



**INSIGHTS INTO THE HRD ENVIRONMENT OF A  
SOUTH INDIAN GRAMEENA BANK: CERTAIN ISSUES  
AND CHALLENGES**

**Ms. Swetha.G.R<sup>1</sup>. & Prof. G.L. Narayanappa<sup>2</sup>**

*<sup>1</sup>Doctoral Fellow, Dept. of Management, Dravidian University, Kuppam, Chittoor District,  
Andhrapradesh, India.*

*<sup>2</sup>Dean, School of Commerce and Management, Dravidian University, Kuppam, Chittoor District,  
Andhrapradesh, India.*



**ABSTRACT**

The ABC' Grameen Bank started functioning with effect from 01.07.2006 in southern India. The bank's operational area is spread across two districts in southern India. Out of two districts, one District with 66 mandals and three revenue divisions is located on the southern part of the country covering an extent of 15152 Sq.kms. Another District with 50 mandals and four revenue divisions is situated on the East Coast of Southern India with a geographic area of 8727Sq.Kms.

The Bank is having a network of 151 branches, 1 Extension Counter and one Satellite branch as on 31.03.12 of the above, 97 branches and 1 extension counter are in southern District and 54 branches and one satellite branch are in Northern district. During the year we opened 7 branches, 6 in Southern District and 1 in Northern District all under RBI liberalized licensing policy for RRBs.

**KEYWORDS:** Grameen Bank, Customers, global market, private sector, \_\_\_\_\_

## **INTRODUCTION**

In terms of section 5 of RRB Act 1976, the authorized capital of RRB shall be Rs. 5 Crores divided into 5 lakh full paid share of Rs.100/- each. The paid up capital of the bank as on 31.03.2012 is Rs. 200 lakhs.

The amount received from Government of India, Sponsor Bank and concerned state Government towards cleansing of Balance Sheet under restricting of RRBs has been shown under Share Capital Deposit in Balance Sheet.

The deposits of the bank as at the end of March 2012 stood at Rs. 29867.80 Lakh registering a growth rate of 19.22%. During the year 79788 new customers were brought into four fold increasing our customer base to Rs. 9.54 Lakhs.

The percentage of demand deposits to total deposits as 27.74% as on 31<sup>st</sup> March 2012. There was marginal decrease in demand deposits percentage wise during the year, which is on account of sweeping facility provided to some institutional customers. The cost of deposits increased from 6.74% to 7.30%. This is due to increase in deposit rates during the year as per market trends.

## **IMPORTANCE OF HUMAN RESOURCES DEVELOPMENT IN BANKING SECTOR**

Today's increasing complex and volatile business environment in banking industry characterized by globalization, liberalization and the transitional invasion ensures that managing would not be the same again. As we are in 21<sup>st</sup> century competitiveness in global market place presents the ultimate challenge to policy makers, business leaders and entrepreneurs in any industry including banking. This has created in its wake a need for adopting a proactive approach by bankers in all areas of organizational structure, administrative policies, and the most important

the HRD. As a result the banks have to continuously strive to give new thrust and direction to equip its employees to meet the emerging challenges. Hence a systematic HRD strategy focused on people is essential. The need for HRD is all the more great in service-oriented intuitions like banks. An efficient, effective and disciplined banking system helps the process of economic development as per the national priorities. It functions as catalytic agent for bringing about economical, industrial and agriculture growth and prosperity of the country.

The necessity of HRD in the banking institutions has continuously grown because of an effective role they play of socio-economic development and upliftment of especially those people who are neglected and deprived. Banks have a strong industrial relation orientation which necessitates more and more focus on improving the HRD efforts have to be there to influence people to use HRD for achievement of goals both business and social.

The need for HRD is all the more great in service oriented institutions like banks. An efficient, effective and disciplined banking system helps the process of economic development as per the national priorities. It functions as catalyst agent for bringing about economical, industrial and agriculture growth and prosperity of the country.

