

# Human Resource Management (Hrm)

## Trends In State Bank Of India

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21<sup>st</sup> century human resource is emerging to uniquely combine activities and processes of human resource management (HRM), human resource development (HRD), and organizational development (OD), three fields that “grew up” distinct from each other. Contributing strategically to organizations demands that HRM, HRD and OD coordinate, partner and think innovatively about how they relate and how they do impacts people and organizations. An organization is made up of a number of people who strive to achieve the organization’s goals. Human resources have a significant bearing on the profitability, efficiency and overall organizational effectiveness. Human beings differ from one another in their basic mental abilities, skills, approaches, qualifications and also behaviour which account for their complex behavior patterns and psychological makeup. Such difference gets multiplied when they interact with one another in a group or in an organization. This generates different styles of management, values, feelings, beliefs and opinions of the employees. They must be groomed in order to take risks, think innovatively, and handle new problems. In the competitive environment, employees of any business organization are the key factor for deciding the success of the firm, in general, and cooperatives in particular. It is understood that banks approach human resource management (HRM) from the wrong perspective and their financial performance suffers as a result.<sup>1</sup>

The banking sector has been an instrument for the economic development of any nation and its role in a developing country like ours is of vital importance. The banking activities worldwide are undergoing

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rapid diversification. Technological changes have become the very essence of the banking sector and the Indian Banking Sector is also prone to these changes. In order to maintain their status in the competitive environment, banks have to concentrate in developing their human resources. In any organization, the quality and amount of productivity mainly depends on the skill and interest of its employees. Therefore, every business organization should take the lead for upgrading the skills and knowledge of its employees for the mutual benefit and progress. In this direction “Human Resource Management (HRM)” is an essential process for every organization in order, to optimally utilize its human resource and in turn to attain its designed objectives.<sup>2</sup>

The need of HRM trends for banking sector growth arises mainly due to the following reasons.

1. The dearth of capable managerial manpower and a greater need in the future increase the competition for available talent.
2. The continued growth and development of business, coupled with increased complexities such as the problems of size, technology and competition, add further pressures.

Similarly, the need of HRM trends is more in service oriented institutions like commercial banks. An efficient and effective banking system helps the process of economic development of any nation as per its priorities. It functions as catalytic agent for bringing economical, industrial and agricultural growth and prosperity of the country. A banking institution is said to be functioning efficiently, only when the objectives of sound banking system are achieved effectively. These objectives can be achieved only when the employees of the bank are trained, satisfied and motivated by the management for the contribution towards productivity and overall effectiveness of the bank. Thus, the efficiency and effectiveness of commercial banking would depend upon how best the management has taken care of the development of its employees working in their institution.<sup>3</sup>

### The Problem

The problem of the study can be specifically stated as: “**HRM trends in State Bank of India**”.

### Objectives of the Study

To examine the Human Resource Management trends such as business, profits, deposits, advances, cost and establishment expenses (per employee) in State Bank of India.

### Human resource management (HRM)

The term 'human resources' may be defined as, the total knowledge, skills, creative abilities, talents and aptitudes of an organisation's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organisation. It is the sum total or aggregate of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in an organisation. Several terms have been used by various management thinkers to represent human resources. These include 'personnel', 'people at work', 'manpower', 'staff' and 'employees'. Whatever may be the term used, the human resources of an organisation include all individuals engaged in various organisational activities at different levels. From the national point of view, human resources may be defined the knowledge, skills, creative abilities, talents and aptitudes obtained in the population; whereas *from the viewpoint of the individual enterprise*, they represent the total of the inherent abilities, acquired- knowledge and skills as exemplified in the talents and aptitudes of its employees". These resources, 'human factors', which refer to "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components". Thus, human resources are multidimensional in nature. They work in the organisation for the fulfilment of their needs. These needs may be physiological, social and psychological.<sup>4</sup>

### Review of Literature

**Supangco (2001)**<sup>5</sup> studied the relationship between sophistication of HRM plan and perceived organizational performance; the relationship between sophistication of HRM plan and the degree to which companies undertake practices with high strategic value; and the relationship between strategic value of human resource activities and

perceived organizational performance. The researcher has focused on HRM systems that have great strategic value. Findings of the study supported all the hypotheses that all the three relationships were positive and significant.

**Tiwari, D. (2003)**<sup>6</sup> has discussed in his book "Human Resource Management practices- Concept and Cases", the basic of human resource management in general and its main practices in particular. In this study observed that direction of HRM efforts in banks has to be on competence, development of utilization of competence, motivation for public service, integrity and character building, building self discipline and team work. As service organizations, banks have no other way out to fall back upon better utilization of human resource for increasing productivity and profitability. The author has based his study on HRM practices adopted by Kalapur Commercial Co-operative Bank Ltd. Ahmedabad and analysed its relationship among morale motivation, commitment, work culture, industrial relations, work behaviours and social relations in the organizations.

