CHAPTER 8
SUMMARY AND SUGGESTIONS

Summary

State Bank of Mysore, the giant among the Karnataka Banks has been playing a commendable role in the socio economic development of state as well as country since 1913. The public and Government have high expectations from SBM. The other commercial banks also look towards it for directions on various issues. With total deposits of the Bank as at the end of March 2009 is Rs.32915.76 crores and the total advances stood at Rs.25616.05 crores which include export credit of Rs.1158.13 crores and the Forex Trading turnover is Rs.82197.27 crores at the end of March 2009.

The paid up capital of the Bank is Rs.360 Millions as on 31.03.2009 out of which State Bank of India holds 92.33%. The net worth of the Bank as on 31.03.2009 is Rs.1619.44 crores and the bank has achieved a capital recovery ratio of 12.99% as at the end of March 2009. The Bank has an enviable track record of earning profits continuously and uninterrupted payment of dividend since its inception 1913. The Bank earned a net profit of Rs.336.91 crores for the year ended March 2009 an earning per share is @ Rs.94/-.

The Bank has making endeavour to manage changes through organizational restructuring and massive technology initiatives. Today 520 out of 682 branches are fully computerized covering 85% of the total transactions. The bank has 381 own ATM’s which are networked with State Bank Groups over 11400 ATM’s allowing easy access to anywhere anytime banking. Despite of all these, the Bank’s market share is gradually declining, Nevertheless, it continues to earn higher profit, which comes mainly from investment rather than from lending and miscellaneous business. Moreover, the Bank is plagued with NPA of Rs.368 crores which declined from 1.68 % in March 2008 to 1.42% in March 2009. Despite
the presence in every town and playing a vital role in development of banking in Karnataka, the Bank is falling behind other nationalized banks in the state.

In a service industry like banking, employee is the most important factor of production and the health of a bank depends mostly on the performance of its human resources more precisely on their knowledge, skill and motivation level. In this backdrop, human resources development assumes paramount importance. Among the Banks in India, SBI and its associates has been the pioneer in attaching high priority to HRD. The bank has well structured training system and well articulated HRD policy. Nevertheless, the Bank's performance indicates that a gap exists between its expectation from HRD and actual outcome thereof.

The study on the HRD practices in Bengaluru Circle throws light on the perception of the staff and the others on various aspects of training, performance appraisal, rewards and recognition and overall HRD climate in the Bank.

Though the employees feel that the training is taken seriously by training centres as well as by trainees and it is helpful for performing current job, training needs are not assessed by taking proper feedback from them. Especially, officers in middle & senior management, top executive grade and the direct recruit officers are more critical of the present practice. Therefore, right persons are hardly deputed for the right training. The officers in junior, middle and senior management in the age group of 31 to 50 years are highly dissatisfied with the present methods of training needs assessment.

With respect of training on information technology to prepare employees for present as well as future work, expectations are fulfilled marginally. Nonetheless, irrespective of their age, position and years of service in the bank, opined that success of training programme is measured to some extent by capacity utilization in staff training colleges. Further, the staff also feels that at present performance of trainees in training programmes has marginal linkage
with their performance appraisal. Many of the employees irrespective of their age, category and length of service reveal that they are not satisfied with the present level of linkage of training.

However, all the staff strongly believes that the training methodology is effective and course contents are updated keeping in view of the changing requirements time to time. But the employees have a strong preference for visiting faculty services for on-site training because it is more effective method of training.

Further, the employees believe that the existing practice of training evaluation is required to be improved and performance of trainees in training programmes should be communicated to them. The officers in senior management, top executive grade and the direct recruit officers are strongly in favour the same.

Job rotation is an effective method of training and development and the employees strongly believe that job rotation is done periodically in the Bank. But they believe that in the Bank, job rotation is viewed as a measure of control than a measure of employee development.

The employees feel that the organizational development (OD) is yet to gain the momentum in the Bank. The employees are not adequately aware of OD at all. According to the employees more efforts are needed in this regard.

However, on the cooperation of head office/ staff training colleges in spreading QC, the staff is satisfied to some extent. But the general opinion of the employees is that QC is not taken seriously at the branches. The top executives believe that LHO and STCs extended cooperation to a large extent to spread QC culture. However, the staff in junior, middle and senior management and the direct recruit officers are highly critical about the existing QC culture in the Bank.
In the overall assessment, it is observed that only younger employees in the age group of 21 to 30 years, award staff and officers in junior management are some extent satisfied with the present state of training and development in the Bank. The other staff point out that improvement is required in this aspect.

