
Changing perspectives of Human resources in Knowledge intensive Banking Organizations: Review of literature across Indian banks

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ABSTRACT

The widening financial markets and the private sector based growth of banking industry is creating a challenge for human resource attraction, retention and the subsequent leverage of the talent. The “human resource” is one resource that has behavioral, cognitive and psychological dimensions that enable the leverage of the potential and the talent. Yet the leverage of the accumulated or acquired talent occurs within some contexts that shape and define the contours of the talent application, utilization and the talent commercialization across the organizations, institutions and the other social organizations and institutions. The existing literature identifies these “contexts” as either the existing “culture” or the “perceptions of the support” across the individuals with regard to their psychological well-being and career advancement as per their professional and occupational aspirations. The contexts could be the “socio economic forces” that laterally and directly shape the progress and thinking regarding the appropriateness of the skill and efficiency of the employee in focus.

The “institutional norms” and “policies” could be the other contexts that constrain or facilitate the fullest utilization of one’s potential, capabilities and the in built talent. In view of the rising competitiveness with deployment of innovative marketing tactics and increasingly knowledge driven nature of industry, the human resource development and talent management is increasingly becoming complex and non-convergent. The significance of the contexts rises as the practices are now increasingly been guided by product knowledge, individual’s finesse in bringing funds to bank, expertise at marketing the portfolio of financial products and tackling the customer queries in innovative manners. The ICT and technology finesse is another aspect that is shaping the contexts for realization of the human resource potential and its subsequent utilization.

The organization especially the banking organizations across the world are under crisis mode on account of severe lack of appropriate talented human resources who can successfully help the organization achieve their goals and missions in competitive markets. On one side banking organization are striving hard to attain and sustain competitive advantage yet on the other side, this service driven and knowledge intensive industry fears shortage of committed and loyal employees. Despite the growing relevance of the role of the human resources in sustaining competitive advantage, the organizational contexts and the mechanisms where the talent and the potential is to be realized, is not free from bias and inbuilt deficiencies. In Indian perspective private and public sectors co-exist and both compete to tap the money from across the system yet the patterns of utilization of human resources vary substantially across both of them. The contexts shaping human resource utilization have been reported to differ substantially across both the public and private banking organizations.

KEYWORDS: Human resource, perception, organization culture, banks.

EVOLVING DIFFERENCES BETWEEN PUBLIC AND PRIVATE BANKING CULTURES

There are reported incidents of substantial differences in organizational cultures and respective performance across the global perspective. The operationalization of culture matters as it could be the source of sustained competitive advantage (BARNEY, 1986). The culture in banking organizations could be a source of economic profit and revenue generation as well as sustained superior financial performance (FIOL, 1991). If interpreted and leveraged in appropriate manner, the prevailing organizational culture (SMIRCICH, 1983) could enhance organizational cognition, create organizational symbolism and sustain unconscious processes that add to the economic and employee based advantages in the longer run.

VARIATIONS ACROSS WORK CLIMATE IN KNOWLEDGE INTENSIVE ENVIRONMENTS

Banks essentially constitute a knowledge intensive service industry. The “Financial Times” lexicon defines the knowledge intensive industries as comprising the employees who are skilled, extensively educated as well as diverse experiences in order to market, conceptualize and commercialize a product or service (FINACIALTIMES, n.d.). The product conceptualization and respective employability (COLLET, Hine, Plessis, 2015) in knowledge intensive industries and service sectors relies on the capabilities (COOKE, Meyer, 2007) inherent in the workplace climates. Globally the debate is active with regard to the climate based support to knowledge workers so that their performance capabilities could be boosted.

The existing literature (COOKE, Meyer, 2007) points towards substantial differences in and across private and public sector organizations with regard to the provisions and structures they provide regarding the boost to performance of employees across the dominant work place climate. The Indian banks (JAIN, 2017) like their counterparts across the BRIC nations as well as other developing economies with significant public control of banking industry, reports the wide differences in terms of the workplace climate based support to the employee performance. The “capacity building report” from Reserve Bank of India on human resource problems in Indian banks elaborates on the need for overcoming the irrelevant undercurrents in existing workplace cultures that restrain banking process and operations as well as effective knowledge deployment in banking perspective (RBI, 2014).

EMERGING STRATEGY-POLICY LINKAGES IN PRIVATE AND PUBLIC SECTOR BANKS

Ideally there should be a linkage between the competitive strategy of the organization and the respective human resource policy (SCHULER, Randall, 1987). This reality is being realized gradually across the Indian banking industry (BUDHWAR, Khatri, 2001). The crisis is simmering on account of the mismatch between the competitive strategy and the supporting human resource perspective. The recent attempts by State Bank of India’s chairman Purwar to reinvent work culture and human resource policy perspective is one such example. As the Indian banking sector is liberalizing and new private entities are cropping up, the competitiveness demands have risen and sector is not solely under public sector monopoly (SHUKLA, 2014). The economic reforms have ignited the debate as well as alarmed about the mismatch with regard to Imposition of policies versus the consumer or market (demand) driven HRM policies (BHATT, 2012).