**Anu Shellee (2012)**<sup>7</sup>, 'Effectiveness of human resource management practices in banking organizations, 'Banking in India has evolved through distinct phases and each phase could be separated from the other by a landmark development in the sphere of Banking Sector. The present Study dealt with detailed Literature Review which reflected that Human Resource Management has moved more closer to the centre stage and has evolved as an innovative approach towards managing the employment relationships. There existed a broad consensus among Researchers that Human Resource Strategy are translated into action through practices and Human Resource Strategies are formulated keeping in view the business objectives. The present Study focused on Banking Industry in India, thus the population for the Research was the bank employees in Delhi along with those from Banks headquarters located in Mumbai. The collective opinions and experiences of the Sample Respondents were assembled, tabulated, and classified to draw meaningful inferences and were presented in a textual format coupled with Human Resource action plan and practices. Further keeping in

mind the main findings of the Study for effectiveness of Human Resource Practices, the recommendations were outlined.

**Muniraja Sekhar, et.al. (2014)<sup>8</sup>**, This study review of human resources management in the banking sector in India particularly in Public Sector Banks with consideration of five important indicators of banking sector such as job analysis, recruitment and selection, training and development, performance appraisal and compensation. As a result, the suggestions will support proper implication of human resources management practices in the Indian public sector banks.

**P Ramakrishna & Dr. K Srinivasa Rao (2017)<sup>9</sup>** found that the Indian banking system consists of public sector banks, private sector banks, foreignowned banks, regional rural banks and cooperative banks. The performance of any industry is dependent largely on the efficiency of its employees and Indian banking industry is no exception. Contemporary organizations are competing for a larger market pie by employing various strategies and human resources are being considered as a strategic partner with far – reaching transformational roles and responsibilities. It was found that the HRM practices in the Indian banking industry have evolved over a period of time and the HRM practices of Indian private sector banks are marginally better than the Indian public sector banks.

### Results and discussion

The following table highlights various indicators showing the bank's growth relating to its human resources have been discussed in terms of branch network, number of branches, staff strength, business per employee, profit per employee, establishment, cost per employee, deposits per employee and advances per employee over the period of study. The data has been analysed by calculating average and compound average growth rate. We observed that in State Bank of India staff strength number was 217513, number of branch 15767, deposits per employee Rs. 8.33 crore, advances per employee Rs. 5.44 crore, average business per employee was Rs. 10.90 crore, profits per employee was 0.05 crore, cost per employee Rs. 0.10 crore, establishment expenses per employee Rs. 0.66 crore during the period of 2011-12 to 2015-16. Table shows that in State Bank of India CAGR % business per employee was 12.07,

profits per employee was 0.00, staff strength number was -0.73, number of branch 3.54, deposits per employee 11.47, advances per employee 11.80, cost per employee 8.45, establishment expenses per employee 11.97 during the period of 2011-12 to 2015-16.

**Table : 1**

### Indicators Showing State Bank's Of India Growth With Right To Its Human Resources (From 2010-11 To 2015-16)

Year	Staff Strength (Number)	Number of Branches	Deposit per Employee	Advances per Employee	Business per Employee	Profit per Employee	Cost per Employee	Establishment Expenses per Employee
1	4	5	6	7	2	3	8	9
2011-12	215481	14270	4.84	4.03	7.98	0.03	0.08	0.50
2012-13	228296	15002	5.87	4.58	9.44	0.06	0.08	0.53
2013-14	222809	16039	6.26	5.43	10.64	0.03	0.10	0.65
2014-15	213238	16524	7.39	6.10	12.34	0.06	0.11	0.76
2015-16	207739	16982	8.33	7.04	14.11	0.03	0.12	0.88
Average	217513	15767	6.54	5.44	10.90	0.03	0.10	0.66
CAGR%	-0.73	3.54	11.47	11.80	12.07	0.00	8.45	11.97

**Sources:** State Bank of India various Annual Reports.

The table 1 given above indicates the important changes that took place in State Bank of India during the study period in the areas such as staff strength, number of business, deposits per employee, advances per employee, business per employee, profits per employee, cost per employee and establishment expenses per employee. These are described as under–

**Staff Strength:** The staff strength of the bank has been fluctuating has been observed.

**Number of Branches:** The number of branches has increased substantially during the period 2011-12 to 2015-16 which speaks about the high volume of market coverage made by State Bank of India. There has been a record increase of 458 branches in 2015-16 over the years 2014-15.

**Deposits and Advances per Employee:** No doubt, there has been a constant increase in the deposits per employee and advances per employee during the whole period of study.

**Advances per Employee:** No doubt, there has been a constant increase in the advances per employee during the whole period of study.

**Business per Employee:** It can be inferred from the data that business of the Bank surged gradually during the study period.

**Profits per Employee:** The profits per employee also grew from Rs. 0.05 crore 2011-12 to Rs. 0.06 crore in 2012-13. However, it came down to Rs. 0.05 crore in 2013-14, and moved up to Rs. 0.06 crore in 2014-15, again came down to Rs. 0.05 crore in 2015-16.

**Establishment Expenses:** The establishment expense per employee of the bank has been constantly decreasing during the whole period of study except the year 2015-16.

**Conclusion:** On the basis of the above analysis it can be said that although the Bank is fetching a good business, yet its advances to deposits ratio is a matter of grave concern which can be tackled by way of opening more branches. The Bank recognizes its employees as the most vital and valuable asset. The strength of employees including those in the subsidiaries at the end of financial year 2015-16 stood at 207739 as decreased compared to 213238 on 2014-15 and 215481 as on 2011-12.

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