Chapter One
RESEARCH DESIGN

Human resource development

Almost in all the countries, the industrial development resulted in the mass production creating more employment opportunities. At the same time, the ‘hire and fire’ policy coupled with low wages, unreasonably long working hours, unhygienic and unsafe working conditions led to industrial unrests. The stringent labour laws came to the rescue of workers. In recent times, however, the employers have begun to treat the workforce as an asset. Human resource is now being heavily depended and relied upon for giving additional thrust needed for creating new vision, mission and direction to transform corporate goals into business realities. With the change in the management objective from ‘product concept’ to ‘marketing concept’ in the wake of increasing competition, customers too became a focus of attention. Customers would be the driver of all changes and become the focus for all developments. Competition has put pressure to improve customer service and work for image building. All these things demanded an overall excellence in all the fields of an organisation from production, finance and marketing to personnel department.

In the past, the development of ‘personnel’ was mainly involved in the routine work like recruitment of employees, payment of wages and salary, initiating disciplinary action and associated functions. Seldom did the
management think it wise to invest in the development of employees or the 
workforce. The availability of cheap labour and lack of competition, led the 
management to have less concentration on Human Resource Development. 
With scarce job opportunities, employees were more concerned with retaining 
the job rather than effectively contributing towards development of the 
organisation. As the result of competition among the domestic companies and 
MNCs, monopolistic and restrictive trade practices disappeared. The market 
conditions changed from a ‘sellers market’ to that of a ‘buyers market’. The 
disappearance of trade barriers and appearance of WTO regulations made 
product innovation, modernization, diversification and strong research and 
development became inevitable. There was a need to line and retain the best 
personnel in the industry to face the competition. There was a need to instill 
and create a common organisational culture in the minds of employees who 
hailed from different socio-economic backgrounds with diverse mindset. It 
was necessary to synchronise the goals of an individual employee with that of 
the organisational goals, lest any conflict between the two may be detrimental 
for both. Here the department of HR management came to occupy centre 
stage.

**HRD** is a process in which the employees of an organisation are 
continuously helped in a planned manner to: (1) acquire or sharpen their 
capabilities required to perform various tasks and functions associated with
their present and future expected roles; (2) develop their general enabling capabilities as individuals so that they are able to discover and exploit their own inner potential for their own and/or organisational development purposes; and develop an organisational culture where superior–subordinate relationships, teamwork and collaboration among different subunits are positively strong and contribute to the organisational health, dynamism and pride of employees.

The HRD concept revolves around the central theme of exploring the true potential of an employee for the benefit of both the employee and the organisation. Earlier the employee had hardly any chance to participate in the decision-making process. Salary was the only source of motivation. Today HRD has become an integral part of a successful organisation. In spite of rapid advancement in the automation, HRD holds the key to success. Effective and meaningful HRD programmes are part of organisation's grand strategy to develop employees. Management by objectives, technique, quality circles, quality teams, feedback sessions, suggestion schemes, task forces, etc are some of the techniques presently put to use. These techniques have helped in developing the human resources of an organisation.¹ This in turn has brought about desired changes in the attitude of the employees towards their work and organisation. The HRD plays a vital role in equipping the people with desired

levels of self-motivation, competitiveness and diligence. This will enable an organisation to withstand the vagaries of sweeping changes taking place across the world and help in consolidating the position by augmenting growth and development.

**Human resource development in banking**

Liberalisation and globalisation are now realities in all sectors including the banking sector. These changes have brought numerous challenges and one such paramount challenge is that of managing the human resource. The human resource can be viewed as the sum total of knowledge, skills, attitudes, commitment, values and the like of the people in an organisation.\(^1\) The development is acquisition of capabilities that are needed to do the present job, or meet the future expectations of the job. The commercial banks would be under great compulsion to take innovative banking in all vital areas such as deposit mobilization, credit delivery, credit collection and customer service. Apart from rationalization, of their management structures and organisational methods, innovative banking may require computerization, expansion of training facilities and a healthy work environment. In this context the ‘HRD’ of commercial banks in the country requires urgent attention.

---

\(^1\) *Meggiornon, Leon, C.*, "*Personnel and Human Resource Administration*", Homewood, Ill.: Richard D. Irwin, 1997, p.4
Chapter - One

In a service industry like banking, human resource plays a crucial role in extending qualitative services needed for business development, to make banks profitable and enduring. At a deeper level HRD is concerned with the grass-root level development in the banks. In banks, it has been well received and accepted as an important ingredient for the present growth and future contribution to individual and banks’ development. It is concerned with human resource motivation, performance appraisal, development, potential appraisal, and bank’s development. The HRD’s intervention and involvement in all these areas, is mainly with an objective for developing certain new capabilities in people concerned areas, to equip them to meet the present job challenges and accept future job requirements.

