

HRM: A CASE STUDY OF HDFC BANK

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ABSTRACT

HRM is the focal point of all the organizations in the present day competitive environment. It is not possible for any organization to achieve its objectives without proper management of human resources because it focuses on “Human Approach” while managing people in the organization. HRM is a people oriented management policy which deals with acquisition, development, motivation and maintenance of human resource to gain competitive advantage inter-alia HRM is a management function that entails “planning, organizing, directing and controlling of activities relating to the development of employees in terms of getting them to acquire traits or skills required to perform their tasks with ease and enthusiasm”. The HR function in banks is not different from that in other organizations. It is a continuous process that seeks to ensure the development of employee competencies, dynamism, motivation and effectiveness, in a systematic and planned manner .as banking industry is also a service industry, human resource is one of the most important factors. Human resource is regarded as blood of any organization without which every other resource is of no use. Management of human resource and management of risk are two key challenges facing banks. Efficient risk management is a failure without efficient and skilled manpower. Banking industry is facing an acute shortage of efficient manpower. Human resources are declining both in quality and quantity. The purpose of this study is to find out the activities and initiatives taken by HDFC bank in recent years. It is an admitted fact that HRM is a gentle approach to ensure that skill of people in an organization should be utilized not only to achieve objectives of the organization but also for growth, development, satisfaction and benefit of its people.

Key Words: Human, Management, Performance, Strategy, Training

INTRODUCTION-HRM

Present concept of Human Resource Management has emerged out of the synthesis of several thoughts. In the history of the management there is no clear and reliable record to throw light on how and when human resource management came in to being. Regarding its origin, the only thing that can be said is that personnel problems must have its birth at the same time when the people have attempted to work collectively. A new class, called manager class came in to being along with employer- employee class in the wake of industrialization. These managers supervise and control the labourers and also function as intermediaries between employers and employees inter-alia the Trade unions was the result of industrialization. Personnel management was the result of efforts put by managers and industrialists in the Western countries. The evolution of personnel management in India was not for the welfare activities but for redressal of grievances and improvement of recruitment system. Thus we can say that HRM is the process of recruitment, selection of employee, providing proper orientation, providing proper training and, assessment of employee (performance of

appraisal), providing proper compensation and benefits. Moreover it is the process of maintaining proper relations with labour and with trade unions, maintaining employee's safety, welfare and health by complying with labour laws of concern state or country.

Human resource management is the process of proper and maximizes utilization of available limited skilled workforce. The core purpose of the human resource management is to make efficient use of existing human resource in the organisation. The Best example at present situation is, construction industry has been facing serious shortage of skilled workforce. It is expected to triple in the next decade from the present 30 per cent, will negatively impact the overall productivity of the sector, warn industry experts. Every organization's desire is to have skilled and competent people to make their organisation more effective than their competitors. Humans are very important assets for the organisation rather than land and buildings, without employees (humans) no activity in the organisation can be done. Machines cannot produce more goods of good quality without the skilled staff and for that recruiting the right people cannot be ignored inter-alia the evaluating performance, resolving disputes, and communicating with all employees at all levels.

In HRM we must treat our employees with respect and dignity because in the most automated factory in the world, we need the power of human mind and for the high quality of minds to work for us we must protect the respect and dignity. Johan F. Kennedy has rightly said that "Our progress as a nation can be no swifter than our progress in education. The human mind is our fundamental resource."

NATURE OF HRM

1. It involves procurement, development, maintenance of human resource
2. It helps to achieve individual, organizational and social objectives
3. Human Resource Management is a multidisciplinary subject. It includes the study of management, psychology, communication, economics and sociology.
4. It involves team spirit and team work because HRM is all about people.
5. It should be action oriented approach and deals with policies or practices for the management people to resolve their problems by balanced policies.
6. HRM is universal in nature and it is present in all types of management i.e. government, business, education, health, recreation or social etc.
7. HRM is directed towards attainment of organization goals by strategic deployment of capable work force and personnel techniques.
8. It is a continuous process. It has to regularly assess the human resources requirement of the organization and plan to meet human resources needs of the organization.

LITERATURE REVIEW

Dr.B.Mathivanan (2013) studied that the past research studies and literature have clearly revealed that prime challenge for top management and HRM functionaries in banks today is to mould the beliefs and values of their employees in favour of HRM Policy and systems. The unions in banks need to modify the traditional role at the work place and start focusing on development roles like a) Initiation of HRM b) Communication c) Education and Training d) Welfare of bank employees) Role in family vocational guidance and f) research. Computerization may reduce employment possibilities although the aments' experiment of computerization has kept the employment in a particular operation.