It can be deduced from the current state of market that the “work place culture” or the constructs of “organization culture”, “employee satisfaction” and “employee commitment”, have gained relevance and attention (ALCAZAR, Fernandez, Gardey, 2008) across human resource dimension (MUNDRA, 2015). The “public” and “private” sector work cultures might differ (BUDHWAR, Boyne, 2004) now yet they have to align it with market in order to sustain their competitiveness. Such sustenance is ideally impossible with human resource management perspective in place (CHAKRABARTY, 2012).

Initially the “public bank culture” was identified as more norms centric and politically motivated with lesser focus on customer needs. Whereas “private sector bank culture” was identified as being more customer centric and possession of flexible “customer oriented” mindsets across employees (STUMPF, 2010). The “knowledge intensity” is promoted through enhanced employee involvement; trust buildings and open environment based working (MELLACHERUVU, 2008). As per a study on public and private sector bank’s profitability and establishment costs (DSOUZA, 2002), the study deduced that the employment patterns in public and private sector banks differ substantially in terms of internal management of the human resources and the execution of human resource based policies. The study further pointed towards the higher costs of expenditure and establishment costs across public sector banks in comparison with private sector banks in Indian dimension.

The existing papers emphasize the dominance of the phenomenon of linkages across the organizational HRM and culture (VELOSO, Tzafir, 2015) as well as across the HRM and strategic achievement based interface. As such the private and public banking organizations can never evade the consequences. The promotion of open liberal work culture, meritocracy and advocacy of talent finds mention across the frameworks where the private banking organizations seem to score over the public banking organizations. The knowledge intensity of the industry is widely believed to change the dynamics of the industry. The state monopoly over banking as an industry has ceased and the monetary system witnesses private bank participation as well. The consumer (institutional and retail) are moving beyond the traditional products and services and prefer add-ons and embedded and customized financial products and services.

DIFFERENCES IN PERCEPTIONS WITH REGARD TO ORGANIZATIONAL SUPPORT

The perceptions of organizational support (RHOADES, Eisenberger, 2002) differ substantially across both the classes of organizations. The earlier research highlighted the antecedents towards the employee’s perceptions regarding the organizational support for career. The perceived organizational support has been interpreted as comprising either the work place related assistance, autonomy support, or support for career and professional development as well as internal access with regard to resources, professional resources and job opportunities (ADEKOLA, 2011). The employee’s employability and occupational expertise are no longer the key concern of the employee, rather employer (ISMAIL, Adnan, Bakar, 2014) also plays a vital role in nurturing and sustenance of the professionalism across employee mindset and rising employee perceptions of organizational support is becoming more and more significant (RHOADES, Eisenberger, 2002). The human resource perspectives differ substantially with regard to the organizational support, work place autonomy and the respective inclination for pursuing the career.

DIFFERENCES WITH REGARD TO EMPLOYEE’S ENGAGEMENT

The existing literature emphasizes that the employee engagement does not occur in the vacuum rather it is impacted by the contextual and situational elements (WEGGE, Dick, Fisher, West, Dawson, 2006) and causes and factors that influence the overall engagement (GAGNE, Deci, 2005) and its intensity across the banking organizations. The study observed the incidence of the contextual and situational influences on the features of work, events at the work place, and affective experiences at work place as well as the respective impacts on the job related satisfaction.

The phenomenon of engagement has been regarded as the driver of other employee related aspects of the job related satisfaction, career development as well as the psychological wellbeing and wellness. The study (BHATLA, 2011) on the inter linkages between the employee based engagement interpreted the

construct as having diverse implications for the employee being feeling valued and recognized as well as respected across the organization.

In fact the construct operationalization involves multiple aspects of the same problem across the banking environments. The banks across the middle levels of management face the stiff challenge of securing purposeful and meaningful employee engagement. The requirement of not more than three year posting at a single location is been observed as a major roadblock to the successive employee engagement. The culture at diverse branch locations might be the guiding elements that differentiate the employee's experiences with regard to the organizational engagement; job related engagement as well as the respective adaptability of the employee in the current branch location wit in the banking organization.

Another study (SAKS, 2006) regarded the phenomenon as involving the antecedents and consequences. The study regarded the employee based job characteristics, perceived organizational support, perceived supervisor support, rewards and recognition, procedural justice and distributive justice as antecedents to the aforesaid phenomenon in banking and financial organizations. The study regarded the employee engagement as an outcome of the above mentioned influences.

The study further concentrated on the consequences of the employee engagement on the employee's sense of job satisfaction, organizational commitment, intention to quit, organizational citizenship and the respective tendency to stay or leave across the banking organization in focus. The research study also underlined the relevance of the employee based perceptions in the entire process of operationalization of the aforesaid variables.

