

HUMAN RESOURCE MANAGEMENT PRACTICES FOR ORGANIZATIONAL GROWTH

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HRM IN INDIAN BANKING SECTOR: A PARADIGM SHIFT

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INTRODUCTION

With the existence of Digital Revolution and the rise of the Information Age, the focus of the organisation are changing from physical to intellectual. The key aspects of the new economy are access to knowledge, skills and technology. To achieve a competitive advantage in the new economy, it is important that organisation focus on their intellectual assets, viz., people. An important emerging theme in the human resource management literature is the desire to address the dilemmas in workforce management. This is reflected in a shift away from the tendency to prescribe how to manage employees to an approach that takes a more contingent view of the human management practices considered suitable for particular organization. The key contingency affecting a company's workforce practices is its business strategy. Development of human resources in both public and private sector organizations has become critical in an increasingly knowledge - based globalizing economy. (Analoui, 2007) In particular, human resource capacity building for public service delivery has been recognised by developed, transition, and developing economies under the notion of the 'new public management' reform.

HR ISSUES AND CHALLENGES IN INDIAN BANKING SECTOR

The introduction, during the period of economic downturn, it is a common practice to save money by reducing staff, which may create more problems, as per the magazine *Hong Kong Industrialist* in its article on *Managing Human Resources for an Economic Downturn*. It is easy to view

employee as a commodity and like other inputs of a business, demand fluctuates with the economic cycle. However, employees are much more than just a commodity; they are literally the heart and soul of any business, the essential ingredient of corporate competitiveness. Businesses focusing on the bottom line may have legitimate reasons to cut staff numbers; however staff retrenchment may also adversely impact on corporate competitiveness. The article further discusses that as the essential ingredient of any organization Human Resources (HR) requires prudent handling. During an economic downturn, HR policies would involve assessing whether or not to lay off staff, hunt for new talent as well as how to maintain morale.

Having looked at as to how HR managers should act during the period of recession, now it has to be examined as to how HR could contribute to use the opportunities and key challenges discussed in the sub-heading 4, above as a base for rising from ashes. Although volumes have been written on how to emerge from a slump from an economic perspective, very few have discussed the contribution of HR in this regard. The economic downturn presents important opportunities to strengthen HR management capabilities for companies with strong balance sheets and compelling business models, argues David Bartlett in his article on *Managing Human Resources in a Global Downturn*. He suggests the following:

- Utilizing slack time to engage employees in professional development and technical training programs, which serve both to sharpen

skills and to preserve morale during tough times.

Opportunistic hiring of talented individuals caught in downsizing at weaker enterprises, which augments the company's human capital base for long-term growth.

Promoting cross-divisional and cross-functional collaboration, which improves utilization of human resources and encourages teamwork between employees who previously had little or no contact.

Redefining and expanding spheres of authority and responsibility of star employees, which permits assessment of the leadership potential of individuals who may eventually occupy executive positions in the organization.

Banks are setting up alternative delivery channels to contain operating costs like off-site ATMs, internet banking, telebanking, outsourcing; Technology has become the key driver for enriching CRM and reduction of operating costs. Developing foresight in anticipating changing risk - return relationships, pricing bank's products appropriately by putting in place efficient asset - liability management, and enhancing technical skills to operate modern technology are essential for banks to face the market challenges. The development of the Indian banking system depends on the development of its human resources and its challenges; to study the present study has been undertaken. The main objective of the study is to identify the emerging HR challenges for banks in developing countries, particularly India. Banks in the near future will have to address compensation issues, flexible work schedules, outsourcing and retaining talent. To face the challenge, banks require enhanced skills, new knowledge and behavioral adjustments of human resources.

According to the Hudson Report, (2008) the critical HR challenges are hiring right staff, retaining talent, cutting staff, staff development, salary inflation, external threats, etc. The other challenges

are changing working conditions, re-skilling, compensation etc. Coping with the massive technology adoption programme - change management from employee's as well as customer perspectives. Some of the management concerns are:

- Marketing HR Services
- Human assets
- Man - Power planning
- Talent management
- New approach to Performance Management
- How HR can act as the corporate glue or organizational conscience?
- Making the most of human capital
- Customers - who are they, and what do they want?
- Towards a framework for continuous development and learning
- Challenges facing HR today - attracting, retaining and motivating talent
- Implementing recruitment and resources-based strategies
- Where HR fits in the modern central bank? and
- Managing people and linking with technology in banking operations needs to be prioritized.