The correlation analysis indicates that training needs assessment, perception about training in the Bank, linkage of training, efficiency of training methodology, training evaluation, job rotation, OD and QC have significant correlation with each other and with training & development as a whole at either 5 % or 1 % level. But still there is some improvement is required in the entire gamut of training and development.

The study reveals that the Hypothesis – " Though there is elaborate structure for training in the Bank, training need assessment and training evaluation are not done properly and also OD and QC are done ritualistically, the culture is yet to spread" holds true.

The employees are of the opinion that performance appraisal system in the Bank should be more data based and objective oriented. The employees also pointed out that both appraiser and appraisee should take performance appraisal more seriously. However, they also feel that performance appraisal is treated more as a confidential report than as an instrument for open communication. Settlement of key responsibility areas is rarely done mutually which indicates that the system is a closed one. The staff, also are of the opinion that the existing review mechanism to correct bias is of reporting authority requires substantial improvement. The direct recruit officers, junior and senior management and top executive grade and senior employees who have put up more than 20 years of service, consider it as an area of weakness.

Further, the staff strongly believe that the performance of trainees in the training programmes does not have linkage to their performance appraisal and hardly taken in to consideration for training needs assessment, promotion and identification for reward and
recognition. The senior employees above 50 years age who put in more than 30 years service are more critical and they consider it thus there is no linkage of performance appraisal with other subsystems of HRD.

The awareness of introduction of performance appraisal for award staff is yet to spread and more efforts are necessary to spread awareness in this regard. The staff also strongly believes that the performance appraisal of award staff should be used besides promotion, for taking decision on training, placement, recognition etc. The staff in general is favourable towards performance appraisal of award staff. This is the strength of the Bank and may be harnessed. Interestingly, in comparison to the officers who have joined in the Bank as award staff, preference for the same is more among the direct recruit officers.

The staff irrespective of age, category and length of service is in favour of a career path for officers as a measure to reduce stagnation in their cadre. In the overall assessment, it is observed that the employees are only to some extent satisfied with the present sate of performance appraisal and career progression in the Bank and substantial improvement is required on this aspect.

The study further indicates that the efficiency and objectivity of performance appraisal, linkage of performance appraisal, performance appraisal for award staff and career path have significant correlation with each other at 1% level. Hence these aspects are taken care of adequately to bring about necessary improvement.

The Hypothesis that “Performance appraisal is taken seriously only for promotion exercise” is vindicated in the study.

The Bank has introduced a large number of rewards and recognition schemes to motivate its staff. Silver Jubilee awards are given to employees on completion of 25 years of service and suitable memento is also given at the time of retirement as recognition of long service in the organization. There are also awards for best trainer, best regional manager, Best
Field Officer and even best Messenger. The Branches for excellent performance are awarded prizes for best branch etc. and selected Branch Managers are made members of Chairman’s club and CGM’s club etc. There are cash rewards even for best staff suggestion and best preventive vigilance measure. Incentives are also given in the form of deputation to foreign office and permitting to travel in the country on holiday along with spouse at Bank’s cost. The authorities are continuing to innovate various reward and recognition schemes.

Though the Bank has introduced quite number of rewards and recognitions for staff as HRD initiatives. There is little awareness among the staff about the same and appropriate measures, other than mere issuance of circulars are necessary to spread awareness on this aspect.

The staff also has the reservation on the present level of seriousness in identification of person/branch for rewards. In particular, the officers in the junior management level and the direct recruit officers are the unhappiest ones. The study reveals that there is no dearth of transparency in selection of person/branch for rewards.

Further, while the employees, irrespective of age, category and length of service are satisfied, to some extent with the various facilities that are provided by the Bank. They believe that salary and perks are not commensurate with the responsibilities. Further, the employees revealed that they do not receive the due appreciation of boss/colleague for good work is a simple yet effective method of recognition. The direct recruit officers are not satisfied on this matter.

Moreover, the correlation analysis indicates that rewards and recognition system has significant correlation at 1% level with training and development, performance appraisal and career progression and HRD climate. Therefore, improvement is required in this area.

