitious in the SBI. He does not take much interest in the development of subordinates. In fact he considers it as a threat. Unless a new appraisal system is operated with sincerity, it can in fact demoralise the work force.

03) CONSUMER EXPECTATION

Tremendous growth and expansion of nationalised banks is evident, State
Bank of India alone has at present almost 9,000 branches but management have failed to indicate that they are aware about society's exact expectation of them. On account of this dimension, many drawbacks and imbalances have failed to tune up administrative system which can formulate and effectively implement policies and programmes in accordance with the expectations of the society. The imbalances are to be balanced. The banks have to move further from the low density areas to still lower density areas. It has to create facilities into unbanked areas lacking in enterprise but not in potentialities. And above all, it has to develop the capacity to coordinate and manage, probably, one of the biggest banking and financing network, which may emerge by the year 2000.

Even the Government and the Reserve Bank of India have admitted that the customer service of the Indian banks have deteriorated. Banks have been advised to improve their level of customer service. This problem could easily be avoided, if proper executive development would take place, because well developed executives can only create awareness about the expectations of the society and its customers and leave no stone unturned to keep them satisfied.

04) **LACK OF CONCEPTUAL CLARITY AND ROLE AMBIGUITY**

State Bank of India being largest bank in public sector and being the largest it poses; equally large problems in initiating and implementing HRD in general and executive development in particular. Though, it is one of the 1st bank where HRD practices were introduced, but introduction of HRD in banks including State Bank of India lacked conceptual clarity in terms of its linkage with the overall personnel management function. This resulted in executive development being projected as a superior function. In the absence of linkage both structural and process linkages, HRD came to be identified as a soft and cosmetic function incapable of handling complex issue of man management in banks. It also lacked strategic orientation in terms of bringing about change. The function came to
be identified only with training and appraisal which have been the activities of personnel function and therefore, the perceived promise of HRD to channelise the latent energy of employees remained more a hope than reality.

The lack of conceptual clarity also created problems of role ambiguity for HRD functionaries. The data collected from HRD functionaries from different regions of State Bank of India, indicated:

a) These functionaries were ambiguous about their role, lacked knowledge of their function and were not exposed to opportunities to internalise executive development process within themselves.

b) The bank had not demarcated executive development role properly and overlap with personnel function like personnel administration.

c) People at different levels in the bank were not aware that executive development was introduced or those aware of it, most of them did not know what it meant.

Such role ambiguity about an innovative function like executive development is likely to create misunderstandings about top management commitment to innovations and also road blocks to its success.

05) LACK OF CO-ORDINATION

Executive development and personnel administration in banks have been operating as two separate and distinct functions without much linkage in the work undertaken by these two departments. This has not only deprived each of these departments from the contributions of one to the other but in some cases have also created misunderstandings. There is a lot which executive development can contribute to Personnel and Industrial Relations. In fact some of the problems in Industrial Relations have their roots in the lack of HRD approach to IR problems.
For example, the issues of lack of involvement or lack of motivation of State Bank of India employees for efficient customer service have their roots in manpower development and absence of mechanisms for participation at the work place level. While the product of this problem gets identified with IR problem, the cause of the problem requires tackling through HRD effort. Unfortunately at present this nexus in HRD and IR through structured mechanics is not conceptualised in many banks including the bank under study.

06) LACK OF COMMITMENT

There is a wide gap between the beliefs of the top management and their practices with regard to executive development in banks. Whereas the beliefs and philosophy are of the ideal order, the practices of it fall much below its expectations. In fact in banks it is alarmingly low. In fact most of the case studies of banks have posed the issues about the commitments of top management to executive development. It is painful fact that the commitment of top management has remained more in words. Barring a very few exceptions in the banking industry, the top management in banks have generally relegated this function to less priority area.

Though, in State Bank of India we have better executive development policies and practical implementation, but top management is not committed to this concept fully. It is our firm belief that unless the top management develops conscious policy, creates necessary structure to implement the policy, develops monitoring mechanisms, introduces accountability for executive development and provides resources, it is extremely difficult to institutionalise executive development even though there may be general enthusiasm at various levels in the organisations.

It was observed during interviews with various executives of State Bank of India, a committed top management towards executive development is a prerequisite for sustained long term executive development effort in the Bank under study. The issue, therefore, is how to influence the top management. For example, if
employees see that there is no team spirit, collaboration in the senior or top management or that there is power struggle at the top or that the efforts in bringing about the change through executive development are not valued, they are likely to develop cynicism despite elaborate systems or company policies on executive development.

