

# EXPERIENCE OF EMPLOYEES IN INDIAN NATIONALISED BANKS

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## Abstract

This study highlights the association of banking sector which is suppose to be representative among all nationalised, private sector banks and foreign banks operating in India. This belief based on the fact that still 55% of total money flows in India is routed through State Bank of India and its associates in economy. India after 1991 gradually opening up of economy is now part of global economy. Happenings and dishappenings in global scenario have profound impact on mainstream organization in general and banks in particular. Liberalisation has created some ripples in this organisation also, let us examine the experiences of employees in State Bank of India to visualize liberalization, privatization and globalization impact is there or not.

**Key Words:** Banking Sector, Employees' Experience, Liberalisation.

## 1 Introduction

The opening of new markets, deregulations and developments in information technology over the past few decades has led to heightened competition and greater struggle for survival among organizations, forcing them to take a fresh look at the traditional ways of conducting business (Venkatraman and Henderson, 1998). In order to remain competitive in this turbulent scenario, they need to cut costs and enhance productivity, by initiating spate of

organizational change efforts. These change efforts by organizations in various forms have varied impressions on the mind sets of employees of these organizations, can be called as experiences.

## **2 Objectives of the study**

It is abundantly clear over the last eighteen years of opening up of Indian economy have resulted in turbulence in the environment they are operating and employees being part of these organizations experiences the changes of these turbulences in one form over the other. Changes positive or negative has profound impact on employees, organizations do little or sometimes beyond there control to explain phenomenon. Phenomenon of attributing changes and its impact can be best studied by knowing their experiences. Thus Objectives of study can be stated as follows.

- To Study Experiences of Bank Employee in the Emerging India
- To know perceptions of employees in the spate of changes occurring.

## **3 Research Question**

- What are the changes which have occurred in banks since last one and half decade and how it had impacted employees?

## **4 Rationale of the Study**

Liberalization, Privatization and Globalization Phenomena started since 1991 onwards in a way is paradigm shift from having socialistic economy to drifting towards capitalist economy. Certainly this has impact on almost all sectors in general, Banking being spinal cord of economic system, experiences of employees are the best barometer to gauge such shift happening.

State Bank of India has Century old history in Indian Economy, was holding the responsibility of central bank of country until 1934, when responsibility was transferred to Reserve Bank of India. This organization can be considered as central system in which spate of changes occurred viz. no recruitment, average age of employees shooting up later on Voluntary Retirement Scheme initiated which claims to be the best in world in known corporate history. After some time initiation of Massive Recruitment process started that is going to create Guinness Book of World record as commented by one respondent.

Lots of changes took place on process and technology as well; from isolated Branch operations to Core Banking Solutions (Real Time Gross Settlement) i.e. Technology Banking has its place in banking operations. Prudential norms of Basel Committee are the recent additions to these lists.

## **5 Literature Review**

Mishra & Spreitzer (1998) concluded that strategy of companies attempting to cope with the changing times. As the turbulence in the market place continuous, organizations continue to face problems of poor productivity, plunging bottom lines, overstaffing or high over heads. In an attempt to counter these exalting problems, VRS has been one of the often used strategies by organizations. Since the early nineties, a large no of Indian

organizations too, including banks, multinationals, public sector units and private undertakings have started implementing VRS initiatives.

Kets and Balazs (1997) have approached this question from a variety of perspectives ranging from economic imperatives and market constraints, approaches based on organizational theories, and ideological motivations to social compulsions. He feels that downsizing/upsizing is often a price paid by organizations for previous mismanagement and strategic error in reading the market by the top management.

According to Nelson and Burke (1998) Globalization of Market place, technological advances, and growing importance of the service sector coupled with global benchmarking with competitors in terms of overhead costs are some of the market forces that have motivated organizations to resort to downsizing/upsizing. Some organizational benefits expected from this may includes increase in productivity, improved quality, enhanced competitive advantage, potential regeneration of success, lower overheads less bureaucracy, more effective decision making.

## **6 Research Methodology**

This research is specifically based on qualitative method. Therefore we have chosen small samples. The details of the sample and data collection tools are given below:

### **(a) Sample**

Sample for this study is chosen in such a way that reflects the employee representation across the organization. Therefore Sample of four employees, two each from officers and clerical staff was chosen. These employees have completed minimum 15 years of service and had been put in service without break.

### **(b) Data Collection Tools**

Experiences of employees were collected by open interview method; two interviews of staff members recorded on audio tape and two interviews of officers are pen down as not agreed for audio recording. The questions asked were fairly simple starting from induction in bank till retirement what think about organization and so on. In between sharing there experiences, probing initiated to keep them on track and to know further details about specific events. Largely emotional attachment of these employees towards organization, led me further to the details of highest level of information but on there request it is not produced over here. Information pertinent to this study was only distilled to complete the task.

## **7 Result and Discussion**

The experience of selected interviewers gives details as follows on asking what their experiences are since last fifteen years working in this organization. Banks particularly Nationalised banks in India have seen host of changes since last 40 years. Banks were nationalised in the year 1969 by then prime minister for taking political mileage out of that, but that proved fruitful for public at large to have banking operations carried to the every nook and corner of country. Socialist ideology of five years plan were effectively fulfilled with no of

bank branches opened to the extent that 250 branches were opened in a year that means one branch on an average of every working day in a year. To service these branches employees were recruited by Banking Services Recruitment Board spread almost to every state. Massive recruitment resulted in employees available for manning every position banks needed at that point of time.