VARIATIONS WITH REGARD TO WORK PLACE KNOWLEDGE SHARING INTENTIONS

The employee's work place related knowledge sharing intentions are another area of core concern in knowledge intensive banking industry. The existing literature on this key aspect of banking organizations adequately addresses the core challenges before sustainable and consistent internal knowledge management and knowledge sharing practices and norms.

A research (BHATLA, 2011) on the banking industry based knowledge sharing revealed the prevalence of the impact of the culture and the employee's perceptions with regard to the supervisor's conduct and behavior. The existing literature and the research studies on the subject matter have emphasized the crucial and significant role of the culture (ALAVI, Kayworth, Leidner, 2005) in shaping the employee's intentions. The study interpreted the "organizational culture" construct in terms of the organization based internal processes, organizational structure, in built and operational informational systems, reward systems and the leadership within the organization (ALLAWI, Marzooqi, Mohammed, 2007).

The study interpreted the impacts on the people only in terms of the sense of motivation, trust building and flow if inter organizational communication. The study observed incidences of strong linkages that shape the organizational dynamics in banking sector across the developed economies. Another study (KOSTOVA, 1999) highlighted the prevalence of the internal trust as vital for cross branch knowledge transfer and internal knowledge sharing within the organizational perspective.

In terms of the employee's abilities to access the social ecosystem (GUPTA, Govindarajan, 2000), a host of studies exist. Nearly all such literature points towards the strong interactions and mutual influences across the pattern of employee relations, trust building initiatives, knowledge haring and the respective long term employee performance and relative organizational growth. The study observed direct linkages across all these factors in case of American banking organizations.

The study across the middle level banking personals interpreted the "employee relations" as comprising the elements of the working environment, conditions of respect, justice based perceptions, and relationship with superiors, self-learning and self-satisfaction based sub constructs. The research (KUZU,

Ozilhan, 2014) operationalized the factor of employee based “knowledge sharing” as comprising the employee’s voluntary and conditionally knowledge sharing intentions. The outcome in the aforesaid study (KUZU, Ozilhan, 2014) was observed as the significant impact on the employee’s performance in sustainable periods of time.

Another research on the validation of a scale instrument (ALAVI, Kayworth,Leidner, 2005) for the purpose of measuring the psychological construct of the banking employee’s knowledge sharing intentions, illustrated the significant role of the organizational values in shaping the employee’s knowledge management behaviors and the knowledge management based outcomes.

The study used the structural equation modeling method to confirmed the homological validity of the measures and established a direct linkage and significant inter construct relationship. The study vindicated the prevalence of the significant relationships across the constructs of the employee’s perceptions of the organizational values, employee’s knowledge management behaviors and the knowledge management based outcomes across a longitudinal perspective.

The recent attempts at validation of an instrument to measure the attribute of employee’s knowledge sharing intentions (AL-ADAILEH, Atawi, 2011), the research observed that the construct of employee knowledge sharing intentions is a multidimensional construct and that it comprises the variances across the constituent constructs of “openness to change”, “ innovation”, “teamwork”, “morale”, “information flow”, “involvement”, “supervision”, “customer service” “trust” and the sub construct of “reward”. The study observed the unilateral impact of each sub construct in a one tailed path diagram and observed the respective dependent variable of “knowledge exchange”. The study (AL-ADAILEH, Atawi, 2011) further observed the incidence of the impact of the independent variables across each other. The study across the Arabian banking organizations illustrates the prevalence of the one tailed direct relationship across the independent and the dependent variables. The research vindicated that a considerable focus of the research has remained on interpreting the linkages (WIEWIORA, Trigunarsyah, 2013) across the “organizational culture” as a construct and employee’s “knowledge sharing behavior” as an outcome construct. The research also substantiated the evidence of linkages across the organizational wide branch base sub cultures on the collective knowledge sharing intentions and aspirations. The study further vindicated the prevalence of the core linkages across the constructs in global perspective.

A study (BOCK, Lee,Zmud,Kim, 2005) revealed the presence of significant relationships across the “attitude towards knowledge sharing”, “subjective norms”, “and organizational climate” and the “intentions to share knowledge”. The study measured the “attitude” with aid of the anticipated extrinsic rewards, anticipated reciprocal relationships, sense of self-worth. The construct of “organizational climate” was measured with aid of the elements of fairness, affiliation and innovativeness (BOCK, Lee,Zmud,Kim, 2005). The “intentions to share knowledge” was measured with help of the explicit knowledge and the employee’s implicit knowledge base.

CONCLUSION

The human resource management perspectives and aspirations are indeed undergoing transformation. The private and public banking organizations need to have a second look at the attributes and dimensions that drive human energy and motivation in the evolving work place based ecosystems. The human resource and its management is no longer a one way or unidirectional policy aspect yet involves mutual benefit identification in terms of supporting employee’s competency development, support for career as well as the support for employee’s engagement and knowledge sharing facilitation across the competitive work place.

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