07) DEFECTIVE EXECUTIVE RESOURCE PLANNING

Executive resources planning is perhaps the crucial element in an effective and successful executive development system and without this critical input, everything else proves fruitless.

It is essential that efforts to develop executives are put into effect with thorough consideration of the probable growth and changes in various functions of the private undertakings. "The experience of leading companies suggests that an important key to a more immediate return from executive development is a better marriage of business planning and personnel planning. Increasingly, companies are preparing and reviewing more comprehensive business plans for each principal division for the coming year, and reviewing the upper levels of management against the backdrop of longer range strategic plans.

There are two major problems that crop up if executive development is not dovetailed with the total plans of the future of the organization. First, the effort that is dictated by a whim or fade may well be useless. Secondly, and more seriously, the problems can arise when business plans do not guide executive development and executive personnel implications are taken up only as an afterthought. Many banks have committed themselves to executive development Programme facilities and equipment or rural banking with scant attention to the knowledge and skill which are required to operate such facilities when determined that branches in urban, semi-urban and rural areas should attempt to be total banking centres for their communities, it is apparent that major efforts to reeducate present managers
and to find additional people with different knowledge, skill and habits would be required.

Therefore, it is imperative for the banks in general and for the bank understudy in particular to answer these questions:

01) Who are the customers we seek to serve? (To some extent, this is determined and given broadly by the new banking policy of the Government, but within that broad framework, there is considerable room)

02) What are the services we wish to provide?

03) How are we going to provide them and at what point of time?

04) What skills and abilities will be required within the bank to provide these services?

05) What safeguards will be used to ensure the continuing value of assets?

The answers of these questions will offer the necessary guidelines and executive development resources planning. Though the executives at the helm of affairs of State Bank of India claim to have proper system of executive resources planning, but, it was observed that in practice it is not done to the extent it is required.

08) INADEQUATE RESEARCH & DEVELOPMENT

The banks should conduct research on executive development. In the bank understudy, there is a separate department called as 'Economic and Research Department' engaged in conducting of various researches for different purposes. During interviews with various banking officials it was noticed that the bank has not been conducting research on executive development programmes, such as managerial effectiveness, organisational effectiveness, utilisation of trained executives, decentralisation and delegation, problems in development, correlative relationship between
development and performance, executive appraisal, executive morale, executive communications, effectiveness of teaching methodologies, management succession plans and practices, superior responsibility for developing subordinates, top executive policies, executives resource planning & recruitment etc.

09) NON-INVolVEMENT OF UNIONS

Available data from banks in general and State Bank of India in particular suggest that unions involvement in executive development work has been quite limited. In most of the banks there are bipartite forums and issues relating to personnel and Industrial Relation are regularly discussed. However, issues relating to HRD/ED have not found place in these forums. This has created cynicism and in some cases even hostility amongst unions towards executive development efforts. Many top level union leaders in banks have resented the fact that bank managements have ignored unions and undermined their role in executive development programmes. Some banks have now started quality circles and one of the key issues for the success of quality circles in banks is the involvement of unions in such initiatives. For example, recently in one of the branches of a bank where quality circle was operating very successfully, the union gave call to their leaders to disband the quality circles. The quality circle, in that branch, has since stopped. The contention of the union was that they were not consulted before starting quality circles. As such, absence of union involvement affects executive development programmes, the bank understudy is no exception to this problem.

10) LACK OF SYSTEMATIC ORIENTATION:

In many banks the initial focus of executive development has been on introducing new systems like performance appraisal etc. Perhaps the assumption has been that the innovative systems themselves can bring about change in the culture of the organisation. This unfortunately has not happened. The present study has revealed that the existing configuration of shared beliefs and values (organisational
culture) in our banks and the configuration of shared beliefs and values amongst certain groups in the organisation like top management, personnel and HRD executives do not seem to be conducive to HRD.

The banks which introduced new appraisal without strengthening the processes of counselling or feedback, in fact suffered a lot in terms of implementation of executive development and in general executive development developed a negative image. Too much initial emphasis on introducing systems without creating executive development spirit can be counterproductive.