REVIEW OF LITERATURE

The literature in the area HRM in Indian in Banking is enormous and the studies vary from simple case studies to different studies. Since it is difficult to review all the works carried out in the area of HRM in Banking Sector, this review is limited to only those studies which are relevant to the objectives of the present study. With this background, review of a few important works is made in the following paragraphs with two important objectives - one, to obtain a clear idea about the theoretical framework and two, to identify the research gap that exists at present.

Wendy Helen Rennie (2003) in his thesis entitled *The Role of Human Resource Management and the Human Resource Professional in the New Economy* studied the Personnel Management and HRM, the living strategy and people-centered

management, intellectual capital characteristics of new economy, the role of HR in the new economy and changes and shift in paradigm. Dr. P. Jyothi and Ms. V. Sree Jyothi (2009) in their research paper entitled **HR Issues and Challenges in Indian Banking Sector** have discussed the major challenges faced by the banks today is to protect the falling margins due to the impact of competition and they have made an attempt to identify few HR challenges in the Indian Banking Context and suggested some of the mechanisms to handle them. Ashok Som (2007) in this article **What drives adoption of innovative SHRM practices in Indian Organisations?** has discussed the crucial role of adoption of innovation in strategic human resource management and how it is becoming increasingly prevalent in both business and academic literature. This article attempts to understand the adoption of innovative Strategic Human Resources practices (SHRM) practices in the Indian Context. It also studies the applicability, generalisability, acceptability and diffusion of practices.

Chundika Ariyawansa, (2009) in his article **Banking on HRM to Bounce Back and Unleash Opportunities under the New World Order** stated the key challenges for business, BRICSs (Brazil, Russia, India and other key emerging economic players will continue to surprise global business, politicizing global business and protectionism, poverty, inequality and the bottom-of-the-pyramid, competitive edge, strategic leadership, unconventional thinking, green approach (green factory) and the role of HR in general. Carina B. Friedmann, Dirk Holtbrügge and Jonas F. Puck (2008) in their Laser Discussion paper **HRM in Foreign Firms in India: A Resource-Based View** describe that currently, foreign firms in India face three major challenges in the field of (HRM): personnel recruitment, development and retention. They adapted the Resource-Based View of the firm (RBV) for HRM and tested with a sample of 80 foreign firms. With the findings they suggested that there is a close relationship between the

employment of HRM instruments shaped according to the RBV and HRM efficiency; hence they help foreign firms in India to positively affect the HRM challenge.

Dr. Pradip N. Khandwalla (2007) in his paper **Transformational Human Resource Management for the Banking Sector: A Research Survey** reported the reasonably good banking coverage, but far behind China, four models of HRM, key HRM-Related Strengths, Weaknesses, Opportunities and Threats, dynamics CEO's Model of revitalization of bank through HRM and HRM initiatives and innovations in Indian Banking. Dennis R Quilter (2000) in his article **e-Learning – A Panacea or a Culture Change** studied the reasons for e-Learning, adopting the correct philosophy and Learning Management and Best Practice. S Jeyavelu (2003) in his paper **Virtual Organization – The HR Challenges** has described the emergence of the organizational virtual ness and changes the HR dimensions. This paper provides a model of HR challenges for organizations in different stages of virtual ness, characteristics of emerging organization forms and changing role of HR due to the changes brought about by the application ICT (Information Communication Technology) Stefan Strohmeier (2007) in his article **Research in e-HRM: Review and implications** has discussed some implications for future research on electronic Human Resources Management. (e-HRM)

Peter Fodor and Jozsef Poor (2009) in their paper **The Impact of the Economic and Financial Crisis on HRM and Knowledge – Management in Hungary and Slovakia – Empirical Research 2008-2009** have studied the knowledge management in the financial and economic global crisis. It highlighted the limitations of research of future related plans in HR. Mikaela Koolhaas (2008) in his paper **Challenges of Human Resource Management in Personnel Interview** discussed the Francisco Food Book with perspective from human resources manager. Forbe. Future Challenges and

HR management, performance appraisal.

-Hall, Steve Moritz

paper **The Impact of e-**

Human Resource

Management Function have described

the HR functions and Human Resource

System. (HRIS) Recent

developments in the technology have

made it possible to create a real-time,

information based, self-service and

interactive work environment.