Motivational environment in banking sector

Prior to nationalisation, the commercial banks in India, functioned primarily as regional banks employing local people and there was homogeneity, in manpower planning and development. But the heterogeneity got built-in after nationalisation, due to new recruitment and selection procedures. Now the Indian banking system, due to the influence of globalisation and competition, widely feels the need for human resource development. Only those banks, which can attract, retain, motivate and

---

1 Khul Chandani, B.S., “Practice and law of banking”, Mac Millan India Ltd., 2000, pp.265,
engage the most talented employees alone, seem to have achieved a fair degree of success.

The motivation may be considered as the combination of the forces to persuade a person to work and ensure that the employees continue to remain in the organisation. In service sector like banks, the work environment, organisational culture and the relationship between the service provider and customers are the vital issues. The motivation seeks to improve the customer and employee relationship.

The willingness and option of bank employees depend upon their positive perception towards motivational environment. The responsibility of management is to provide a good motivational environment in which employees can gain satisfaction and help the banks to attain its objectives. The motivational environment in the banking sector is highly influenced by the bank policies, salary packages, superior-subordinate relationship and the nature of job. The efficiency in work, health and mind are conditioned by the prevailing motivational environment.

In the banking sector, to update and enrich human resources, banks have established Human Resource Management (HRM) section. The main aim of HRM is to develop quality of work, preparing appropriate manpower planning and strategies. Many specialists in technology and financial services are solicited in the banking industry and focus is given on the following:

1. Increased concern for quality of services
2. Innovativeness to remain in competition and

A motivating environment in banks can be influenced by adequate pay and benefits, a safe and healthy environment, job security, free collective bargaining, employee growth and development, social integration in the workplace, employee participation in the productive goals of the banks, and democracy at work in banks. Goal attainment with good interpersonal relations among employees are emphasised for a motivating and conducive environment in banks.

Reacting or exceeding task, the acknowledgement of achievements by senior staff members, job that provides positive, satisfying pleasure to individuals and groups are the additional motivational forces in banking sector. The opportunity to exercise authority and power may demand leadership skills, risk taking, decision-making and self-direction, all of which raise self esteem and are strong motivators. The promotion, progress and raising rewards for
achievement are a few indirect motivators. In the achievement-led style, outstanding contributions from individuals will advance the careers and earn rewards. Additional weightages are given for those who have achieved targets. To analyse the motivational environment in banking sectors, the study comprises of two sections. They are the motivational climate prevailing in banks at the official level and motivational factors prevailing at the clerical level (Fig.1.1).

**Statement of the problem**

Individuals as human beings are very complex in their psychological make-up. When they interact with one another in large groups, their complexities are multiplied. To understand an individual, it becomes eventually necessary to study what a person is and what he does. The former represents the personality and the later represents the behaviour. The behaviour relates to the environment where he actually works.

The work environment or climate has a vital role to play in shaping the personality as well as the behaviour. Behaviour is a function of the personality and environment may produce different behaviours and the same behaviour may be exerted under different stimulus situations. The behaviour of the individuals is highly determined by the climate or environment of the organisation, in particular. The ‘motivation’ is the willingness of the individuals to expend energy for achieving a goal or reward. The individuals,
who are attached to any organisation, apart from satisfying their basic needs, they would also seek to satisfy other needs as normal human beings. The organisation in order to get maximum output from the individuals try to provide an environment which may facilitate the achieving of such results, which do vary between the organisations.

The operational efficiency of the production and manufacturing units depend upon the availability of quality raw materials, advanced machineries, skilled and motivated labourers. But in the case of banking sector the operational efficiency depends upon the ability of the workforce to satisfy customers.

In the case of 'service sector', the performance of service and consumption take place at the same time, unlike in the 'manufacturing sector', where production and consumption take place at different times. As such, the service sector loses the advantage of time lag that manufacturing sector enjoys in manufacturing the product in advance, testing the quality, rejecting the substandard product and replacing the product. In the service sector like banks, an inappropriate service delivery system will throw away the prospective customer and lead to customer dissatisfaction.
In banks, the service performance is not an act of an individual but it is the result of group dynamism or group performance. There is cadre differentiation among employees of banks as officials and clerical staff. The officials are motivated through status, doing risky and challenging jobs, engage in problem solving and decision making. The income and the experience are the important variables, which will affect the motivational climate of officials. The clerical staffs are normally motivated through monetary benefits and recognition and so age, sex and educational qualification are the determining variables.

