ABSTRACT

The present research concerns itself with the “Computerisation in Personnel Function in Banking Industry in India”. No substantive study has so far been conducted on computerisation in personnel function in banking industry. The existing studies in banking industry are mostly dealing with general aspect of computerisation. However, some periodical literature and seminar proceedings focus on a limited scope of personnel management i.e., training. These studies too, are narrative and lack any depth and direction and repeat the facts of the Rangarajan committee reports to a large extent adding their own experience with the banks. Therefore, the proposed study aims at filling up this gap.

1. Objectives of the Study:
The broad objectives of this project is to study the computerisation in personnel function in banking industry in India aimed at highlighting the extent of computerisation, reasons for computerising personnel function and the impact on decision making process.

The specific objectives of the study are: to study the personnel functions as practiced in the banking industry, to study the extent of computerisation in each of the sub-functions of personnel function, to study the changing training needs as a result of computerisation, to study the structural changes as a result of computerisation, to probe the level of resistance to computerisation in banking, and to investigate the change in flow of information for different decisions related to
2. **Nature of Research:**
The study is exploratory in nature and examines the application of computer in personnel function in banking industry.

3. **Scope of the Study:**
This study concerns itself with the computerisation in personnel function in banking industry only. It confines itself to the personnel function(s) performed at the apex level and zonal/regional levels. This study further limits itself to procurement, HRD and compensation management. Personnel practices before computerisation does not form part of the present work.

4. **Sampling Procedure:**
The sample has been drawn on rejection-selection criteria. Three criteria are applied to determine the sample. For a bank to be a part of the sample, it has to meet all the three criteria as laid down below:

   i. Banks having 1,500 branches or more in India and abroad combined but their major operation should be in India.
   ii. Banks having 5,000 employee in officers grade.
   iii. Banks having 15,000 employee in total.

   All the banks listed above are commercial banks and they also fall under the category of public sector banks.

5. **Methods of Data Collection:**
The subject of the study is such that primary data can not be gathered through questionnaires. However, the data was collected from both
primary as well as secondary sources.

5.1. **Primary Data**: Keeping in mind the objective of the study, a detailed questionnaire was prepared but during the pilot study it came to light that information sought were treated confidential and could not be provided in writing as a matter of policy. After a detailed discussion with the top level personnel executive a modification in the method of data collection was made. Now, instead of questionnaire, a detailed check-list was prepared and personal interviews were conducted on this basis. The two sets of the check list were prepared, one for interview with EDP personnel and the other for the personnel executive not below the rank of manager.

5.2. **Secondary Data**: In order to understand fully the concepts, and to note the progress in the field and to analyse the industry, various sources of secondary data were explored. Since the concept of computerisation in personnel function is still in infancy in India; therefore, western literature mainly available in the *Personnel Journal*, the *Personnel*, and *Computer in Personnel* was perused through. For the indigenous sources reliance was placed mainly on the Reports and Publications of Reserve Bank of India, publications of Indian Banks' Association, National Institute of Bank Management, and Banker's Training College (BTC). Data were also collected from internal circular, settlement papers both from the industry level and the individual banks. Published data from Ministry of Finance and its Banking Division etc and Annual reports of different banks and allied institutions and publication of individual banks are also
6. Conclusions and Findings:
Banking Industry in India is over 100 years old. But the real breakthrough came only after the nationalisation of banks in 1969 and subsequently in 1980. The banks which were mainly involved in class banking at urban centers prior to nationalisation of the major banks became an active participant in the economic programmes of the country. After the nationalisation the banks transformed themselves into a new role where mass banking became the target. During the last decade the premium has been placed on “better banking”, while retaining their former role.

There has been tremendous expansion in the banking industry specially in the last two decades. The branch expansion phase of 70s led to massive growth in manpower both in quantitative as well as qualitative terms. It saw an expansion in terms of services offered ranging from the merchant banking, mutual funds, housing finance, to leasing and factoring. Now the banks have to cope with competition from within the country and outside, at the same time they have to survive the financial reform process and various changes accompanying the reforms. There is also a change in the demands of customers. They require better, efficient and round the clock service. The computerisation is a means to achieve these ends. But the machines alone can not be expected to perform all the required functions demanded by the present customers. The banks need quality of manpower to offer the kind of services required and perform other operations. Ironically, the quality of manpower was felt inadequate compared with the diversity of operations, in many banks.
The computerisation in the banking industry in India is having a short and checkered history. It started with the Central bank (RBI) and the State Bank of India - the largest bank in Indian - now it virtually covers the whole industry. The computerisation has been going on at all levels: the apex, zonal/ regional and the branch levels. So far only about fifteen banks have acquired and operationalised mainframe/ large computers at their head offices, there are approximately 300 mini computers at the Regional offices/Zonal offices. With regard to branches, there are approximately 6000 ALPMs installed in the entire country; while in the metropolitan centers, 28 branches have been fully computerised. According to an estimate there are about 50,000 trained manpower available, apart from a large number of officers who have undergone appreciation programme in computerisation (out of a total workforce of about a million). The above figures indicate that the computerisation in banking is still partial; there is no networking available either in the form of the Local Area Network or the Wide Area Network.

In terms of availability of manpower for computerisation, the scenario is not very positive. Although the recommendations of the Committees (1984 and 1989) and Settlements (1983, 1987, 1989 and 1993) clearly specified the target, but the practical results are far to impressive. The target set by the 1984 report was to train 40,000 - 45,000 Data Entry Operators, and 1,000 Systems Analysts and programmers. In September 1989 the progress achieved was 12,761 Data Entry Operators and 2,372 Systems Analysts and Programmers. About 20,655 officers attended brief appreciation programmes. This speaks volumes against the in-house facilities available with banks to train employee in computers.
As a result of computerisation within the banks a new department called CPPD has emerged. But there are problems of various kinds to be resolved for the above department to make it an effective agent of change. For instance, the staffing of the CPPD is one of the problems. The objectives of the establishment of the CPPD is not very clear. The assimilation of the department in the mainstream banking is yet another problem which has not yet been resolved. And finally comes the question of charting a career path for the employee of this department.