In Shilpi Singh (2013) studied that Organizations all over are rushing to implement the latest ideas on management, sometimes to the point of overuse. The major challenge now for banks as well as any other organisation is therefore how to develop their social architecture that generates intellectual capital as the quintessential driver of change. Developing the individual or human capacity is an integral element of building capacity and, in fact, capacity building initiatives are now increasingly becoming almost an index of institutional quality. Taking the banking industry to the heights of excellence, especially in the face of the a forehead-detailed emerging realities, will require a combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control and external regulations and, not the least, human resources.

Surya Prakash Rathi Neha Sharma (2014) studied that banking sector is a pillar on which the Indian economy has been based and being a service industry this sector is based on its human resource. To keep the economy growing at a good pace, banking industry plays the most important role and to keep the banking system going, human resource has to be properly managed and developed in such a fast changing and competitive environment. The attrition rate has to be lowered and skilled human resource has to be created and retained

RESEARCH METHODOLOGY

The required data has been collected through primary source by unstructured interview with bank managers and secondary data has been collected through source like text books, Journals, internet and other publication where ever required.

OBJECTIVES OF THE STUDY

To study the practices of HRM and effects of human resource practices in HDFC bank.

HRM-STRUCTURE

HRM is focused on all the aspects of human workforce in an organization starting with manpower planning to employee separation. Human Resource or Personnel Department is established in most of the organizations, under the charge of an executive known as Human Resource/Personnel Manager. This department plays an important role in the efficient management of human resources.

The personnel department gives assistance and provides service to all other departments on personnel matters. Though personnel or human resource manager is a staff officer in relation to other departments of the enterprise, he has a line authority to get orders executed within his department.

HRM-FUNCTIONS

A.) Managerial Functions: The Human Resource Manager is a part of the organizational management. So he must perform the basic managerial functions of planning, organizing, directing and controlling in relation to his department.

1. Planning: To get things done through the subordinates, a manager must plan ahead. Planning is necessary to determine the goals of the organisation and lay down policies and procedures to reach the goals. For a human resource manager, planning means the determination of personnel programs that will contribute to the goals of the enterprise, i.e., anticipating vacancies, planning job requirements, job descriptions and determination of the sources of recruitment. The process of personnel planning involves three essential steps. Firstly, a supply and demand forecast for each job category is made. This step requires knowledge to both labour market conditions and the strategic posture and goals of the organisation. Secondly, net shortage and excess of personnel by job category are projected for a specific time horizon. Finally, plans are developed to eliminate the forecast shortages and excess of particular categories of human resources.

2. Organizing: Once the human resource manager has established objectives and developed plans and programs to reach them, he must design and develop organisation structure to carry out the various operations. The organisation structure basically includes the following:

- (i) Grouping of personnel activity logically into functions or positions;
- (ii) Assignment of different functions to different individuals;
- (iii) Delegation of authority according to the tasks assigned and responsibilities involved;
- (iv) Coordination of activities of different individuals.

3. Directing: The plans are to be put into effect by people. But how smoothly the plans are implemented depends on the motivation of people. The direction function of the personnel manager involves encouraging people to work willingly and effectively for the goals of the enterprise. In other words, the direction function is meant to guide and motivate the people to accomplish the personnel programs. The personnel manager can motivate the employees in an organization through career planning, salary administration, ensuring employee morale, developing cordial relationships and provision of safety requirements and welfare of employees. The motivational function poses a great challenge for any manager. The personnel manager must have the ability to identify the needs of employees and the means and methods of satisfy those needs. Motivation is a continuous process as new needs and expectations emerge among employees when old ones are satisfied.

4. Controlling: Controlling is concerned with the regulation of activities in accordance with the plans, which in turn have been formulated on the basis of the objectives of the organization. Thus, controlling completes the cycle and leads back to planning. It involves the observation and comparison of results with the standards and correction of deviations that may occur. Controlling helps the personnel manager to evaluate the control the performance of the personnel department in terms of various operative functions. It involves performance appraisal, critical examination of personnel records and statistics and personnel audit.

B.) Operative Functions: The operative functions are those tasks or duties which are specifically entrusted to the human resource or personnel department. These are concerned with employment, development, compensation, integration and maintenance of personnel of the organisation.

1. Employment: The first operative function of the human resource or personnel department is the employment of proper kind and number of persons necessary to achieve the objectives of the organisation. This involves recruitment, selection, placement, etc. of the personnel.

