

Identifying And Addressing Human Resource Challenges In Indian Banking Sector

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ABSTRACT

The Indian banking sector is going to build a systematic human resource management system in order to meet the requirements of both customers and bankers. Additionally, it is going to implement human resource management policies and procedures that are supportive of its needs. As a result of technological advancements, changes in regulation, and worldwide trends, the financial industry—the backbone of the American economy—is experiencing revolutionary transformations. This research aims to help Indian banks better understand the key aspects of their HR difficulties. Using a self-structured questionnaire, 180 participants from Kolkata's public and private sector banks provided quantitative data in accordance with the post-positivist viewpoint. Several statements are included under each of the eleven aspects of HR problems in the questionnaire. The study found that the poor performance of the banking industry in India is due to four main HR challenges: salaries and incentives, career growth and opportunities, HR processes, and employee welfare.

Keywords: Dimensions, Challenges, Career, Opportunities, Performance.

I. INTRODUCTION

Human resource management (HRM), human resource development (HRD), and organizational development (OD) are three professions that "came up" in the twenty-first century that are separate from one another. These three professions are evolving as a unique combination of activities and processes. in the twenty-first century now. In point of fact, it Coordination between human resource management, human resource development, and organizational development is required in order to provide strategic contributions to organizations. Encourage collaboration and creative thinking

about the ways in which they are related to one another and how it impacts both individuals and organizations. Among the most significant It should be the priority of the bank to ensure that the procedures for managing human resources are effectively integrated with the business strategies. It should inspire a commitment to increase the efficiency of its human resources and foster more cohesive collaboration among a greater number of individuals. the capital. These "soft talents" are more important than operational abilities in today's banking industry since they are necessary to satisfy the needs of clients. At the vanguard of India's economic progress and the bedrock of the country's financial system is the banking sector. Nevertheless, the human resources (HR) environment in Indian banks is much like any other, subject to the constant change that all businesses experience. Human resources professionals face a multitude of issues as the financial industry undergoes significant upheavals caused by advances in technology, regulations, and the global economy. Attracting, developing, and retaining top personnel while maintaining compliance with a complicated regulatory environment is a huge challenge for human resources departments in today's digital age, as innovation is demanded alongside conventional banking practices. The talent acquisition and retention conundrum is the top difficulty facing HR in Indian banks. A staff that has a wide range of skills, from digital savvy to conventional banking competence, is essential in the highly competitive banking business. The need for people skilled in fintech, data analytics, and cyber security is on the increase, making it even more challenging to attract and keep personnel with such a wide range of talents. With their creative work cultures and excellent remuneration packages, competent individuals are being enticed by non-traditional companies and startups in the financial services industry, intensifying the competition for personnel. So, human resources experts at Indian banks are expected to come up with strong recruiting tactics that bring in top talent while also creating an atmosphere that helps employees be happy and stay.

Human resources departments of Indian banks face not just the challenge of acquiring talent, but also the complexities of fostering an inclusive and diverse staff. Promoting diversity is now a must for banks as the business aspires to mirror the nation's heterogeneous fabric. In order to foster an inclusive work environment where all workers feel appreciated and can give their all, HR must prioritize addressing gender, race, and

age diversity. Accomplishing diversity isn't just a matter of checking a box; it calls for an all-encompassing plan that includes hiring policies, training programs, and a determination to eradicate prejudices from the company's culture. As they try to build a workforce that reflects the diversity of the community it serves, HR professionals have a tremendous issue juggling two elements: meritocracy and affirmative action. The HR issues encountered by Indian banks are further complicated by the constantly changing regulatory framework. Banks in India are required to alter their policies and procedures in response to new regulations imposed by the Reserve Bank of India (RBI) and other regulatory agencies. Human resources departments need to be on high alert to make sure everything is in line with the law, from data protection standards to employment legislation. Successfully navigating this complex regulatory landscape requires an in-depth familiarity with legal intricacies, the ability to proactively design policies, and the ability to continuously monitor and assess compliance risks. Banks risk legal trouble and damage to their image if they don't follow these rules, so HR departments need to be on the ball about keeping up with legislation changes and taking steps to make sure their organizations are compliant.

While technological advancements in the banking industry have opened up hitherto unseen avenues for creativity and efficiency, they have also presented HR experts with a formidable obstacle. Upskilling and reskilling the workforce is essential for staying relevant in a digitalized world due to the quick speed of technology improvements. In order to close the gap between the abilities needed in the conventional banking industry and those needed in the modern digital economy, HR departments must design and execute extensive training programs to meet the changing demands of the workforce. Human resources must also navigate the precarious balancing act between technological advancement and employee welfare in light of rising fears of job loss caused by the increasing use of automation and AI in mundane banking operations.

II. HR PRACTICES IN BANKING SECTOR

Achieving organizational goals and sustaining a competitive edge are heavily dependent on human resource management techniques. HRM practices are the activities taken by

organizations to manage their human resources and ensure that they are used to achieve their objectives. Planning, acquiring, developing, utilizing, evaluating, maintaining, and retaining the appropriate mix of personnel abilities and numbers to accomplish the organization's objectives are all part of human resource management practices, which are the management of people within the internal environment of organizations. As a result of globalization, modern firms compete by introducing cutting-edge HRM practices, and in order to accomplish their goals, these practices must be distinctive.

- **Job analysis**

The process of acquiring information on the characteristics of a work environment by the use of one of the many methods, such as observation, interviews, questionnaires, or more specialized methods such as position or functional analysis, is referred to as a job analysis. Occasionally, businesses decide to combine a number of different employment analysis methods. For the purpose of conducting employee job analysis, the banking authorities have said that they apply a variety of different methodologies.