Human resources to be acquired and developed and determined in terms of skills knowledge, abilities, values, aptitude, belief, commitment etc. suitable techniques(s) of human resource is/are to be selected depending upon the resources to be acquired and developed.

More than ever before, the significance of Human Resource Development has been recognized in all corporate both in private sector as well as public sector. Liberalizations governmental policies increasing demands for a more skilled and motivated workforce and the

intensifying competition are the important factors that contributed to the growing importance of Human Resource Development in modern organization. Human resource productivity holds the key for success of an organization. HRD seeks to acquire, strengthen and utilize people potentialities to increase productivity and performance. HR capability commitment and culture are the key elements for improving organizational performance.

The rational and scientific philosophies of compensation and career development of the employees have not taken its roots in this 'ABC' Grammeena Bank. It is reported a Quantum of discontentment and certain maladies over the existing practices of compensation and career development in this 'ABC' Bank. All these maladies and discontentment of the employees of this Grammeena Bank in its operating area have motivated the researcher to take up this research work. The researcher has a strong aim in carrying out the thorough investigation into the various maladies, related to the compensation and career development of this 'ABC' Grammeena Bank and identify the problems adhered therein and to offer the scientific ways and means to wipe out the discontentment this research work has been undertaken.

### **SELECT REVIEW OF LITERATURE**

A rational and scientific investigation on the literature connected with the present study and published earlier has been highlighted here to assess the need of carrying out the present study.

Amith Madhab Bhattacharya (1986) in his attempt analyzed the major institutional factors which extends belongingness among the industrial workers is a most scientific and rational manner. He arrived at a conclusion that, lucrative, perks, scientific recruitment of qualitative employees, liberalized job terms and conditions, equal pay for equal work, effective

compensation packages, liberal participation of employees into the management and effective role of trade union in the organizations enhances the level of job satisfaction of employees and greater commitment towards job and job satisfaction which creates positive resources development in the organizations.

Muralidhar. J (1996) identified that the HRD strategies are driving forces to get the structural changes in the organizational force and economic status of the organizations. He stated that micro-level development of human resources is inevitable for the grass root organizations and the up-gradation of knowledge from time to time for the human resources in the organizations.

Priyanka Khanna (2008) examined Human Resource Development in banking sector. Today's increasingly complex and volatile business environment characterized by globalization, liberalization and the transactional invasion ensures that managing would not be the same again. As a result the banks have to continuously strive to give new thrust and direction to equip its employees to meet the emerging challenges. Hence a systematic HRD strategy focused on people is essential. The need for HRD is more essential in service-oriented institutions like banks. The HRD policy in the banks has to act as an instrument to encourage employees to show creativity, to reach for excellence and finally to render better customer service.

Rupesh S Shah and Jayshri Charan (2010) concluded that in a nutshell, it is felt that, the changing environment, the forces of globalization and liberalization and the advances in information and communication technology have major HR implications for the RBI as well. Financial products are becoming increasingly complex and diverse, while the

markets in which they trade get progressively de-regulated. It also possesses both opportunities and threats particularly for this public sector banks.

Chandra Sekhar S.F (2011) studied human resource development as an emerging system in modern organizations has been re-organized as a panacea for many workforce problems. He concludes that in banking sector, it is being increasingly recognized as inevitable and crucial to the effective functioning of the banks. He paper addressed in his paper three issues of HRD in banks. Firstly, the importance of HRD in banks has been presented due to the employee intensive operations of banks. Besides, a major portion of the budget of the banks is spent on the human resources in the form of recruitment and selection, training and other HR cross. Secondly, a model of the HRD frame work.

Kilan I. K and Neeraj Kuari (2012) concluded that career planning and development was perceived to be one of the most important HRD sub systems and not the most important HRD sub-system. "Career growth and development" needs a consciously planned effort on the part of the individual careerist and the same cannot be left to chance. Over the years and in tune with the changing times, Indian Public sector Banks have reviewed their HR& promotion policy and now for bright, hardworking and knowledgeable employees it takes comparatively lesser time to move to higher levels in banking hierarchy. This is increased awareness within the banking sector in India about need for better HR & career planning initiatives but on the ground, much still remains to be done. This attitude of change has to exercised on-going and purposeful assignments.

