CHAPTER 10

SUMMARY AND CONCLUSIONS

This study made an attempt to understand the personnel management practices of selected scheduled commercial banks based in Kerala. The sample contained private sector banks only. The main object has been to evaluate the practices in the light of the theories and principles in the subject. The findings and suggestions regarding the different aspects of personnel management are given in the respective chapters. This chapter, in addition to summarising those findings and suggestions, also presents the general observations regarding the personnel management system and practices of the banks.

10.1 FINDINGS

(1) Personnel management has not been given recognition as a specialist's function. Executives and other employees in charge of personnel functions belong to the general stream of staff, and are without any formal or informal training/experience in the field.

(2) Discharge of personnel functions is highly centralised. Involvement of the controlling officers at branch offices and head office departments, and of the personnel manager is very limited. Even purely administrative decisions regarding manpower requirement, recruitment and selection, training, promotions of employees etc. are very often taken by top level management. Compensation rates are determined at industry level. In decisions regarding matters like sources of recruitment, bases of promotion etc., the employees'
unions also play a major role. There is hardly any personnel management function where the line manager or the personnel manager enjoys a decisive role.

(3) There is no well-defined and clearly spelled out philosophy or policy regarding many personnel management aspects. This results in many decisions relating to management of personnel being taken without any firm basis and on adhoc considerations. Very often such decisions depend on the attitude and interests of the top management of the time, or the bargaining strength of the employees' unions. As a consequence, there is no consistency in the personnel management principles and practices in the banks under study, over time or in different functions.

(4) There is diversity in outlook, policy and practice of personnel management among the banks. Except as regards the method of wage determination and the salary scales offered, there is no uniformity among the banks in their personnel management practices.

(5) Job analysis which has been widely accepted by management scientists as a basic tool of personnel management has not yet taken roots in these banks.

(6) The norms and techniques used by each of these banks for manpower planning are different. The factors taken into account for estimating human resource requirements, and the method of estimation do not show much similarity. In all the banks, manpower-planning is confined to an estimate of the number of vacancies and an apportionment of these vacancies by the nature of appointment viz. recruitment and promotion.
(7) The banks use various tools like application blank, written test, interview, group discussions, reference checking etc. for selection of personnel. However, the recruitment system as a whole is not scientific. The method of determining eligibility requirements, design and use of application blank, contents of recruitment notification, the style of holding of interviews, weightage for various tools of selection, the method of induction and orientation, etc. are not systematic or scientifically developed.

(8) There is growing awareness among banks, of the need for training. But none of the banks has a training policy defining the objectives of training programmes. There is no formal system of identifying training needs, grouping trainees according to training needs and evaluation of effectiveness of training. Post-training placement is also a neglected area.

(9) The performance appraisal system has got general acceptance among banks. But the system lacks well-defined norms and criteria against which performance is sought to be appraised. Organisational uses of performance appraisal are very limited, and follow-up action is conspicuous by its absence.

(10) All the banks offer opportunities for advancement to the employees while making appointments to positions of higher grade, remuneration and responsibility. In all banks, 'promotion' is an area with clearly defined policy. It is a result of the bargaining strength of the employees' unions rather than any conscious or planned effort of the managements. As a consequence, the policy framework seems to serve more the aspirations of the employees for
advancement rather than the organisational need for high calibre personnel to take up greater responsibilities. The system of reservation of vacancies for promotion of employees and the promotion norms giving greater weightage for seniority, corroborate this statement.

(11) Wage determination in banks has ceased to be a personnel function of individual banks. Pay scales are determined at industry level through negotiation and settlement between all India associations of bankers and employees, and most of the banks are contractually bound to implement them. This has led to standardisation of pay scales and other service conditions of employees in banks.

(12) The compensation plan provides for base compensation, and supplementary compensation in the form of different fringe benefits. No bank has any incentive compensation system.

On the whole, the practice of personnel management in the Kerala-based private sector scheduled commercial banks has not gained a degree of sophistication compatible with its role in modern business management.

10.2 SUGGESTIONS

Several suggestions are offered for remedying the weaknesses identified by the study, and for improving the effectiveness of personnel management system in commercial banks. They are summarised below:

(1) It is desirable to have specially trained and qualified
personnel managers to be in charge of personnel departments. Either specialists can be directly appointed to the posts or the internally available executives with appropriate aptitude could be trained and developed as personnel executives. Treatment of the personnel executive's position as just one of the different executive positions in the general stream of executives would not be scientific. The nature of duties of a personnel manager is widely different from that of line managers. It requires technical and professional qualifications, outlook and experience. Hence not only the personnel manager, but also other officers and employees in the personnel department should be with the professional aptitude and qualification/training/experience.

(2) After having equipped the personnel departments with specialists in personnel management, it is necessary to make a meaningful assignment of personnel functions to the personnel department. Many of the personnel functions now taken care of by the top level management could be safely entrusted to the personnel departments, so that the top management can more effectively concentrate on policy matters.