11) EXECUTIVE DEVELOPMENT & EXPANSION

The banking activities have expanded on many of the socio-economic fronts. It has aroused an extremely high level of expectation about systematic expansion of banking activities but lack of imagination in this direction create a problem. The bank management must take a note that the banking has come to and is going towards the age of paperless and cashless pattern. 'Home-Banking' must be introduced which means that the point of delivery will be shifted from banking premises to the customers home or office. In this pattern of banking, a customer with simple key-board terminal and telephone lines would be able to give effect to the banking transactions sitting at home.

The another area where Indian banks expand their activities is the capital market. In the present scenario, the resource crunch seems to be lurking large for the corporate sector with financial institutions and, the banks can have a bigger role to play via stock exchanges particularly in spreading the cult of equity and mopping up of savings from small investors. It is known that these investors are increasingly spread outside the metros and major cities and what they are lacking now are the facilities to buy and sell their shares speedily and efficiently at the right price. The situation today is that the stock exchanges are few and far between and for an investor to contact the nearest stock exchange and
a broker for putting through his deals has become a herculean task involving a lot of time. Moreover, the movement of share prices being of volatile nature, the time element is a crucial factor and it calls for an agency which is in close proximity of the investor, to get his job done. The banks may fill this gap adequately because they have a large network in villages and small towns. Therefore, the Indian banks must respond effectively to the new challenges and evolve new strategies for further expansion and effectively perform the task of working as an agent of socio-economic development of the country as a whole.

Since State Bank of India happens to be one of the premier commercial banks, therefore, it has to play a leading role in evolving new strategies for further expansion in various concepts of modern banking in order to compete in the modern banking system. But it has been observed that the bank has been facing lot of problems in developing these human resources to face new challenges.

**OTHER MAJOR IDENTIFIED PROBLEMS**

The major identified problems confronted by banking industry in general and the bank under study in particular are highlighted below:

a) The management personnel holding highest executive positions are trained to handle lending business rather than managing a socio-economic organisation committed to the concept of social welfare. Therefore, they fail effectively to use modern management techniques and tools of office management. It may be added that the Indian banking sector is slowly moving in this direction.

b) The ineffective mobilisation and utilisation of resources have failed to create a climate conducive to increased operational efficiency and high productivity. For want of proper work culture dissatisfaction is growing on many fronts.
c) Indian banking sector is at the cross road. It has to accept challenge as a powerful catalyst for economic growth with social justice. The present pattern of human resources development programme in general and executive development in particular does not make its man-power machinery able to achieve these objectives and confirm its existence to the expectation of the society.

d) The Indian banking sector has assumed manifold socio-political-economic responsibilities. On account of it, there is an urgent need that it must plan its expansion in such a way that suits the requirements of the society. It is believed that there is a lack of imagination about it amongst the top management personnel.

CONCLUSION

The foregoing discussion on problems of executive development in banking sector in general and in State Bank of India in particular raises several issues relating to executive development. In order that executive development function in banks is able to contribute to improve the banks especially in creating motivated work force, some interventions are required at various levels of board and top management, Government and trade union level.

The board must be concerned about the executive development processes in the bank in view of their strategic contribution to the effectiveness of the banks. Besides this, the board and the top management should institutionalise the human resources development.

This is necessary because in many banks HRD had survived and died with the tenure of the executives. This aspect needs to be looked into seriously. It is, therefore proposed that the executive cadre of the bank should be helped to develop people oriented perspective and accountability for better management.
and utilisation of human resource. The process in the top management such as team spirit, collaborative working and finally leadership quality to the large extent would determine the quality of executive development in banks.

Another major intervention required is the initiative by Government who as the owner of the public sector banks, has the responsibility of ensuring excellence in executive development through the process of appropriate policy formulation. Major intervention required is to influence the trade unions to collaborate in the process of HRD.

The deficiencies highlighted in the present chapter portray that executive development calls for corrective action on the part of the banking industry in general and the State Bank of India in particular. To overcome the problems existing in the banking industry including that of the State Bank of India, various steps are needed to be taken for efficiency and quality improvement in the functioning. The measures are to be taken on priority basis with special emphasis on executive development. As a consequence of this, the chapter to follow has been devoted to a brief description of the results obtained and the observations made during the course of the study. Alongwith this, to commensurate with the requirements, the necessary suggestions have also been putforth for implementation and improvement in the executives development.