OBJECTIVES OF THE STUDY

The primary objective of the

study is to examine the burning

issue with regard to the use and the role

of HRM into the Indian Banking Sector.

In this background, the following

objectives tentatively, the objectives of the

study.

To understand the role HRM into the

Indian Banking Sector;

To know the IT innovative and HR

strategies into banks;

To examine the changes and

challenges faced by HR in Indian

banks;

To understand the concept of e-HRM;

To align and examine the factors

influencing the HR strategies and

bank technologies towards employee

relations in India ; and

To offer a few suggestions to improve

the system to reap maximum benefits

from the changing technologies in

HRM and Banking Sector.

SCOPE OF THE STUDY

This study provides a guide to the HR in

Bank and the IT innovation in HR in

India. The present study also covers the

future HRM in banks, Employee relations,

issues, changes and challenges faced by

HRM in the Indian Banks. It provides

various aspects of SWOT analysis in

Indian Banks from the HR context, Rôle

of changing HR in Banks and and e-HRM.

METHODOLOGY USED

This study uses the data from the

available secondary sources on banks. The

data have been mainly drawn from

various magazines, journals, newspapers,

articles, textbooks; reports on HRM and

the data available on the banks from

various sites including bank's own sites.

The study is descriptive and casual in

nature.

LIMITATIONS OF THE STUDY

The present study has certain

shortcomings which are enlisted as under:

➤ This paper examines only the HR in

banks.

➤ This study is confined only to HRM in

the Indian Banking Sector.

➤ The study is purely based on available

secondary data.

➤ No statistics tools are used for the

analysis of the study and

➤ It concentrates only on the role of HR

in banks and challenges faced by HR.

Table - 1:

SWOT Analysis of Indian Banks (In HR Context)

Strengths	Weaknesses
<ul style="list-style-type: none"> ➤ High skilled personnel in middle and low levels in the banks. ➤ Aggression towards the development of the existing standards ➤ Strong regulatory impact by central bank to all banks for implementation ➤ Presence of intellectual capital to face the change in implementation with good quality 	<ul style="list-style-type: none"> ➤ Poor technology infrastructure ➤ Presence of more number of smaller banks that would likely to be impacted adversely. ➤ Poor compensation system ➤ Poor talent management.
Opportunities	Threats
<ul style="list-style-type: none"> ➤ Availability of fresh talent to strengthen the bank operations. ➤ Increasing risk manage expertise. ➤ Need significant connection among business, credit & risk management and information technology 	<ul style="list-style-type: none"> ➤ Inability to meet additional capital requirements. ➤ Huge investment in technologies. ➤ Entrance of foreign banks to capture talent HR. ➤ Increasing the cost of human capital.

Source: Jagannath Mishra and Pankaj Kumar Kalawatia: Basel II: Challenges Ahead of the Indian Banking Industry 2008 SWOT

SWOT analysis indicates number of strengths and opportunities to grow in the competitive direction. However, the weaknesses and threats are also serious and need attention immediately. While there is presence of intellectual capital, there is also a threat of increasing the cost of human capital. Talent management has been neglected over the years. The compensation systems need to be given a fresh look. Technology up gradation and interaction needs to be brought to international standards. The presence of competitions from public and private sphere proves to be a serious threat to performance in banks. Talent acquisition and retention of skilled workforce is posing as the biggest challenge.

Suggestions in realigning Human Resource in the organization:

Positioning a HR policy

The quality of human assets present is the prevailing problem. Very little initiatives have been taken in the last few years in this crucial but significant area. As the demands on the banking system are increasing and its priorities are refocused to create sustainability and profitability, it is time to restructure and position the HR policies in place. This may be achieved by starting with a HR vision, HR goals and aligning these goals with the banks goals and vision. Involvement of the senior level HR personnel in formulation will benefit the process.

HR planning

Human Resource Planning is a process by which the management of an organization determines its future human resources requirements and how the existing human resource can be effectively utilized to fulfill these requirements. It is a system of matching the supply of existing people with opening or opportunities the organization expects over a given period of time. Banks have to suitably realign their existing human resources from surplus to deficit pockets and readjust staffing pattern in a computerized environment. Surplus staff needs to be relocated or reassigned in their job duties. Mobility of the staff is

recommended and this may be attained by negotiating with employees organizational efficiency and productivity. About 70% staff in each bank constitutes clerical and subordinates staff institute of many charges that the industry has faced over the years, essentially the role of this category of staff has remained unchanged. Job re-designing and the role restructuring is recommended at this level in the banking system.