Manpower planning as a scientific tool for imparting quality to human resource was not at all needed and never paid attention to by banks management since banks were operating in a monopolistic environment. Indeed each bank had separate infrastructure known as "Training centre" fulfilling the requirements of developmental banking, Human resource development and other activities as desired religiously. The situation could not continue long as a spate of changes from liberalisation, globalisation and privatisation started from 1991 onwards resulted in changes occurring in these Nationalised banks too at a very fast pace also agreed by all respondents. Since then the focus of Nationalised banks remains the same for priority lending and developmental banking etc. but few of the decisions and discretion of these decisions now rests with them under the umbrella of Reserve Bank of India as regulatory authority.

## 8 Labels

Open label system has been followed as a lot of issues/experiences emerge out of these interviews to put them in designated labels was a Herculean task. Despite of that effort has been made to accommodate the input data in a precise and concise way to distil out experiences of these employees. The labels and respective descriptions work out to be as follows:

- **Stress:** Last 15-20 years has been very hectic for most of the employees as last recruitment took place somewhere in 1985, since then organization work is carried out by same no. of people or less, but transactions have quadrupled. As one of them put forth in words as "We are burning candles from both ends, how long we can continue with this; despite of this we have been able to satisfy customers" Voluntary Retirement Scheme and later on Compulsory Retirement Scheme has created vacuum in cadre and survivors (remaining employees) are required to face the music. Stress is more to officer's cadre people and consequent honorarium needed to substantiate was not finalized.
- **Loss of Trust:** Both the exit policies were promised on the behest that soon there will be fresh blood by way of recruitment, it didn't happen and now process has been initiated it will take further some time to amalgamate this new recruits. Further loss of trust is due to no systematic study conducted for previous exit policy to assess loss/benefit of the same.
- **Betrayal:** In exit policy of 2006 less benefit were given as compared to earlier exit policy of 1999. Feelings of Employees were denied their rights. Few batches have been inducted in organizations but these new entrants forced old employees to leave in second exit policy. Exit and

entry policy of organizations to some extent prove the point that organization is interested not in quality of people, but in cost containment.

- **Loss of Talent:** Stoppage of recruitment by abolition of banking services recruitment board and retirements occurring at natural pace, in between consultants were hired to suggest for improvisation of organization, before the reports were tabled, Voluntary Retirement Scheme was launched in 1999 for employees in the age group of 55-58. People opting for it mainly due to better job prospects available with private sector banks or some other organizations, another reason surfaced was inappropriate health, career of wards and frequent transfers was also few reasons. Less promotion opportunities are available now days as perceive by employees.
- **Technology:** Is perceived by all respondents as positive, but not proper training was given, more exposure is required in the areas of technology and environmental changes taking place.
- **Procedural Injustice:** Second exit policy in 2006 was aimed to delayer the middle management people but opposite happened and once again high caliber people left the organization and those who are supposed to leave are left in the organization. All this attributed to be short sightedness of Management in failing to devise right strategy for reaching the right mix of people. VRS of 1999 was disaster decision in terms of calling the application first, criteria for imparting VRS were declared later on. Complaint redress mechanism is skewed in favor of customer and management.
- **Psychological Contract:** Shortage of officers and staff on one hand and enhanced demand from customers on the other hand has created tremendous pressure to fulfill the requirements, led to the bruises in interrelationship and loss of trust with management.
- **Outcome Negativity:** Experiences of existing employees has become such that have suspicion on new entrants regards to loyalty and commitment as they have towards organizations. If at all will not be that required by organization, and organization is not paying attention to that. Protection to certain employees by management and union also affects work but no solution was paid attention to it. Promotion and other career progression moves are denied by few employees for personal reasons, but reasons are not always personal.
- **Productivity:** is matter of concern for all as largely employees belong to one or other union and being in service sector mainstream economy had idea and never computerization was perceived as threat, but it was treated always as an add as long as no threat to position occurred. Rather experiences say that management's decision to frequently switch over from one system to another has further delayed the process of computerization and wastage of time and money both.

Networking system launched in year 2005 was too new for old age employees and learning of these persons was on decline stage, therefore right kind of productivity level could not be achieved.

- **Human Touch:** Few of the benefits like medical reimbursement and allowances are stopped. Salary structure is immediate matter of concern and also one of the reasons for exit of people taking voluntary retirement. Working hours of officers are not yet finalized despite of rounds of negotiations.
- **Management:** Management is progressive and looking ahead. Merger of State Bank of Saurashtra one of the associate of SBI is opposed reason being manipulation done by earlier management of SBS. Branch categorizations and assessment of actual position is not at all carried out by Mgt. before and after the exit policy. Recent recruitment has been able to attract professionally qualified people.

## 9 Conclusion

The experiences of employees are mixed kind but have faith in management and policy need to be corrected in order of priority. Last decade had been very turbulent but they perceive themselves and organizations both are able to deliver the promises. Still lot of work to be done in various spheres, importantly cultural amalgamation of new recruits is one among them.

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