(3) The organisational structure of a bank is unique with a central office and a very large number of branch offices scattered all over the country and even abroad. It is the branch manager who represents the management before the bulk of the employees and faces most of the personnel problems arising in the organisation. For the prompt handling of these problems and for establishing the authority and status of the branch managers before his subordinates,
it is imperative that he is delegated adequate personnel powers. The duty of the personnel department would be to ensure that such powers are exercised by the line managers promptly and in a judicious manner.

(4) With a well defined personnel policy, delegation of personnel powers and discharge of personnel functions would be easier. Under such a system, most of the personnel problems would be handled in due course at the lower and middle management level. Hence, it is desirable to have a comprehensive and clear personnel policy covering all the areas of personnel management.

(5) A scientific personnel management system requires that all the jobs in the organisation are properly analysed, and such data are systematically used in the different areas of personnel management. It would help the bank in identifying the inconsistencies in its personnel management system and in convincing the employees and their unions about the propriety of its decisions.

(6) The human resource planning system should, in addition to assessing human resource requirements, also formulate and implement programmes for providing the appropriate skills at all levels and time from the most suitable sources.

(7) The recruitment system of banks require refinement in many respects. Prescription of qualifications for jobs, drafting of recruitment notification, designing of application blank and determining of the tools of selection should be on the basis of job analysis data and other job-related information. Reducing the time lag in recruitment process is also important.
(8) The system of induction and orientation needs to be one giving better recognition to the new employees. Before an employee is deputed for regular work, it would be better if the bank — including its motto, objects, policy, history etc. — is introduced to the employee by the personnel manager or some other senior executive. In the absence of such a system, an employee is compelled to make his assessment about the bank on the basis of the information reaching him from different sources. At least some of such information may be coloured, concocted and fictitious. The behaviour and performance of an employee in the organisation are to a very large extent influenced by his own assessment and appreciation of the organisation and its policies.

(9) A well-defined policy is the basic requirement of any training programme. Training programmes should be designed after identification of training needs of both the bank and the employees. Appointment of faculty and post-training placement of trainees also need greater attention.

(10) The primary responsibility for performance appraisal should be fixed on the supervising official of the employee. It is also necessary to define the criteria against which the performance of an employee would be assessed. Effective use of performance appraisal reports, proper follow-up action and feedback to the employees are also essential for bringing in credibility and recognition for performance appraisal function.

(11) A promotion policy giving due consideration for ability, performance and potentiality would be appropriate in the interests of the organisation and the employees who really deserve advancement.
The system of reservation of vacancies for promotion is not desirable in the interests of banks. At the same time, deserving employees should be given advancement irrespective of the number of vacancies set apart for promotions.

(12) A remuneration system where wage rates and wage differentials are determined on the basis of skill requirements is important. It should not only be done so, but also be seemed to be so done. Job analysis and job evaluation techniques could be effectively used for this purpose.

10.3 SCOPE FOR FURTHER RESEARCH

1. This study has been of a general nature, with the broad objectives of understanding the personnel management practices of the Kerala-based banks and evaluating them in the light of the principles and theories in the subject. It has not been the objective in this study to make out the outcome of these practices and to find out the cause-effect relationships. Such a more detailed and indepth study of the practices would be worthwhile.

2. Because of the time-scale system of wage payment and the system of special increments for graduation and CAIIB, the employees doing the same or similar jobs are being paid widely different salaries. A study correlating the level of qualification/experience and efficiency in performance would be very fruitful.

3. Under the promotion system prevailing in banks, seniority of the employee gets a high weightage. This system bases itself on the assumption that an employee gains in knowledge and expertise by the experience acquired by service and seniority. This
is a hypothesis that needs verification.

4. Banks spent huge amount for training and development of employees through formal and informal programmes. For example, employees are deputed for internal and external training programmes. Also special increments are granted for acquisition of specified qualifications like graduation, CAIIB etc. No study however has been carried out to identify the real and specific benefit to the bank on account of these training and development programmes.

5. The present manpower planning system in banks makes use of questionable tools and techniques. No valid predictor has been developed, with the result that the manpower plans framed by the banks do not serve any practical purpose. Studies aimed at identification and development of valid and reliable variables which may be helpful in assessment of human resource requirements, would be useful.

6. There is a general feeling that banking industry is an isolated island of high wage rates, and the wage rates offered are not compatible with the job requirements. As a result, the brilliant and bright candidates who are attracted to the profession in large numbers by the better service conditions, soon get disappointed and frustrated by the nature of job which does not offer much challenging opportunities. Thus frustration and unrest prevail among bank employees inspite of better service conditions. Some managers even feel that the better service conditions offered by banks are largely responsible though indirectly, for the growing indiscipline and frustration among bank employees. This is a serious problem that deserves detailed study.