Before these processes are performed, it is better to determine the manpower requirements both in terms of number and quality of the personnel. Recruitment and selection cover the sources of supply of labour and the devices designed to select the right type of people for various jobs. Induction and placement of personnel for their better performance also come under the employment or procurement function.

2. Development: Training and development of personnel is a follow up of the employment function. It is a duty of management to train each employee properly to develop technical skills for the job for which he has been employed and also to develop him for the higher jobs in the organisation. Proper development of personnel is necessary to increase their skills in doing their jobs and in satisfying their growth need.

For this purpose, the personnel departments will devise appropriate training programs. There are several on- the-job and off-the-job methods available for training purposes. A good training program should include a mixture of both types of methods. It is important to point out that personnel department arranges for training not only of new employees but also of old employees to update their knowledge in the use of latest techniques.

3. Compensation: This function is concerned with the determination of adequate and equitable remuneration of the employees in the organisation of their contribution to the organisational goals. The personnel can be compensated both in terms of monetary as well as non-monetary rewards.

Factors which must be borne in mind while fixing the remuneration of personnel are their basic needs, requirements of jobs, legal provisions regarding minimum wages, capacity of the organization to pay, wage level afforded by competitors etc. For fixing the wage levels, the personnel department can make use of certain techniques like job evaluation and performance appraisal.

4. Maintenance (Working Conditions and Welfare): Merely appointment and training of people is not sufficient; they must be provided with good working conditions so that they may like their work and workplace and maintain their efficiency. Working conditions certainly influence the motivation and morale of the employees.

These include measures taken for health, safety, and comfort of the workforce. The personnel department also provides for various welfare services which relate to the physical and social well-being of the employees. These may include provision of cafeteria, rest rooms, counseling, group insurance, education for children of employees, recreational facilities, etc.

5. Motivation: Employees work in the organisation for the satisfaction of their needs. In many of the cases, it is found that they do not contribute towards the organisational goals as much as they can. This happens because employees are not adequately motivated. The human resource manager helps the various departmental managers to design a system of financial and non-financial rewards to motivate the employees.

6. Personnel Records: The human resource or personnel department maintains the records of the employees working in the enterprise. It keeps full records of their training, achievements, transfer, promotion, etc. It also preserves many other records relating to the behaviour of personnel like absenteeism and labour turnover and the personnel programs and policies of the organisation.

7. Industrial Relations: These days, the responsibility of maintaining good industrial relations is mainly discharged by the human resource manager. The human resource manager can help in collective bargaining, joint consultation and settlement of disputes, if the need arises. This is because of the fact that he is in possession of full information relating to personnel and has the working knowledge of various labour enactments. The human resource manager can do a great deal in maintaining industrial peace in the organisation as he is deeply associated with various committees on discipline, labour welfare, safety, grievance, etc. He helps in laying down the grievance procedure to redress the grievances of the employees. He also gives authentic information to the trade union leaders and conveys their views on various labour problems to the top management.

8. Separation: Since the first function of human resource management is to procure the employees, it is logical that the last should be the separation and return of that person to society. Most people do not die on the job. The organisation is responsible for meeting certain requirements of due process in separation, as well as assuring that the returned person is in as good shape as possible. The personnel manager has to ensure the release of retirement benefits to the retiring personnel in time.

C Advisory Functions:

Human resource manager has specialized education and training in managing human resources. He is an expert in his area and so can give advice on matters relating to human resources of the organization.

1. Advised to Top Management: Personnel manager advises the top management in formulation and evaluation of personnel programs, policies and procedures. He also gives advice for achieving and maintaining good human relations and high employee morale.

2. Advised to Departmental Heads: Personnel manager offers advice to the heads of various departments on matters such as manpower planning, job analysis and design, recruitment and selection, placement, training, performance appraisal, etc.

- a. **Facilitates professional growth:-** Due to proper Human Resource policies employees are trained well and this makes them ready for future promotions. Their talent can be utilized not only in the company in which they are currently working but also in other companies which the employees may join in the future.
- b. **Better relations between union and management:-** Healthy Human Resource Management practices can help the organization to maintain co-ordinal relationship with the unions. Union members start realizing that the company is also interested in the workers and will not go against them therefore chances of going on strike are greatly reduced.