Kulshreshtha, Monika and Tripathi, SK (2013) aims to develop a framework for HRD practices in Indian Public and Private sector banks and its impact on employees managerial effectiveness. HRD practices are major tools available to banks to innovate and increase their competitiveness. The global economy is increasingly becoming dependent on trained, skilled and developed Human Resource However, the Indian Banks have yet to reap the immense benefit of various HRD practices to increase the employee managerial effectiveness. The study is based on public and private sector banks separately

### **SCOPE OF THE STUDY**

The concept of HRD is of infinite dimensions. Any quantum of writing or discussion on the subject of HRD will be inadequate. Hence the scope of this paper confined to very few vital aspects of HRD such as compensation and career development of employees in this grameena bank.

### **OBJECTIVES OF THE STUDY**

The specific objectives of this paper are specified below;

- (i) To examine the existing practices of Human Resource Development such as (a) compensation and (b) career development of employees in a 'ABC' Grameena Bank.
- (ii) To measure the level of satisfaction/dissatisfaction towards the existing practices of HRD such as (a) compensation and (b) career development of employees in a 'ABC' Grameena Bank
- (iii) To identify the reasons for their dissatisfaction with the existing practices of HRD in a 'ABC' Grameena Bank; and
- (iv) To offer feasible way and means to wipe out the dissatisfaction prevailed among

the employees towards the existing practices of HRD such as (a) compensation and (b) career development of employees and to put the whole gamut of HRD on more viable footing.

### **THE METHODOLOGY**

The methodology consists of data collection from primary and secondary sources. The survey method was adopted and the first hand (primary) information was collected from 59 sample respondents' i.e. executive cadre employees of s South Indian Grameena Bank. A pre-tested questionnaire was constructed and administered the same to 59 executive cadre employees in 'ABC' Grameena Bank.

### **SAMPLING PROCEDURE AND SAMPLE SIZE**

A stratified random sampling technique was followed and 15 percent on the total executive cadre employees of the Bank were chosen as sample respondents which stood at a sample size of 59 respondents. The same 59 respondents were selected for the study as sample size with replacement.

### **ANALYSIS OF DATA AND LIMITATIONS**

The first-hand information elicited from the respondents was properly tabulated and analyzed. Appropriate statistical tools such as averages and percentage are calculated wherever necessary for analyzing the information and drawing the inferences.

### **THE LIMITATIONS**

The present study includes the following limitations

- (i) The study is confined to only one Grameena Bank in Southern India
- (ii) Second, the sample size is 59 respondents only which are very meagre

- (iii) Finally, the development of human resource scenario is still in infant stage in Grameena Banks.

### **RESEARCH FINDINGS**

1. Additional compensation is connected with managerial power i.e., in the hands of higher officials to market their own people by way of exploiting the genuine talent (61.01%).
2. Compensation does not include long term incentives (57.62%).
3. Manipulative activities playing role in extending additional compensation (54.23%).
4. Flimsy annual increments and paltry rewards (49.15%).
5. Meagre compensation and uncivilized working environment (45.76%).
6. Poorest of the poor support from the side of management for career development and planning (42.37%).
7. Lot of career hurdles, barriers and obstacles (38.98%).
8. Non-availability of career guidance and counseling cell (35.59%).
9. No importance for individual options for career development (32.20%).
10. Least importance and less opportunities for employees career development (28.81%).