Like any other industry, the resistance to computerisation from lower cadre employee is observed to be higher. The elders, too, are not found to be very positive for whatever type of phobia they suffer from.

Banks have been making systematic efforts to minimise the employee resistance to change through various training programmes, appreciation programmes and meetings. But training and orientation of such a large staff require time and cost, whereas the requirement is to train them at a short notice so as to go ahead with the programme of computerisation.

A large number of banks have tried to computerise a number of sub-functions of the personnel. Majority of banks have developed a manpower inventory system/personnel inventory system. They developed it either in-house in UNIFY “C” Interface or Microfocus COBOL or procured it from the CMC limited, in the form of a package called “PINS”. The banks are using PCs, Mainframe as well as the Mini computers for maintaining Personnel Inventory System. Most of the systems are based at the EDP cells where the EDP manager works as the database administrators. But a low priority is given to the
personnel records by the EDP personnel.

The banking industry is yet to have a near total computerisation of personnel function. There does not exist any Computerised Personnel Information System or the Human Resource Information System with any bank. The manpower planning in the absence of a comprehensive information system is carried out manually and on the basis of the data that the computerised inventory system provides. The complexities in business has brought banks face to face with an integrated system of manpower planning, recruitment, placement, training and appraisal system. The restriction on employment coupled with the work redundancy will more than offset the future requirement of manpower by the banks. Now there has to be an emphasis on career planning for mainstream as well as CPPD staffs. The computerisation has intensified the need for an integrated manpower planning on the one hand, and it will facilitate the process of planning by providing accurate data on the other.

The recruitment and selection and to some extent even the promotions are based on tests conducted by the BSRBs and the allied institutions. In the present context, at the entry level, preference should be given to computer literate without minimising the scores on other parameters. This will be in the interest of the organisation in the long run. There is no dearth of applicants for bank jobs from diverse fields. Therefore, the selection tests should have an element of computer to send a signal as well as to select the persons with some knowledge of computers. We are not at a stage where computerised test can be conducted but we are definitely at a point where computers can be used to assist in the administrative works involved in the recruitment and selection process. Various types of reports are to be
filed by the banks as a statutory requirement, the computerisation to some extent has facilitated the above work.

In the area of Human Resource Development, computers are to play an active role. Training is an important function of the HRD and there are many issues associated with computer and training: first, use of computer in training information system, second, need for special training as a result of computerisation and third, use of computer in training i.e., computerised training.

Performance Appraisal systems are found to be both - semi transparent and confidential. The data generated by the performance appraisal system is computerised only in few banks where it forms an integral part of the personnel inventory system. The performance appraisal system data is used for promotions, transfers, punishments and in some cases for the development purposes, too.

As far as career planning is concerned, the state seem to be a bit confusing. The majority of employees is not very clear about their career goals and is found to have a vague idea about it. This is because of the fact that proper counselling from the bank is not available. The banks following the career planning exercise are doing it on a limited basis. They are mostly using it for filling up the next available vacancy, whereas a career planning is to be done at individual, bank and industry level, to serve a long term purpose.

Computerisation of payroll and other components of the compensation management is found to be limited, but on the rise. Payroll at Head Offices and Regional offices/Zonal offices is mostly computerised, but for the branches only a limited computerisation of payroll, on a centralised basis, is available. Payrolls are maintained
both on mini computers and mainframes at Zonal and Head offices respectively. The data regarding pension, provident funds account and loans etc are fully computerised, though in limited number of banks only.

7. **Recommendations:**

It is customary to attach a long list of recommendations at the end of the work. We, too, will follow the tradition, but keep the list as limited as possible.

i. Computerisation of personnel function in banks are having a low priority whereas there is a need for not only proper attention to computerisation programme but an immediate and extra attention. The Personnel Information System/ Human Resource Information System should serve the purpose as an integrated personnel system.

ii. There is need for development a full-fledged and non-redundant inventory system, where up-dating is done at the pre-determine intervals and data should always be up-to-date, accurate and available as and when required for all the employees of the individual bank. This would call for a total computerisation of all zonal/regional offices with full networking facilities. The EDP cells in many cases are located miles away from the main offices, whereas it should brought to the adjacent location, preferably in the same building or the same complex. The proposed networking needs to be expedited to reap the full benefit of computerisation.

iii. The banks need to develop an integrated personnel information system where the manpower planning, recruitment and
selection system, training system, career planning system, performance appraisal system and compensation management system etc should be made part of the total system called personnel information system. This information system should be capable of generating reports for the management for decision making purposes. This will enable banks to meet the statutory requirement of filing reports at regular intervals as well help in both strategic and administrative uses.

iv. Training sub-function is found neglected and without much automation. There is a need for a training system at the same time fully computer trained faculty is required to impart training to the bank personnel.

v. The Computer Policy and Planning Department which has emerged as a result of computerisation plan remains understaffed in majority of cases. In general a lower cadre staff is posted to head the department. There is necessity for it to be properly staffed. The personnel of this department should be given a clear career path and also an opportunity to participate in the mainstream banking.

vi. The resistance to computerisation though dealt with carefully by the banks but there still remains some misunderstanding between management and the unions which needs to be sorted out. For resistance from the elder staff and managers an involvement in decision making process for computerisation as well as orientation programme be continued with more vigour.

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