

# Issues & Challenges In Acquiring Core Competence In Human Resources- A Study On HRM With Special Reference To Commercial Banks In Erode District.

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## ABSTRACT

*In the globalization context, the working environment is highly competitive , complex and attractive . Consequently , dealing the qualified and competent employees has become a real challenge of the day for human resources managers. The rule of thumb has become absolute and redundant. The needed perspective is to have right people for the right jobs. This mantra offers every organization an edge with management experts the term “ competitive advantage or core competence “ to survive and to thrive in the competitive business environment. Banks are basically human organizations. They employ large number of people in the society so as to fulfill their own organizational and national objectives. The most important source of a service organization is its employees. So the principal task before banking management is the utilization of human resources to the optimum for better results in banking. This paper is an attempt to study the human resource management in general and the human resource issues specific to the banking industry. The present research is an exploratory research designed to investigate the human resource management practices in the commercial banks in the Erode district, Tamilnadu, India. Data were gathered on structured questionnaire from 250 employees working in public sector banks in Erode district. The research revealed the level of satisfaction among employees, awareness on organizational policies and different dimensions of HR practices in the commercial banks.*

## Introduction

Of all the living beings on earth, human beings possess a special skill of making use of non-human resources. It is men who makes all the differences in an organization. L.F.Urwick had remarked that” business houses are made or broken in the long run, not by market or capital patterns or equipment , but by men” . Human Resources are the most heterogenous in the sense that they differ in personality, perception, emotion, values, attitudes, motives and modes of thought. Their behavior of stimuli is often inconsistent and unpredictable, while other resource depreciate human resources appreciate with the passage of time. Some distinguished features of modern human resources are they are better educated, more skilled , better aware of their interest and increased sincerity.

In the globalization context, the working environment is highly competitive , complex and attractive. Consequently , dealing the qualified and competent employees has become a real challenge of the day for human resources managers. The rule of thumb has become absolute and redundant. The needed perspective is to have right people for the right jobs. This mantra offers every organization an edge with management experts the term “ competitive advantage or core competence “ to survive and to thrive in the competitive business environment.

Banks are basically human organizations. They employ large number of people in the society so as to fulfill their own organizational and national objectives. The most important source of a service organization is its employees. So the principal task before banking management is the utilization of human resources to the optimum for better results in banking. This paper is an attempt to study the human resource management in general and the human resource issues specific to the banking industry. The present research is an exploratory research designed to investigate the human resource management practices in the commercial banks in the Erode district, Tamilnadu, India. Data were gathered on structured questionnaire from 250 employees working in public sector banks in Erode district. The research revealed the level of satisfaction among employees, awareness on organizational policies and different dimensions of HR practices in the commercial banks.

**CONCEPTS – An Overview of Human Resource Management****EVOLUTION OF HUMAN RESOURCE MANAGEMENT**

<b>Time Period</b>	<b>Human Resource Focus</b>	<b>HR Activity</b>
Before 1890	Industrial Technologies	Disciplinary System
1900 - 1910	Employee's - Well Being	Health and Safety Programmes
1920s	Task Design, Efficiency and Impact of Work Groups on Individual Working	Time and Motion Studies, Employee, Counselling and Testing
1930s	Union at Work Place, Passage of Major Labour Laws	Communication Programmes, Anti Union, Personnel Becoming Staff Support to Operational Line Units
1940s	Employees Benefits and Compensation	Wage Increases, Cost of Living Adjustment, Pension Health and Other Benefit Plans
1950s	Employee Relations, Specialised Personnel Function	Training and Development for Separate Divisions Within Personnel Establishment, Recruitment, Labour Relations Training, Benefits Etc.
1960s	Employee Participation	Employee Involvement, Management by Objectives, Quality Circles, & Sensitivity Training
1970s	Government Intervention	Employee Rights Issues now regulated in areas of discrimination, equal opportunity, safety, health and various benefit reforms
1980s	Employee Recognition	Enrichment of employee knowledge, skill and ability through : job rotation formation of integrated task teams out placement
1990s	Changing demographic of workforce technology	Diversity programmes Employee rights issue Global perspective informational technology
2000 and above	Strategic Human Resource Planning	Transition from service and support to consultative and leadership roles