- c. **Helps an individual to work in a team/group:-** Effective Human Resource practices teach individuals team work and adjustment. The individuals are now very comfortable while working in team thus team work improves.
- d. **Identifies person for the future:** - Since employees are constantly trained, they are ready to meet the job requirements. The company is also able to identify potential employees who can be promoted in the future for the top level jobs. Thus one of the advantages of HRM is preparing people for the future.
- e. **Allocating the jobs to the right person:** - If proper recruitment and selection methods are followed, the company will be able to select the right people for the right job. When this happens the number of people leaving the job will reduce as they will be satisfied with their job leading to decrease in labour turnover

HRM: A CASE STUDY OF HDFC BANK

The HR function in banks is not different from that in other organizations. It is a continuous process that seeks to ensure the development of employee competencies, dynamism, motivation and effectiveness, in a systematic and planned manner. Being a service industry, human resource is one of the most important factors in the banking industry. Human resource is the life blood of any organization without which every other resource is of no use. Management of people and management of risk are two key challenges facing banks. Efficient risk management may not be possible without efficient and skilled manpower. Banking industry is facing an acute shortage of skilled manpower. Human resources are becoming scarce both in quality and quantity.

HRM (2013-14)

Human Resources Development has been a key and constant focus area of the bank. The human resources agenda, that includes within its gamut the attraction and retention of talent, skills development, reward and recognition, performance management and employee engagement are realized through a number of key initiatives, systems and processes. Employee Development Performance Management is one of the most critical dimensions pertaining to the management of human resources and the organization has a comprehensive Performance Management System (PMS) to assess performance. The PMS facilitates the differentiation between the various categories of performance. Higher rewards for higher levels of performance have been a fundamental philosophy of the bank. Apart from rewards, the PMS also allows for identification of training and development needs for employees. Employee development and growth is realized through an array of functional and behavioral programs that the bank conducts throughout the year as well as on the job training. Further the bank lays emphasis in rotating key talent for professional development and growth and building a leadership pipeline for the future. Rewards and Recognition Rewards and Recognition play a key role to attract, retain and engage employees. Bank is committed to ensure THAT EMPLOYEES ARE COMPETITIVELY POSITIONED VIS Æ VIS MARKET with respect to both fixed as well as variable pay. The Bank also grants employee stock

options to a certain segment of the employee population in order to align employee efforts to the creation of shareholder value. Apart from the standard compensation the Bank also has a well institutionalized RECOGNITION PROGRAM CALLED h3TAR! Towards TO RECOGNIZE THE contribution of employees on an ongoing basis.

HRM (2012-2013)

Constant focus on the Human Resources dimension is an integral part of the Bank's values. Attracting, retaining and developing our workforce to meet the current and future needs of our business is a key focus area. The organisation is committed to achieve the above through comprehensive interventions in training and development, providing career growth opportunities and creating an entrepreneurial culture.

Performance Management is one of the most critical dimensions pertaining to the management of human resources and the organisation has a comprehensive Performance Management System (PMS) to assess performance. The PMS facilitates the differentiation between the various categories of performance. Higher rewards for higher levels of performance have been a fundamental philosophy of the bank. Apart from rewards, the PMS also allows for identification of training and development needs for employees. Employee development and growth is realized through an array of functional and behavioural programmes that the bank conducts throughout the year as well as on the job training. The bank lays emphasis in rotating key talent for professional development and growth and building a leadership pipeline for the future. Development interventions of the Bank are supplemented by the conducting of Development Centers for high performing mid-level managers. Rewards and Recognition It is the endeavour of the organisation to ensure that employees are competitively positioned vis-à-vis market with respect to both fixed as well as variable pay. In order to align employee efforts to the creation of shareholder value the bank also grants employee stock options to a certain segment of the employee population. Apart from the standard compensation the organisation also has a well institutionalized recognition program called "Star Awards" to recognize outstanding achievement of individuals.

Fun at work is something the Bank feels should be an integral part of every HDFC bank employee's life. Keeping in mind the aforementioned statement, the organisation believes in conducting activities that help individuals showcase their talent or pursue their interests other than work. The Bank conducted comprehensive sports activities like Josh Unlimited, a multi-city, multi sports event, held across eight cities, a pedometer based race event and online musical classes with an established musical academy. The organization received a very strong participation for such activities which is a testimony to their success.

HRM (2011-12)

People remain the most valuable asset of the Bank. The Bank continued to build on its capabilities in getting the right talent to support different products and geographies and is taking effective steps to retain the talent. During the year under review, the total staff strength has increased to 4334 employees as compared to 2981 employees at the same time in

previous year. Directors would like to record their appreciation of the hard work and commitment of the Company's employees, which resulted in the good performance.

HRM (2009-2010)

The total number of employees of the bank was 51,888 as of March 31, 2010. The Bank continued to focus on training its employees, both on-the-job as well as through training programs conducted by internal and external faculty. The Bank has consistently believed that broader employee ownership of its shares has a positive impact on its performance and employee motivation. HDFC Bank lists 'people' as one of its stated core values. The Bank believes in empowering its employees and constantly takes various measures to achieve this.