The study reveals that the Hypothesis – “Awareness about reward and recognition system is low among the employees in SBM” holds true.
The employees are of the opinion that proper efforts are not made to identify and utilize their potentials and this is an area of weakness for the Bank. In particular the officers in senior management, top executive grade and the direct recruit officers are more dissatisfied on the matter. They are also not happy with the present Personnel and HRD policy as facilitator for employee development. The others are satisfied to some extent only. Nevertheless, in the opinion of the staff, the Bank believes that human resource is an extremely important resource and has to be treated humanly. But according to them, presence of HRD is not widely visible in the Bank. Further, the more senior an employee is in hierarchy, the less he believes that the present work environment is friendly and conductive for individual growth. The concept of HRD is yet to gain desired acceptance among the staff. Particularly, the top executives and the direct recruit officers have strong reservations on the matter.

However, the staff are relatively happy with the present climate of openness and believe that they are permitted to question established knowledge and practices. They are also not hesitant to share feelings with subordinates and superiors. But except the top executives, all the other staff is highly critical in the Bank that, people do not practice what they preach. The direct recruit officers are highly dissatisfied on the matter.

There is also substantial reservation on the existing development climate. The more senior an employee is in the organization, the less he believes that the staff are encouraged and committed to continuous learning and acquisition of new knowledge and skills. Even the top executives take it as an area of weakness. The staff are also critical that additional qualifications in management / technology etc. are not given due weightage in placement and promotion. In particular, the direct recruit officers are extremely unhappy on this aspect. There is also a feeling that the bosses do not accord desired priority to development of subordinates. In short, the present development climate is yet to be conducive for growth of the staff.
Employees also view the Bank's existing practice of communication and feedback as a liability. They believe that appraisers hardly give any feedback to appraisees on the latter's performance and counsel them. Even if, any feedback is given, the weaknesses are not communicated in a non-threatening manner. Staff suggestions are also hardly taken cognizance of the officers in middle/senior management and the direct recruit officers are more critical about the present practice of communication and feedback in the Bank. Only the younger staff and new entrants are satisfied to some extent only.

The present supervisory practices marginally satisfy the staff. Moreover, they expect that significant improvement is necessary in the present practice of manning key positions by people who are capable to inspire, motivate, and assist them in acquiring knowledge and skills. There is also greater demand for informal behaviour, trust and delegations on the part of the bosses. Development is necessary too on the existing team spirit. While the employees, younger in terms of both age and length of service are highly satisfied on this aspect, the senior officers and the direct recruit officers have lot of reservations. Similar are the observations on motivational factors such as balance between views and aspirations of the Bank and individual employees, finalization of strategies and performance goals through mutual consultations. Specially, the officers are highly dissatisfied on the matter.

Nevertheless, one brighter aspect revealed in the study is that the employees have high degree of affiliation with the Bank. They are proud of being in SBM and their family members also share the same and given a better opinion, that they will think twice before leaving the Bank. But affiliation of the direct recruit officers is little less in comparison to others.

It is also strength for the Bank that the employees foresee a bright future for the Bank. Though at the same time, they believe that adequate awareness is not there among themselves about the various usages of information technology and at present, computer is not utilized to
its full potentials. And according to the staff the working environment is not very friendly and conducive for individual growth. The more senior an employee is in the hierarchy, the less satisfied on the matter. Similar is the perception about the Bank’s preparedness for meeting the challenges of 21st century. Nevertheless, the employees believe that SBM is the best employer. But in spite of a high degree of affiliation and positive concept about the Rank, the employees have welcomed VRS and interestingly the more senior an employee is in the organization the more favourably he is inclined towards the VRS.

The correlation analysis indicates that all these factors including VRS have significant correlation at 1% level with overall HRD climate of the Bank. The study also clearly reveals that the staff are only marginally satisfied with the present HR climate. Therefore, considerable improvement on this aspect is urgently needed.

Lastly, the study also indicates that the Hypothesis – “The Bank’s HRD climate requires substantial improvement” is true in the present situation in the Bank.

Suggestions

Low capacity utilization in STCs and wrong deputation of staff adversely affects the training system. In this situation proper training needs assessment assumes greater importance. Therefore, the following measures may be adopted:

1. The Regional Managers/ Trainers from STCs during their branch visits may talk to staff/officers and ascertain training needs.
2. The STCs / Personnel & HRD department has to go through the branch inspection reports given by the Central Office Inspectors/ Circle Auditors/ RBI Inspectors and Statutory auditors and ascertain training needs.
3. The Personnel & HRD department/Regional office has to refer the self-appraisal and performance appraisal reports which may throw light on training needs of individual employees.
4. The data about performance of the branches as a whole may also be a good source for training needs assessment.