**Source :** Michel Losey, "Human Resource Comes of Age", Human Resource Magazine, Vol.43, 1998, 40-52

**SHIFTS IN HUMAN RESOURCE MANAGEMENT IN INDIA**

<b>Traditional Human Resource Practices</b>	<b>Emerging Human Resource Practices</b>
Administrative Role	Strategic role
Reactive	Proactive
Separate, isolated from company mission	Key part of organisational mission

Production focus	Process based organisation
Functional organisation	Cross functional teams, teamwork as most important
Individuals encouraged, singled out, for praise, rewards	People as key investment assets
People as expenses	

### Issues and challenges in banking industry.

Banking has become a vital instrument in the economic development of the country. Until the nationalization of banks in 1969, the place of growth in the banking industry, both in terms of business and banking expansion was considerably low, after the nationalization of this sector, banking embarked up on development programmes.

Banks are basically human organization. They employ large number of people in the society so as to fulfill their own organizational and national objectives. So, the principal task before banking management is the utilization of human resources to the optimum for better results in banking.

### Challenges in front of the banking industry are

- Technological innovations
- More formal education in banking
- Demands of the government
- Trends in the employee role
- Changes in the values of work force
- Demand of employees and
- Change in the structure of employment

### SPECIFIC ISSUES FOR INDIAN BANKING INDUSTRIES

• High level of concentration of banking business within the public sector bank group
• Clearing the huge overhang of NPAs
• Introduction of proper debt. Recovery laws including bankruptcy procedures and insolvency laws
• Dilution of government ownership in public sector banks
• Exit policy for enterprise
• Establishment of Real Time Gross Settlement (RTGS) payment system
• Better internal governance
• Technology absorption
• Rationalisation of branches
• Optimal manpower planning
• Achievement of full market integration

### Objectives of the study

- 1) To study the human resources management in general and in particular to commercial banks.
- 2) To ascertain the level of satisfaction perceived by the employees with regard to human relations and human resources management practiced in commercial banks.
- 3) To suggest better ways and means for bringing core competence and effective management of human resources in commercial banks.

### Limitations

1. The survey was conducted only in erode district of Tamilnadu. Hence the generalization of the finding of the study is subject to limitations.
2. Out of the total number of bank employees in Erode district only 250 respondents were selected.

### Methodology

In the present study an extensive use of both primary and secondary data were made.

### Sampling design

For collecting primary data, field survey technique was employed in the study area. The sample size is 250 which is collected from selected commercial banks in the Erode district.

They are Canara Bank (50 respondents), Union Bank of India (15 respondents), Bank of India (15 respondents), Central Bank of India (15 respondents), Punjab National bank (15 respondents), Corporation Bank (15 respondents).

The primary data was supplemented by a state of secondary sources of data.

### Tools of Data Collection

The researchers used a well constructed questionnaire to collect the primary data. The data thus collected were sub dued into the simple tabular form. Appropriate statistical tools like percentage, average, range, SD, two way table and chi square test were employed.

### Factors Influencing to Satisfy Employees on HRM Practices

In this study an attempt was made to identify the level of satisfaction perceived by employees of commercial banks on HRM practices which includes system of selection, Effectiveness of Training, Promotion policy and reward, Performance Appraisal, Employee participation, Compensation, Career planning, etc. For the purpose of the study the level of satisfaction perceived by the employees was taken as dependent variable and the independent variables were the age, sex, marital status, education, designation, length of service, income, type of family, wealth position and awareness.

#### AGE AND LEVEL OF SATISFACTION ON HRM

S.N O	AGE	NO. OF RESPOND ENT	%	AVER AGE	RANGE		S.D
					MAX	MIN	
1	<=40years	59	23.7	58.7	26	77	9.9
2	41-45years	57	22.7	56.2	30	74	9.0
3	>45years	134	53.6	60.7	30	80	10.2
4	Total	250	100				

From this analysis, it is concluded that old age category of respondents perceived maximum level of satisfaction on HRM practices than the young and middle aged category of respondents.