In India, there are nationalised and private sector commercial banks. Between these two sector banks, the climate, do vary. The variations in climate may be due to the location, the packages of services offered, and facilities extended to employees. The above aspects are to be thoroughly investigated and a research work so as to analyse the motivational environment prevailing in both the sector banks is the urgent need. With the above things in mind, the present study has been attempted with the following objectives.
Objectives of the study

1. to document and review the previous studies in the field of motivational environment and to identify gaps and improvement for the proposed research;

2. to analyse and differentiate the impact on motivational climate of officials between nationalised and private sector banks;

3. to examine whether the impact of motivational climate on officials vary according to their income and experience;

4. to bring out the nature and impact of motivational factors affecting motivational environment of clerks in banks of nationalised and private sectors;

5. to examine whether the impact of motivational factors on clerks vary on the basis of sector of banks, age, sex, qualification and

6. to come out with certain findings and to suggest for improvements in the motivational efforts on the basis of analysis carried out.
Hypotheses

The following hypotheses are framed and tested in this study:

a. The impact of motivational factors does not significantly differ with respect to income and experience in the official cadre.

b. The impact of motivational factors does not significantly differ with respect to age, sex and educational qualification in the clerical cadre.

c. The impact of motivational factors does not differ between nationalised and private sector banks for both officials and clerical levels.

To present the research work in an analytical outlook, the following operational definitions are framed.

Achievement-climate in sample banks indicates the concern for work excellence. Normally bank employees prefer to solve problems by themselves, and take moderate risks for achievement.

Extension-climate in banks indicates that there is a high concern for employees’ development, growth and welfare.

Affiliation-climate indicates that there exists friendly, warm, social and affectionate relationship among all the employees of the bank.

Dependency-climate indicates that there exists strict following of orders, rules, regulations, excessive dependence of authority and a clear line of communication.
Expert-influence climate indicates that there is a high concern for expertised personnel. It influences in decision-making, resolving conflicts and problems.

Control-climate indicates that there exists more control, selective communication, decisions are made by a very few powerful persons.

Orientation: It denotes the main concern of the bank whether to excel, to control, or to adhere to rules, or to aim for expertise knowledge, or for warm relationship, or for the welfare of the employees.

Interpersonal relationship: This is reflected in the way in which informal groups are formed, and these processes affect climate.

Supervision: Officials are treated as supervisors. Supervisory practices and their approach towards work, employees, managing problems, conflicts and rewards contribute significantly to climate.

Problems management: Problems can be seen as challenges or as irritants. The different perspectives and ways of handling problems contribute to the creation of bank’s climate.

Management of mistakes: Officials’ attitude towards employees’ mistake is generally one of annoyance or concern or tolerance. Their approach to mistakes influences the climate.

Risk taking: The response to risks and the ways of help sought in situations involving risk are important determinants of climate.
Conflict management: Conflict may be seen as embracing to be covered up or to be solved. The process of dealing with conflicts has an effect on climate.

Communication: Communication, is a determinant of climate, is concerned with the flow of information, its directions, dispersal, mode and type.

Decision-making: The issue and elements of decision-making are relevant to the establishment of a particular climate.

Trust: The degree of trust or its absence among various employees in the bank affects climate.

Management of rewards: Rewards reinforce specific behaviours, thereby arousing and sustaining specific motives. Consequently, rewarding in banks influence the climate.

Innovation and changes: The way in which the innovation and changes are introduced, perceived and implemented are critical in establishing the climate.

Clerical Staff in banks are governed by Employee Regulation Act. Their responsibilities are limited; powers are restricted and working nature is time bound.

Officials in banks are governed by Officers Regulation Act 1979, vested with more powers and responsibilities, and working nature is not time bound.

Independent variables are those variables, which are directly responsible for employee satisfaction and performance.
Intervening variables are those variables, which are influenced by the leadership style and affect the employee performance or satisfaction.

Dependent variables are those which are affected or influenced by leadership style, technology, organisational structure and management assumption and practices.

**AIE:** It means the dimensions achievement, expert influence and extension.

**CAD:** It means the dimensions control, affiliation and dependency.

**Age:** It means completed years of age of the respondent taken for the study.

**Income:** It means the respondent’s gross income per month.

**Experience:** It means the completed years of service put in by the respondent.

**Commercial banks:** Commercial banks for the purpose of the study include 12 nationalised banks and 6 private sector banks operating in Tiruchirappalli.

**Nationalised Banks:** Nationalised banks are those banks where 51% of their paid up share capital is contributed and controlled by Government of India.

**Private sector banks:** Private sector banks are those banks which have at least Rs.100 crores paid up equity capital by individuals, corporations, foreign and non-resident Indian’s according to the report submitted by Narasimhan Committee in March 1995.
Chapter - One

Methodology

The study deals with the motivational climate and motivational factors that are existing in both the nationalised and private sector banks in Tiruchirappalli City. The views of both the officials and the clerical staff are collected by means of administering prestructured questionnaires. Based on the pilot study, full-fledged modified questionnaires are designed and data are collected during the months of December 2000 to June 2001.