Talent Management

Human Resource undoubtedly plays the most important part in the functioning of an organization. The term resource or human resource signifies potentials, abilities, capacities, and skills which can be developed through continuous interaction in an organizational setting. The interactions, inter - relationships and activities performed all contribute in some way or the other to the development of human potential. Organizational productivity, growth of companies and economic development are to a large extent, contingent upon the effective utilization of human capacities. Hence, it is essential for an organizational to take steps for effective utilization of these resources. Banks have an excellent pool of competent personnel in all the cadres. Such personnel need to be identified, nurtured and motivated through a systematic organizational plan to enable them to accept challenging roles early in the career.

Training and Development

Dynamic and growth-oriented organizations recognize training as an important aspect of the managerial function in a rapidly changing economic and social environment. Training is a continuous and incessant learning process in human resource managerial and interpersonal skills, increase motivation, and improve the effectiveness of people employed in an organization. It also helps to achieve congruence between corporate and personal goals. As the strength of any organization lies in the strength of its people, training is undoubtedly the most important part of organizational renewal

ongoing process. The Reserve Bank of India has established a number of epic training centers to cater to the needs of employees. The focus of the training programmes is on IT adaptation and IT. The private sectors banks have also been very receptive and have augmented their training programme and culture. There is a need to address the various concerns in the security need in order to sustain in the techno driven competitive advantage.

Performance Assessment

To assess the contribution of information systems and learning structure to the bottom line of the bank, the new generation banks are depending upon competency assessment, performance evaluation and skills rating. The traditional banks may also reorient themselves in the above direction.

Transforming the mindset

These changes are creating challenges, as employees are made to adapt to changing conditions. There is resistance to change from employees and the seller market mindset is yet to be changed coupled with fear of uncertainty and control orientation. Acceptance of technology is slow, but the utilization is not maximized.

Facing Competition

Leading players in the industry have embarked on a series of strategic and tactical initiatives to sustain leadership. The major initiatives include. Investing in state of the art technology as the backbone to ensure reliable service delivery, leveraging the branch network and sales structure to mobilize low cost current and savings deposits, implementing organization wide initiatives involving people, process and technology to reduce the fixed costs and the cost per transaction are some of the steps in this direction.

Increasing efficiency

Deregulation has made the banking sector more competitive with greater autonomy, operational flexibility and decontrolled interest rate and liberalized norms for foreign exchange. Increased competitiveness has made it necessary to look for efficiencies in the

business. Hence, banks are facing pricing pressure squeeze on spending and pressure to give thrust on retail assets.

Retaining Customer Loyalty

Customers are reacting to favorably to the value added ofference. Customers have also become more demanding and their loyalties are diffused. Employees need to operate with a more customer centric in their operations.

CHANGING ROLES OF HR

The roles of HR in an organization is changing dramatically with information technology development, turbulent environment, uncertain markets, changing norms of work, society interactions and globalization. A Delphi study conducted by the Workforce identified six broad areas in HR where the greatest change will occur in the next decade as **Work Place Flexibility, Global Business, Work and Society, Work Force Development, Definition of Jobs and Strategic Role of HR**. Ten most important changes that are likely to occur in these six areas were identified and those reflect the virtual ness of an organization are as follows:

- **Workplace Flexibility:** Collaborative Work in a Virtual Office
- **Global Business:** Borderless Virtual Organization - The HR Challenges Business requires a Global Workforce
- **Work and Society:** Working to Live, Not Living to Work
- **Workforce Development:** Constant Learning in a Just-in-time Format
- **Definition of Jobs:** Jobs Get Bigger and Broader, and
- **Strategic Role of HR:** Becoming Leaders, not just Partners.

The role of the HR professional in these emerging organizational forms is changing from the traditional select, train, evaluate and reward to a strategic value addition role through expanded skill set. Michigan University's HR competency research in a survey of ten thousand individuals in 91 firms in 1988 found that the HR professionals had to demonstrate competencies in knowledge of business,

delivery of HR practices and ability to manage change. Most importantly, the ability to manage change was considered more important than the other two combining. In a survey of five thousand participants in global firms in 1992-93, it was found that the HR professionals needed to be more knowledgeable about line functions and be able to send clear messages about organizational goals and directions. The relative amount of time spent on strategic issues escalated while the transactional focus of the leading firms diminished.