The Bank's employees are encouraged to volunteer time and skills through the 'Corporate Volunteering Program'. The Bank's employees have engaged in activities such as academic support classes, held English speaking courses and helped in organizing special events in order to celebrate festivals with the underprivileged. Additionally the Bank has facilitated employee donations to charities of their choice through 'Give India', a donation platform that enables individuals to support social causes by donating to over 200 charities that have been screened for transparency and credibility. The bank makes a donation matching the amounts donated by its employees on a monthly basis.

HRM (2008-2009)

The total number of employees of the bank increased from 37,836 as on March 31, 2008 to 52,687 as of March 31, 2009. The growth in the employee base was in line with the growth in the banks businesses and distribution both inorganically as well as organically. The Bank continues to focus on training its employees on a continuing basis, both on the job and through training programs conducted by internal and external faculty. The Bank has consistently believed that broader employee ownership of its shares has a positive impact on its performance and employee motivation. HDFC Bank lists 'people' as one of its stated values. The Bank believes in empowering its employees and constantly takes various measures to achieve this.

HRM (2007-2008)

HUMAN RESOURCES The Bank's staffing-needs continued to increase during the year particularly in the retail banking and SME businesses in line with the business growth. Total number of employees increased from 21,477 as of March 31, 2007 to 37,836 as of March 31, 2008. The Bank Directors' Report HDFC Bank Limited Annual Report 2007-08 Rs. 10 lacs = Rs. 1 million 17 continues to focus on training its employees on a continuing basis, both on the job and through training programs conducted by internal and external faculty. The Bank has consistently believed that broader employee ownership of its shares has a positive impact on its performance and employee motivation. The Bank's employee stock option scheme so far covers around 6,535 employees.

SUGGESTIONS FOR BETTER HRM

The study suggests that HDFC Bank should review its policies from time to time for the improvement of employee's participation at middle level and senior level management inter-alia with other practices like Training, Performance Appraisal, Team Work and Compensation etc. which need to be maintained in order to achieve high level of job satisfaction. The Management should create awareness at all levels that HRM is everybody business and systems for creating such awareness for the development of the organization. HDFC Bank should establish a high power HRM Committee at the corporate level. The HRM surveys should be carried out in the banks and findings of these surveys should be interpreted and suitable HRM interventions should be made. The suggestions emerging from these surveys need to be examined and followed up seriously. Further the HDFC Bank should consider to re-examination the needs of welfare measures like medical facilities, canteen facilities at branches, scholarships for children of staff, holiday homes and library facilities at branches. The other important policies like transfers, promotions, rewards and punishments should be made more clear and transparent.

CONCLUSION

Human resource management is the process of proper and maximizes utilization of available limited skilled workforce. The core purpose of the human resource management is to make efficient use of existing human resource in the organisation. The Best example at present situation is, construction industry has been facing serious shortage of skilled workforce. Every organization's desire is to have skilled and competent people to make their organisation more effective than their competitors. Humans are very important assets for the organisation rather than land and buildings, without employees (humans) no activity in the organisation can be done. Machines cannot produce more goods of good quality without the skilled staff and for that recruiting the right people cannot be ignored inter-alia the evaluating performance, resolving disputes, and communicating with all employees at all levels Human Resources Development has been a key and constant focus area in HDFC bank. The human resources agenda, that includes within its gamut the attraction and retention of talent, skills development, reward and recognition, performance management and employee engagement are realized through a number of key initiatives, systems and processes. Employee Development Performance Management is one of the most critical dimensions pertaining to the management of human resources and the organisation has a comprehensive Performance Management System (PMS) to assess performance. The PMS facilitates the differentiation between the various categories of performance. Higher rewards for higher levels of performance have been a fundamental philosophy in this bank. Apart from rewards, the PMS also allows for identification of training and development needs for employees. Employee development and growth is realized through an array of functional and behavioural programs that bank conducts throughout the year The Bank believes in empowering its employees and constantly takes various measures to achieve this as well as on the job training. HDFC Bank lists 'people' as one of its stated values. The Bank believes in empowering its employees and constantly takes various measures to achieve this. It is an admitted fact that HRM is a gentle

approach to ensure that skill of people in an organization should be utilized not only to achieve objectives of the organization but also for growth, development, satisfaction and benefit of its people. Hence, HRM considers its people as the most important and valuable resource of the organization and it stresses that organization should consider its people as an “asset” and not as “cost”.

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