5. In view of the present staff position, the Branch Managers are often reluctant to release staff/officers for training. Therefore instead of long duration programmes, task/function specific capsule programmes of maximum three day's duration may be conducted. And to increase efficiency, these should invariably be conducted as workshops so that each participant involves himself in the process instead of being a passive listener.

6. In each such programme entry and exit point tests should be conducted and the grade secured by the trainees should be communicated to their authorities.

7. As the smaller branches are to function with lesser number of staff and deputation from these branches is highly inconvenient. VFS is the best method of training for them. But it should not be conducted on a routine manner. The Regional Managers/officials from LHO, while visiting these branches should also ascertain the outcome of such programmes.

8. For computer training, more emphasis is needed on ‘on-site’ training so that trainees can get their doubts clarified and learn problem solving in live situation.

9. Development needs of concerned staff are required to be taken into account in job rotation and their performance in the new positions to be reviewed periodically and recorded in their performance appraisal reports.

10. The conduction of one/two days programme is not effective for OD and QC. As the level of awareness/understanding is low on the subject, a intensive effort is required to make the employees aware of the same, for which a series of workshops may be conducted at STCs/branches over a period of time on a continuous basis.
11. Assignment as trainer is viewed as a comfortable posting and there is a notion among officers that posting at training centers is detrimental to career progression. Senior executives also, in various fora, discount the Bank's training and training system as a whole. An all persistent doubts in this regard adversely affect training and development. Therefore, executives and managers should assume greater responsibility to be spread a culture of learning in the Bank, instead of leaving the task to STCs and Per & HRD department.

12. Further, special care is required while taking the posting of trainers and AGMs of STCs. Through there is a system of identification of trainers, often STCs are treated as dumping ground for sending officers both as trainers as well as AGMs. The study reflects that the staff is to some extent satisfied with the present system of performance appraisal and career progression. And it is a major cause of dissatisfaction among the large section of the staff and officers. In this context, the following measures may be adopted:

1. Instead of present 6 to 7 pages AAR format, containing large number of columns for narrative comments a simpler one, containing 2 to 3 pages may be introduced and the same can drawn as scoring chart with well defined marks for budget/target achievement and various traits. It may be convenient for appraisers as well as reviewing authorities and therefore, shall reduce casual/reluctant filling of the same. The format should have scope for more objective assessment and transparency. The goals are to be settled with prior discussion with appraisers and be communicated to them in a structured manner. Further there should be a midterm review.

2. The AARF should also have sufficient scope for recording training and development needs and special attributes/achievement etc.
3. There should be additional score in AARF for higher qualification in technology/management/banking/law etc.

4. According to the feedback received in the study, performance appraisal is used primarily for promotion. Therefore, there is a tendency on the part of appraise to get 100 out of 100, by any means and inclination on the part of appraiser to give 100 to favour some ones irrespective of their performance. It is also quite common that against vacancy of say 20, at least 50 candidates will be there who have got 100 out of 100 in performance appraisal. In these circumstances, weightage of performance appraisal for promotion may be reduced through other modern methods.

5. The score obtained in performance appraisal should be communicated to appraisee, which may not frustrate him in the event an over dependence on the same for promotion is reduced.

6. At the same time performance appraisal report should be appropriately used for placement, training & development and reward & recognition. It should also be taken into account for sanctioning increment and other benefits that is not done at present. Therefore, a group of officers/staff who are not interested in further promotion may not bother about performance appraisal report at all.

7. A large number of officers languish in junior and middle management for various reasons such as non-completion of CAIIB examination, low rating in performance appraisal etc. However, on reaching maximum of the existing scale, officers in junior and middle management get salary and benefits of the next higher scale without getting promotion. In this situation, on promoting such officers to the next higher scale the Bank does not tend to lose much, instead the officers concerned get motivated. Therefore, a career path for automatic promotion of officers up to
certain scale is necessary to reduce the growing stagnation. However, performance appraisal should have adequate linkage to such career path.

