

An Overview of Recruitment, Selection, Training and Development Related to Public Sector Banks

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Abstract - The backbone of Indian financial system is the public sector banks. The public sector banks were nationalized in the 1969. The period of economic reforms started in 1991 with the New Economic Policy (NEP). These permitted entry of new private sector banks and foreign banks in India. Thus the era of cut throat competition began in the banking sector. The management of people is essential for organization. Human resource management is important for banks because banking is a service industry. The key to survival for any service industry and for that matter banks is its ability to integrate crucial components, technology and people. The question arises here as to how manage human resource in public sector banks? The answer is through planning, acquiring right people and developing people. This can be achieved through various HR practices such as recruitment, selection, training and development in PSBs. Added to this there is a major challenge in front of the PSB increasing Non Performing Assets. The public sector banks have IBPS for the recruitment and selection of 29 PSBs for various posts such as probationary officer, clerks, specialist officers, etc. And added to it SBI recruits thousands of employees each. Mere recruitment and selection of employees will not help in competition with the private sector banks but training and development of the employees is crucial for the PSBs. There are various banking and related institutes such as NIBM, the STU, and gramin banks which are providing training and development in this field.

Keywords: service industry, public sector banks, crucial components, probationary officer, institutes, recruitment, selection, employees

I. INTRODUCTION

Human beings are rational animals. They can think, analyze, react and behave in various ways. Management of people is essential for organization. Its function is to give emphasis to human resource organization and to bring in the most recent development in the field and it tries to relate how these developments are relevant to the organization. Since privatization, globalization and information technology have come into existence the world has become a global village. Indian organization is waking up to the challenges thrown in by the global as well as local economy. Managers are in pressure to survive in this cut throat competition and are constantly trying to increase productivity, improve the quality, cut down waste and eliminate inefficiency.

Organizations are becoming aware of the fact that human resource is quintessential. The dynamic people around the world can build dynamic organizations.

H Koontz has defined management "It is the art of getting things ne through and with people organized with formally organized groups."^[1]

David Decenzo & Stephen P Robbins defined HRM "A process consisting of four functions acquisition,

development, motivation and maintenance of human resource."^[2]

Human resource management is the foundation of the organization be it industrial sector or the banking sector. Its basic elements are recruitment, selection, training and development. The first stage of acquisition function is recruitment. It is the process of searching for and obtaining candidates for jobs. It is a positive process, thus encouraging more and more people to apply for jobs.

David defined recruitment "Recruitment is the discovering of potential candidates for actual or anticipated organizational vacancies. It is a linking activity bringing together those with the jobs to fill and those seeking jobs."

The next process in the acquisition function is the selection. It is done to fill the vacancies with required employees. Selection process is mainly about picking the right candidates from the pool of applicants. Several factors influence the selection process. These can be demand and supply of specific skills in the labor market, employment rate, legal and political consideration, HRP etc. According to Koontz "Selection is the process of choosing from among the candidates from within the organization or from outside, most suitable person for the current position or for the future position."

Earlier there were concepts of profit maximization of organizations but nowadays these have been changed to attaining and sustaining competitive advantage by wealth maximization. Competitive advantage depends upon knowledge and skill possessed by the employees. Training and development are the need of the hour. Training and development refers to imparting specific skills and knowledge to the employees.

Banking sector is the consumer based service sector. Globalization has brought integration of various economies of the world leading towards the emergence of cohesive global economy. [3] With the advent of globalization, privatization and liberalization many private sector banks have entered in the banking sector leading to keen competition in the market. As India is a developing country, the role of public sector bank has become the integral part of uplifting of the poor people.

PSBs are the backbone of Indian financial system. PSBs have come a long way under the total Government, ownership and administered regulation from Reserve Bank of India; since their nationalization in the year 1969. These banks have been changing their focus from deposit mobilization to profit planning, to NPA management to computerization, etc.

II. MATERIALS AND METHODS

The materials are books on management, articles, newspaper articles, monthly bulletins and internet. The method of data collection is from secondary sources such as books, newspaper articles, and internet.

III. RESULT AND DISCUSSIONS

Recruitment forms the first step of acquisition function. Recruitment is the process of searching for and obtaining applications so as to build a pool of job seekers from whom the right people for the right job is selected.