The questionnaires were administrated to the members of these respective banks after explaining the purposes of the present study. The branch managers were initially reluctant to give permission for the researcher to collect information from employees. After assurances from the researcher that nothing objectionable formed part of the study and that nothing about the banks would be stated or published by original names, the managers agreed to clear the project.

The study was conducted in 12 nationalised banks and 6 private sector banks. The nationalised banks are:

1. Bank of Baroda.
2. Bank of India.
4. Central Bank of India.
The private sector banks taken for study are:

1. Bank of Madura Ltd.
2. Dhanalakshmi Bank Ltd.
3. Karur Vysya Bank Ltd.
4. Lakshmi Vilas Bank Ltd.
5. Nedungadi Bank Ltd.
6. South Indian Bank Ltd.

The number of branches covered in nationalised banks are 28 and in private sector banks are 12.

The assessment of motivational climate was made by Motivational Analysis of Organisations (climate) questionnaire (Pareek, 1975). There are 72 forced choice statements in this questionnaire equally distributed among twelve areas, namely orientation, interpersonal relationship, supervision, managing problems, managing mistakes, managing conflicts, communication,
decision-making, trust, managing rewards, risk taking and innovation and changes. One of six statements in each area, only one statement measures a particular type of motivational climate. These six types of climate in terms of achievement, extension, expert influence, control, affiliation and dependency are covered with twelve statements. Copies of the questionnaires are given in the Appendix I and II.

For the purpose of data collection the motivational climate questionnaire developed by Udai Pareek was administrated with the modifications for official cadre staff. A total of 225 questionnaires consisting of 150 for nationalised bank officials and 75 for private sector bank officials were issued. Out of which 150 responded, but out of which only 105 were found complete. Among them 70 from nationalised banks and 35 from private sector banks were taken for analysis.

In the clerical cadre, 300 questionnaires, consisting of 200 for nationalised bank clerks and 100 for private sector bank clerks are distributed. Out of which 215 responded, only 195 were found with completed responses. It comprises 130 from nationalised and 65 from private sector banks.
Statistical tools used

The study is carried out with the primary data and is an analytical one. The tools such as Proportions, Percentages and Ratios are used to explain the realities. Tools such as Mean, Standard Deviation and Co-efficient of Variation are also used. The specific analyses are:

(i) To analyse the agreement level towards the factors, the mean (\( \bar{x} \)) and the standard deviation (\( \sigma \)) are found out for each sector bank.

(ii) To analyse the difference of agreement among the same bank staff, the Kruskal-Wallis value for nationalised banks and private sector banks, calculated separately and are compared with the table value for Chi-square.

(iii) To study the comparison between the two sector banks, the ‘Z’ test is applied.

(iv) The dominant climates have been studied by means of the Co-efficient of Variance. To find out the Co-efficient of Variance of the climate, the mean and standard deviation were found out.

(v) To analyse the perception about motivational climate, analysis of variance test (Anova) is used to find effect of importance attached by the respondents on that climate individually and the effect of other socio-economic variables taken for analysis.
(vi) Kruskal-Wallis One way Anova test is applied to know the significant difference between the officials of nationalised banks, private sector banks and overall bank officials.

(vii) Classifications and Tabulations have been done on closed interval method.

**Kruskal-Wallis one-way Anova test**

The usual parametric technique for testing several independent samples have come from the same population is the One-way Anova or ‘F’ test. But compared with the most powerful parametric test, the ‘F’ test, the Kruskal-Wallis One-way Anova by ranks is an extremely useful test for decoding whether ‘K’ independent samples are the same from different populations. In this study, this method of analysis was used to find out differences in the perception of bank clerical staff among different populations accounted by various groups of people.

\[ K = \frac{12}{n(n+1)} \sum \frac{R_j^2}{n_j} - 3(n+1) \]

- \( n_j \) = number of items in sample \( j \)
- \( R_j \) = sum of the ranks of all items in sample \( j \).
- \( K \) = number of samples.

---

\[ n = n_1 + n_2 + \ldots + n_k \] the total number of observations in all samples.

**Chapter scheme**

The study is to be presented in seven chapters. Research design, objectives, hypotheses and operational definitions are given in the *first chapter*. The *second chapter* deals with the review of literature and improvement of this study over the previous studies. The motivational climate of officials in both the sector banks are analysed in the *third chapter*. The independent, dependent and interviewing variables are studied in clerical cadre. The *fourth chapter* deals with independent variables affecting the climate. The influence of intervening variables over the climate is presented in the *fifth chapter*. The impact of dependent variables over the climate is analysed in *chapter six*. The findings, suggestions and conclusions are given in the final *seventh chapter*. 