#### AGE AND LEVEL OF SATISFACTION ON HRM (TWO WAY TABLE)

S.NO	Age	Level of satisfaction			Total
		Low	medium	high	
1	<=40 years	12 (22.6)	19 (27.1)	27 (21.3)	58
2	41-45 years	18 (34.0)	15 (21.4)	24 (18.9)	57
3	>45 years	23 (43.4)	36 (51.5)	76 (59.8)	135

	Total	53	70	127	250
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On the other hand, the low level of satisfaction perceived by the respondents on HRM practices was the highest (43.4%) among the respondents of old age category and the same was the lowest (22.6%) among the young category of respondents.

#### AGE AND LEVEL OF SATISFACTION ON HRM

##### (CHI-SQUARE TEST)

Factor	Calculated $\chi^2$ value	Table value	D.F	Remark
Age	13.686	13.277	4	Significant at 1% level

From this analysis, it is identified that there is a close relationship between the age of the respondent and their level of satisfaction on HRM practices practiced in commercial banks.

#### AWARENESS AND LEVEL OF SATISFACTION ON HRM

S.NO	Awareness	No.of respondent	%	Average	Range		S.D
					min	max	
1	low	58	23.2	55.9	33	75	10.2
2	Medium	107	42.8	59.1	26	80	10.2
3	High	85	34.0	61.7	44	80	8.9
	Total	250	100.0				

From the analysis, it is found that the maximum level of satisfaction was observed among the respondents having high level of awareness of corporate policies.

#### AWARENESS AND LEVEL OF SATISFACTION ON HRM (TWO-WAY TABLE)

S.No	Awareness	Level of satisfaction			Total
		Low	medium	high	
1	Low	22 (41.5)	16 (22.6)	21 (16.6)	59
2	Medium	20 (37.7)	31 (44.3)	56 (43.9)	107
3	High	11 (20.8)	23 (33.1)	50 (39.5)	84
	Total	53	70	127	250

#### AWARENESS AND LEVEL OF SATISFACTION ON HRM (CHI-SQUARE)

Factor	Calculated $\chi^2$ value	Table value	D.F	Remark
Age	13.686	13.277	4	Significant at 1% level

From the analysis, it can be interfered that there is close relationship between respondents' awareness on corporate policies and their level of satisfaction on HRM practices.

**Findings**

1. The overall job satisfaction about various stages of their services was studied and it was found that they were having medium level of satisfaction at every stage of their services.
2. It is divulged from the analysis that old aged respondents had perceived the maximum level of satisfaction.
3. It was learned from the analysis that respondents of the offices category had perceived their level of satisfaction of maximum.
4. The employees awareness on various safety and welfare measures, rules and regulations were studied and it was found that respondents having high level of awareness perceived maximum level of satisfaction.
5. The respondents in the male category and the respondents above 25 years of experience perceived maximum level of satisfaction.
6. Further the study highlighted that the respondents of joint family setup had perceived the maximum level of satisfaction than the nuclear style of family.

**Suggestions**

- ❖ In the present competitive environment, the process of decision making shall require intrinsic job knowledge as well as awareness of the extrinsic business environment. It is very much essential to in calculate a "relationship concept" as far as the officers of all bank branches who interface with customers are concerned.
- ❖ For the development of special skills, the area of core competition of each employee shall be identified by close scrutiny of his/her educational and other relevant background.
- ❖ In general the staff encouraged to strengthen their knowledge base. For this purpose, wider participation in the house journal and interactive programmes at various levels may be recommended for utilization.

**Conclusion**

HRM is the most important and key factor in enhancing the capabilities of an organization to deal with all the emerging challenges. Further, the globalization of economy has brought in new challenges for the banking industry due to structural changes, increased competition, technological advancement, customer awareness and expectations etc. A service industry like commercial banking, which in our country is an of intensive man power. The role of managing the human resources has a significant bearing and profitability, efficiency and overall effectiveness of the bank.