The purpose of recruitment is to build a pool of applicants. It represents the first contact a company makes with the potential candidates (future employees). The external as well as the internal factors govern the recruitment process. Labor -market conditions, demand and supply of specific skills, unemployment rate, legal considerations; etc are the main external factors. The internal factors include recruiting policy of the organization, HRP (human resource planning), decision to have temporary and part-time employees, growth and expansion phase, size of the organization, etc.

Training has developed into a universally recognized as continuous process of direction, correlation and improvement at every level of performance (Sarkar, 1978) and it is integral part of work and development of every organization, large and small.

When T&D is being discussed education comes in automatically "Education is the understanding and interpretation of knowledge." - (Memoria)

"Training is the process by which manpower is filled for the particular jobs to perform." (Yoder)

"Development is an inclusive process with which both managers and individual employees are involved. It offers opportunities to learn skills, but also provide an environment designed to discovering and cultivating basic attitudes and capabilities and facilitating continuing personal growth."(Yoder)[4]

Training is essential because technology is developing at a fast rate. Systems and practices get outdated due to new discoveries in technology, including technical, managerial and behavioral aspects. There is a need to have an integrated approach to training and it should be an integral part of the human resource development system of the organization.

Training and development need = Standard performance - Actual performance

Training and development program, help remove deficiencies in employees. This is true when-

- 1) Deficiency is caused by a lack of ability rather than a lack of motivation to perform,
- 2) The individual involved have the aptitude and motivation need to learn to do the job better, and
- 3) Supervisors and peers are supportive of the desired behaviors.

There is greater stability, flexibility and capability for growth in an organization. After undergoing training employees become efficient. Efficient employees contribute to the growth of the organization. Growth renders stability to the workforce. Further trained employees tend to stay with the organization. Training makes employees versatile in operations. Growth indicates prosperity, which is reflected in increased profits every year.

Dissatisfaction, complaints, absenteeism, and turnover can be reduced if employees are trained. Future needs of employees will be met through training and development programs.

A company's training and development pays dividends to the employee and organization. Though no single training program yields all benefits, the organization which devotes itself to training and development enhances its HR capabilities and strengthens its competitive edge.

Statistics extracted from the Human Dimensions of Liberalization - A Survey Report further demonstrate the importance of training and development. The report reveals that 78 percent of the organizations surveyed had formal training departments.[5] Expenditures on training have been

rising. More expenditure has been incurred on developing managers than on training workers. Almost 45 per cent of the organizations today are incurring 20 per cent more expenditure than they did previously on the training of middle and junior level managers, whereas only 37 per cent are doing the service for the workers.

In developing countries such as India, government, trade unions and others exhort companies to put training high on agenda but companies are not obliging to it. However banks being service-oriented organization were the first ones to feel the need for developing human resources. The goals of banks have been changed from class-banking to mass banking thus changing the role of employees too. Say for example, the role branch manager changed from earlier manager of money to that of development catalyst.

The harsh reality in India is that of its 666,000 cities, towns or villages with a population of 1000 or more only 5% have a commercial bank branch. [6] While there may be 900 million mobile phones operating in a population of 1.2 billion people, Anand Sinha, deputy governor of the Reserve Bank of India, says that India is largely under banked. Only 13% of the population has a debit card. For credit cards that numbers shrinks to just 2%. India's banking base is shockingly low.

PS Shenoy (Chairman & MD, Bank of Baroda, Mumbai, 2000-Becon), said that public sector banks got first shock of reforms, in terms of the new norms for income recognition, asset classification and provisioning in 1992-93 and suffered, when 13 out of 20 nationalized banks, posted a net loss. [7] The key to survival for any service organization and for that matters banks is its ability to integrate three critical components, viz. Customer, People and technology. Enhancing the customer base, cross selling of products and services and strengthening the customer relationship management will be the most important aspects of bank's functioning. "People" are the real strength of the organization which will give it in the competitive advantage. Training, retraining talented and committed staff is going to be a major challenge before the public sector banks. Public sector banks need operational freedom and autonomy.

Mr. K Upadhyaya said in 2010, that public sector banks were instrumental in reaching out poorest of poor and had suggested to students to consider working in public sector banks, where there is huge opportunity is for youngster. As around 70% of the employees would be retiring in the next five years.[8]

Selection process of public sector banks is based on written test (objectives+ descriptive) and interview test. The objective test includes –

- (a) Test of reasoning
- (b) Test of quantitative Aptitude

(c) General awareness

(d) English language.