The 1997-98 study with five thousand participants found two additional domains of HR competencies of the successful HR professional- culture management and credibility. (Reference: work by Ulrich and associates for all the three studies mentioned above) Dyer (1999) summarizes the core skills of the new H R manager as

- Ability to be a business partner with others in the organization;
- Technical competence in the human resource (HR) function;
- Competence in Organization Development (OD) technologies ;
- The ability to help an organization manage change effectively.

HR AND IT INNOVATIONS

Innovation is an important factor in two key ways for organizations: it plays a role both in radical developments and in smaller; continuous change has revealed a number of different techniques deployed by organizations to either select or promote innovations amongst their workforce. Based on recent evidence, it is said that innovation activities are very important for organizations and that human resources polices must support innovations activities. (Searle and Ball, 2003; 4) Innovation and Innovation and HRM seem to be closely connected with each other. In most of the literature on innovation and its management, there is considerable attention given to HRM issues.(Leede and Looise, 2005; 108) Looise and Van Reimsdijk (2004) gives the concept of HRM innovation (Looise and

Van Reimsdijk, 20004; 284), Chung (1997) addresses specific tools and practices for the role of HR in promoting technological innovation and Sauer (1999) has revealed twelve so - called factor classes that were dominant in the IT literature as potential causes of failure if ignored (Bandarouk and Looise, 2005; 161 162). These three crucial points showing the important of human resources and management in the practical implementation of technological innovations in organization are represented in Table-2 below.

IT innovations explained theoretically, their reflections in the application related to HRM are interrogated with the research which is conducted by IT projects. The researches done showed the importance of human resources and management applications when transferring into a new system. In all the companies examined HRM support is taken to adapt the new system into organization and for the orientation of the human resource. The systems chosen for the companies aimed the best fit for the companies' processes and better efficiency of the human resource.

EMPLOYEE RELATION IN BANKING

Change in the nature of banking clearly have a knock-on effect on employee relations (defined broadly to include industrial relation, communications, training, remuneration policy etc.) as bank move towards being more market driven organizations with a culture consistent with that, and with staff being regarded more as a resource than a cost (Wilkinson, 1990).

The banking sector has been characterized by apparently harmonious industrial relations and has not suffered from the British diseases of industrial action and demarcation issues associated with parts of manufacturing industry. (e.g. Batstone, 1948) Banks have promoted unitarism (Fox, 1996) encouraging an ethos of teamwork, shared interest and loyalty, wanting commitment beyond the cash nexus. While banks are generally seen as having a passive approach to employee relations, paternalism did underpin the system and particularly

important was the system of internal promotion supported by an unwritten agreement between the major UK banks on no poaching. The internal labour market created two categories of

employees: career and non-career which equate to a male/female divide.

Table 2. Managerial and Human Resources Factors for IT Innovation

Operationalisation of HR Practices for an IT Innovation	Tools and Practices for the Role of HR in Promoting Technological Innovation	Managerial Practices for IT Innovation
New Organization and job design	Human-Centered technological philosophy	User involvement
	High-level management individual	Management commitment
New forms of human resource	Worker involvement	Vale bases
New forms of communication and participation	Pilot-level technological projects	Mutual understanding
New forms of performance and reward	Re-organization	Design quality
	Empowerment	Performance level
		Project Management
		Resource adequacy
		Situational stability
		Management process
		Implementation process
Individual differences		

Source: Adapted from Chung (1997), Sauer (1999) (from Looise & Van Reimsdijk 2004), Looise and van Reimsdijk (2004).

e - HRM

The growing attention of companies on the factor knowledge is mainly driven by the evolution of information technology. Information system like epeople at Daimler Chrysler that network information enables companies to get a consistent concept for their knowledge management. E - Human Resources Management (e-HRM) offers the opportunity to automated administrative HR-work and to optimize value creating HR-activities. Three levels of development can be distinguished:

- > Web-presence HR
- > Web-enabled HR and
- > Web-energized HR

HRM is the planning, implementation and application of information technology or both networking and supporting at least two individual or collective actors in their shared performing of HR activities. This concept highlights several crucial aspects of e-HRM. At the outset, e - HRM utilizes information technology in a

twofold manner: First, technology is necessary to connect usually spatially segregated actors and enable interactions between them irrespective of their working in the same room or on different continents, i.e. technology serves as a medium with the aim of connection and integration. Second, technology supports actors by partially – and sometimes even completely – substituting for them in executing HR activities. Hence, information technology serves additionally as a tool for task fulfillment. The planning aspect accentuates the systematic and anticipated way of applying information technology. The shared performing of tasks through at least two actors point out that the sharing of HR activities is an additional feature and underlines the aspect of interaction and networking. The consideration of individual and collective actors takes into account that e-HRM is a multilevel phenomenon; besides individual actors, there are collective actors like groups, organizational units and even whole organizations that interact in order

to perform HR activities. The rapid development of the Internet during the last decade has also boosted the implementation and application of electronic Human Resource Management (e-HRM). Surveys of HR consultants suggest that both the number of organizations adopting e - HRM and the depth of applications within the organizations are continually increasing (e.g. Cedar Crestone, 2005).

In addition, an escalating number of practitioner reports provide anecdotal evidence that e - HRM is becoming increasingly common and may lead to remarkable changes. (E.g. Anonymous, 2001) Consequently, academic interest in e-HRM has increased, as several special issues of HR related journals demonstrate (Stanton and Coovert, 2004; Townsend and Bennett, 2003; Viswesvaran, 2003). In the interim, there is an initial body of empirical research in e-HRM. However, since this research stems from several disciplines and is scattered throughout numerous journals and since initial reviews are not encompassing (Anderson, 2003; Lievens and Harris 2003; Welsh, Wanberg, Brown and Simmering, 2003) the results of these studies remain unclear at present. The purpose of this paper is therefore, to provide a review of this literature and to identify implications for future research that can enhance the understanding of e-HRM. Since it is beyond the scope of this paper, research in adjacent fields, especially in virtual teams (Hertel, Geister, & Konrad, 2005) and e-leadership (Avolio, Kahai, & Dodge, 2000) is not considered.

e - HRM TYPES

Placing the companies' side-by-side allows an overview and comparison. This overview is not intended to classify the e-HRM experiences as *good* or *bad* but to show the differences between what is available in the technical sense for employees and management, and how it was being used in practice at the time of our study. All the companies were and still are working on further developments and further improvements, and therefore this overview has somewhat of a

transitory value. However, the goal of Table 5.6 is not so much the labeling of the type of e-HRM in use, but to compare between the technical state of the e-HRM and the use-state. What is clear is that there is a *gap* between e-HRM in a technical sense (the available functionality) and the use and adoption of it by employees and line managers. The 14 actual usage/adoption lags behind what is possible. An initial response to this observation could be that this is natural: real use always follows behind technical implementation. In our view, this *gap* is more than just a normal phenomenon. As we saw at Dow Chemicals, the time taken for the adoption of e-HRM by users to catch up with the technical possibilities can be around three years! The main explanation for this, in our view, is that starting with e-HRM does not mean that users simply have to learn to work with a new version of a familiar system, but rather that employees and line managers have to be ready, able and willing to pick up responsibilities that were previously someone else's. This really does require a change in mindset!

Table - 3: Comparison between e-HRM in a technical sense (available functionality) and e-HRM in practice

e-HRM technical sense	e-HRM in practice
Transformational	Relational/ Transformational
Operational/ Relational	Operational
Operational/ Relational	Operational
Transformational	Relational
Relational/ Transformational	Operational

Technological optimistic voices want us to believe that from a technical perspective, the IT possibilities for HRM are endless: in principle, all HR processes can be supported by IT. Words are becoming even more provocative when some say that the question whether HR should become digital already is outdated: HR must become digital! According to Trapp, (2001) HR departments are not immune from such trends, in particular

nowadays when they are being pressed to prove their added value to business performance. Jäger (2001) believes that HRM will acquire a new dimension with the emergence of e-business.

CONCLUSION

Human Resource Management trains and develops the skills of employees in the banks. The banking sector has been characterised by apparently harmonious industrial relations. The new emphasis is on the human resource function, a human resources manager was recruited from outside the Bank and appointed in 1987 to design and implement changes in this area. Furthermore, there was to be a human resources committee to oversee such developments and discuss human resource issues (which was one level below the main policy making body of the Bank) HRM contributes to organizational performance in different ways: through sound functional basics, through effective realignment when the external environment changes and by building an organizational context so that the organization can cope up with the dualistic forces. This paper discusses various aspects of HR in banks, role of HRM, Change and Challenges faced by HR in the Banking sector, e-HRM and IT innovatives in HR.

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