8. The present career path for award staff suddenly put them in new roles and that too in new places. As they hardly receive any training before taking up new roles, a sense of apprehension/insecurity sets in their minds. Therefore, it is imperative that they are trained first and then posted in new role. Further, performance appraisal of award staff should also have an appropriate linkage to such career progression. Moreover, career path of the award staff should not end in a blind lane. In due course, the Bank may consider promotion of certain number of special assistants to junior management on merit.

The issues relating to reward and recognition, the following views are taken into consideration.

1. Communication of various schemes through circulars is not sufficient to create awareness about the same among staff members. Training system can play an important role in this regard. Officials from Zonal/Head office during their branch visits may also educate branch people on the matter.

2. Mere target achievements on certain parameters should not be the sole criteria for identification of branches/regions for award. The circumstantial factors for such achievement of targets should be taken into account appropriately.

3. Several reward schemes for cleanliness of branches; best messengers etc. are yet to be implemented in the circle.

4. It is observed that at certain instances, officers selected for chairman’s club, CGM’s club have not come even in selection zone for promotion, which gives a wrong message about the efficiency of the Bank’s reward and recognition schemes.
The following points are to be considered in the context of HRD Climate.

1. The Bank's HR policy is required to be clearly articulated and communicated down the line through various channels. Mere display of boards at STCs and issuance of circulars are not adequate.

2. Suitable officials with high degree of HRD orientation and communication skills should mentioned HRD cell and the corresponding department at zonal offices. Sadly this is absent in the present scenario of the Bank. Officers manning these positions are hardly trained on HRD and rarely are they themselves acquainted with HRD concept. Routinely, they do paper work and perform certain ritualistic functions. All these result into low level of visibility and acceptance of HR philosophy in the Bank.

3. There is hardly any detailed skill inventory available in the Per & HRD department and whatever little is there; the same is rarely utilized for linkage with training, development, placement of promotion.

4. Even in the computerized branches, quite a number of staff is untrained. However, over the period they learn to work with Bank master software. But basic technology orientation is yet to be developed. In an environment marked by rapid changes in technology, staff is required to be trained on various uses of computer for database management. To this effect, on-site training can be an effective method. Even for the purpose, external computer agencies can be involved for providing training, if required on Saturdays and other holidays too.

5. The employees have strong affiliation with the Bank and foresee its bright future, yet they are not satisfied with the present development climate, communication & feedback system, supervisory practices, team spirit and motivational factors which have drawbacks, hence senior officials and top executives are to play more
proactive role. They are required to be trained on HRD orientation, informal behaviour, openness and trust. They are also to take up role of developing subordinates. Performance appraisal of these senior officials should have adequate scope for ascertaining these traits. And in this direction, as in some Universities, students, assess teacher's performance, same way in the bank, evaluation of bosses on specific HRD parameters by subordinates may be introduced and the same should have bearing on career progression of the employees.

The study reveals that the Bank's HRD Climate is not conducive for overall development of employees and thereby for the growth of the Bank. In these circumstances, a professional approach is needed. However, all these studies have hardly delivered any fruitful result. Even after so many years, HRD is yet to establish its credibility in the Bank. The cause lies not in theory but in the ad-hoc and non-professional approach of persons who have to implement the same.

The present study reveals that considerable gap exists between thoughts and actions. The most alarming is the feedback of the direct recruit officers who are highly qualified and have come through all India competitive examinations. They have joined in the Bank with high expectations and are capable of contributing immensely. But they along with the officers in the middle and the senior management levels are highly disappointed with the present HRD practices in the Bank. Special care is required to remove their frustration and integrate them with the organization through proactive and effective HRD initiatives.

In this direction, the first step would be to hire HRD professionals instead of leaving the positions to be manned by generalist having no HRD orientation and concept. A generalist approach in this highly sensitive and professional area has been one of the main causes of present deficiencies in HRD practices in the Circle.
Incidentally, the Bank has more or less similar HRD culture and practices throughout the country. Therefore, the observations on HRD practices in Bengaluru Circle are almost equally applicable to all the other Circles and the State Bank of Mysore as a whole.

Nevertheless, one of the greatest assets of State Bank of Mysore is the quality of its manpower. The Bank still has a large number of staff/officers who are self motivated, creative and proactive. With their participation, the Bank will hopefully overcome the present deficiencies in the HRD practices and emerge as a Countries class one Bank in near future.