### **SUGGESTIONS**

1. The concept of compensation is one which receives top most attention and priority from the employees. Since, there is no parity of pay scales between the employees of Sapthagiri Grameena Bank and other public and private sector banks, certain employees working in focal points of 'ABC' Grameena Bank's administration are greatly discontented. Similarly, the



- L.T.A (Leave Traveling Allowance) and the medical expenses which are comparatively poor may be revised keeping in view of the present day inflation along with lucrative pay scales.
2. The enhancement of compensation should be de-linked with managerial power. So that there would not be any scope to enhance the compensation to any particular employee depending upon the whims and fancies of higher officials and the exploitation of talent by the superior officials can also be minimized.
  3. While fixing the compensation, certain long term incentives such as:
    - a. Certain additional increments
    - b. Additional bonus; and
    - c. Addition incentives may be included in-addition to the regular increments and incentives.
  4. Career development is considered to be the vital parameter of the central HRD system of 'ABC' Grameena Bank. For want of career develop of the employees in 'ABC' Grameena Bank a continuous carefully planned efforts on the part of the individual employees of 'ABC' Grameena Bank are inevitable and the same can be left to the discretion of the management of 'ABC' Grameena Bank. Further, creation of continuous awareness about the career development among the employees by the management would also help the employees for career growth and development.
  5. Proper feedback observation and short coming in their job should be positively informed to the particular employees and an opportunity should be given to the employees to combat such deficiencies in future. The HRD wing of the bank should always maintain cordial relations with the employees without showing any authoritarian attitude towards the employees and also it should counsel and guide the from time to time for career development.
  6. Higher level officials like H.R. manager / Personnel and Secretarial officer/ Industrial Relations Officer / General Manager of 'ABC' Grameena Bank at various levels should periodically be imbued the importance of career development into the minds of employees, so that they would be able to extend peaceful environment to the employees working with them.
  7. The management of 'ABC' Grameena Bank should extend financial, social psychological and moral support for the employees such as:
    - a. Interest free educational loans for the employees to upgrade their academic and professional qualifications
    - b. According of permissions for pursuing of higher educational qualifications would help the employees to build career and
    - c. Constant psychological encouragement of the management would help these employees to become vigorous to encounter the employment challenges and career hurdles.
  8. Opening of career guidance cell within the premises of the head office of 'ABC' Grameena Bank would help the employees to receive counselling from the centre and to mould their careers as useful to the present day banking

needs. Further, appointment of a professional counsellor for this counselling centre would create awareness about the various career growth and developmental programmes and the employees would show more inclination towards the proposed counseling centre for joining in it. This would be really a boon for the career development of 'ABC' Grameena Bank employees.

## REFERENCES

1. Annual Reports of concerned Grameena Bank, Chittoor 2011-12, P.6
2. Ibid.P.7
3. <http://www.prathibhaplus.com/Articles.ASPX?Articles I.D 2006, P.1>
4. Ibid. P.167
5. Ramesh M: "Human Resource Development", Serial Publications Pvt. Ltd., New Delhi, 2012, PP.1-2.
6. Amit Madhab Battacharya., Role of Industrial Labour in Economic Development", Criterion Publication, New Delhi, 1986.
7. Muralidhar J., "HRD Manager – Excellence in Super Vision", Indian Journal of National Productivity Council, Vol.9, No.1, Jan-Feb, 1993, pp.15-16.
8. Priyanka Khanna., "Human Resource Development in Banking Sector", 2008, www.google.com
9. Rupesh S Shah and Jayshri Chabvan., " A Study of Effective HRM Practices in Banks for Better Administration", 2010, www.google.com
10. Chandra Sekhar S.F., "Towards a model of Human Resource Development in Banks", Indian Journal of Training and Development, Vol. XXIII, No.4, Jul-Aug, 2011.
11. Kilan I.K and Neeraj Kumari., "Career Planning and HRD Climate – A major HR Challenge for Public Sector Banks in India", Asian Journal of Multidimensional Research, Vol.1, Issue 7, Dec, 2012, pp.60-82.
12. Kulshreshtha, Monika and Tripathi, SK ., "HRD Intervention in Indian Banking Sector and their implication on employees managerial effectiveness, A Study of Selected Public and Private Sector Banks", Unpublished Thesis in V.B.S Purvanchal University, Gujarat, 2013.