Descriptive test is taken to assess the knowledge of socio-economic development and communication skills. In interview shortlisted candidates from the written test are called. The final selection is based on the scores of written test and the interview.

Business standard had reported in January 2010 that Indian Bank Association had been planning a common test for job aspirants in PSB.

IBPS is an autonomous agency in India, which started its operation in 1975 as Personnel Selection Services. In 1984, IBPS became an independent entity at the behest of RBI and public sector banks. IBPS is envisioned as self-governed and research oriented institute, with a mission of enhancing human-resource development through personnel assessment.

In the 2011, IBPS announced a Common Written Examination (CWE) for the recruitment of officers and clerks in Indian banks. IBPS CWE is mandatory for anyone who seeks employment in 29 public sector and RRB. IBPS periodically accepts exams applications from candidates at their websites, and the exams are organized at various locations in the country in online mode. Aspirants have to go through an interview process after passing through online test. On the basis of interview, candidates are placed in RRB.

The governing body of IBPS consists of nominees from RBI, Ministry of Finance Government of India, National Institute of Bank Management, representation of public sector banks, Insurance and academics. IBPS RRB and Specialist Officer are two phase processes, while IBPS PO and Clerk consist of three stages. The first stage is common written examination, followed by interview (second) and the third is final placement.

Training & development in banks and various related institutes are conducted. These are NIBM, Strategic Training Units of SBI, training conducted in Gramin Bank, etc.

1. NIBM (National Institute of Bank Management) [9]

It is the centre for learning, training and development of banking professionals. It has various functions such as education and training of senior bankers, development of financial administrators consultancy to banking and finance sectors. It is also into research (operation & financial sector).

In the year 2003, a postgraduate program in banking and finance (PGPBF) had been started in the institute. The PGPBF is designed as innovative, contemporary, rigorous and practical of management education. The PGPBF has been renamed as Post Graduate Diploma in Management

(banking and financial services)-PGDM (B & FS) following recognition by AICTE, from 2013 onwards. This program attracts young and talented executives, who already are trained in fundamentals of banking. These talented candidates are ready to take managerial responsibilities in banking and financial sector. The institute publishes two quarterly journals namely Prajanan and Vinamaya.

2. Strategic Training Unit (STU) of State bank of India^[10]

The SBI is making arrangement to make its employees attend a two-week training program once in 18-24 months. The major focus of STU is upgrading the skills of employees. This is because of major expansion of workforce in recent years and competitive environment.

The STU is linked with over 50 learning centers and four apex training units in SBI located in different parts of the country. It is reviewing skill requirement for the bank and examining the resources and capabilities. The basic idea is to consolidate entire training process for undertaking skilling and re-skilling of the employees. It will be done through e-learning. However STU has designed over 150 e-learning course- modules in key areas such as risk management, treasure handling or credit proposals and also the front office management.

The infrastructure of the unit is owned by the SBI. The unit over 400 full-time faculties in addition to the many visiting experts. Training huge staff incurs huge some of expenditure. The SBI is one of the largest employees. The main focus of STU is to provide training to at least 1.2 lakh employees in a year.

3. Training and development in Gramin Bank-Haryana^[11]

The Gurgaon gramian bank has its own training center, Rural Bank Training Centre. The training center conducts program in the various subjects human resource management, recovery management, credit management, finance, etc.

Generally the gramian banks help the entire households in rural area and organizes their financial lives is to give them access to both –

- (1) Safe and convenient place to store and access their money and
- (2) Flexible loan products which enable them to access credit when they need it.

The thrust area of the bank is to include all rural poor, totally into the formal Banking systems through financial inclusion. The bank has played vital role by implementing Central and State Government's Debt Relief and Debt Waiver scheme and extended relief to farmers who were distress.

IV. CONCLUSION

With the onset of liberalization, privatization and globalization today's market is giving tough competition to the PSBs.

Reforms in the Economic, trade, industrial and financial sectors have brought change in the environment in which banks have to operate today. The public sector banks should deal with inability to respond quickly to changing environment and human resource development. The 29 public sector banks and the SBI (and its subsidiaries) are hiring thousands of probationary officers and clerks every year. To manage and maintain such a huge workforce recruitment and selection of right employees is essential. And training and development of the employees is the need of the hour. Added to these one major challenges of the banking sector (PSBs) is NPA The government has announced Indradanush plan to deal with NPAs.

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