- **Recruitment and Selection**

The procedures for hiring and selecting employees are carried out in a thorough manner by public sector banks. In most cases, these establishments are required to adhere to certain criteria when it comes to the process of hiring and choosing staff. The organization makes the decision of which positions will need to be filled and then determines how to meet both the current and the long-term requirements. The way that selection and recruiting are often carried out is as described above. This exhaustive procedure is designed to cover all positions, beginning with the lowest level and progressing all the way up to the highest!

- **Training and Development**

HRD is an important part of human resource management. Important considerations for advancing their professions and personal growth include programs of continuing education and training. There is a constant renewal of banking knowledge and practice. In response to these changes and the need to progress staff careers, every single bank established its own

training institute. Several training and development programs were developed by the institutions in response to worker needs. Analyzing needs is an activity that reveals needs. There is a lack of organized training that requires analysis, despite the fact that all banks prioritize training. The training colleges provide courses for banking workers at the entry level. The bulk of senior-level training at banks comes from outside organizations, usually international training firms.

- **Performance appraisal**

The purpose of performance evaluations is to conduct systematic, ongoing, and objective assessments of an employee's capabilities in relation to both his present job and the prospects for progress that are available to him. This is Eddie B. Flipp. Within the context of the workplace, performance appraisal is given a greater amount of importance by Indian public sector banks.

- **Compensation**

It is common practice for seniority or work history to play a significant part in the determination of remuneration in public sector corporations. In addition to providing its professionally qualified employees with specific increases and scale upgrades, the public sector banks in India should also encourage and support their employees in their efforts to expand their expertise.

Human Resource Challenges in Indian Banking Sector

- **Talent Acquisition and Retention**

It is a huge challenge to both attract and keep top personnel, particularly in a market that is highly competitive and where talented individuals are in high demand. In order to be successful, the banking business must place a strong emphasis on employer branding and provide appealing prospects for career advancement.

- **Skill Gap and Training**

When it comes to the banking industry, the fast advancement of technology frequently results in a lack of technical expertise among personnel. It is essential to make certain that the workforce receives ongoing training and is kept up to speed on

the most recent technological advancements and financial products.

- **Adaptation to Digital Transformation**

In light of the growing importance placed on digital banking, it is imperative that staff acquire the ability to adjust to new technology. The human resources department in the banking industry has significant problems, including the need to retrain the workforce and ensure that employees are digitally literate.

- **Succession Planning**

It is essential to have a succession plan in place in order to guarantee that the business will have a steady supply of qualified executives. The banking industry frequently has difficulties in locating and cultivating potential future leaders who are capable of filling critical jobs.

- **Employee Engagement and Well-being:**

Elevated levels of stress and challenging work situations can have a significant influence on employee engagement and overall well-being. Banks should prioritize endeavors that improve work-life balance, provide mental health assistance, and promote overall job contentment.

- **Regulatory Compliance**

The banking industry is bound by rigorous regulatory compliance, and maintaining HR practices that adhere to these rules presents an ongoing problem. It is essential to stay updated on modifications in labor laws and other regulations.

- **Diversity and Inclusion**

Attaining diversity and inclusion in the workforce is a continuous and persistent obstacle. Promoting a diverse and inclusive workplace is not only ethically necessary but also enhances decision-making and fosters creativity.

- **Employee Mobility and Globalization**

Managing the mobility of personnel and addressing problems that arise from different cultures are becoming increasingly significant human resource considerations as banks grow their operations around the globe.

- **Unionization and Industrial Relations**

There have been several instances of employee unions and industrial conflicts that have occurred within the banking sector. Key concerns include ensuring that strong industrial relations are maintained and for effective communication to be maintained with employee representatives.

- **Performance Management**

One of the challenges that must be overcome is the creation and implementation of efficient performance management systems that are in line with the objectives of the business and offer employees relevant feedback.

- **Technology Risks**

Cybersecurity threats are a direct result of the growing usage of technology in the banking industry. It is necessary for human resources to work together with information technology departments in order to guarantee that staff have received enough training in cybersecurity procedures.

- **Data Privacy and Confidentiality**

It is imperative that stringent data privacy and confidentiality requirements be adhered to whenever sensitive consumer information is being handled. Human Resources is responsible for ensuring that staff are properly taught and comply with these rules.

III. REVIEW OF LITERATURE

Arun Gaikwad (2020) may be cited as for emerging nations like India, the banking sector is particularly important because of the catalytic role it plays in launching and maintaining economic development. However, at this time, our financial sector is encountering major obstacles from several directions. Regulatory banking, human resource issues, serving rural clients in unbanked regions, and the heavy reliance on information and technology in banking operations are just a few of the current problems plaguing India's banking industry. Without prompt and sufficient resolution of these issues, chances may be lost just as the economy begins to show signs of improvement. The goal of this article is to examine the difficulties encountered by the Indian banking sector as a result of the IT revolution. The article takes into account the current

state of the banking industry after changes in regulation and technology advancements. Problems with technology, regulations, and human resources were the primary areas of study for the Indian banking industry. The study also discusses how these obstacles may be converted into opportunities, since every issue has the potential to become an opportunity. Finally, after a thorough examination of the obstacles and prospects, it discusses the final thoughts.

Viswanathan Thangaraj & Neha Roy (2018) As a result of rapid technical advancements, shifting demography, and progressive economic reforms, the banking sector has been undergoing significant upheaval. Intense rivalry, personnel issues, operational risk, regulatory hazards, and technological upgrades are just a few of the many obstacles that Indian banks have had to overcome. Among other issues, the workforce challenge is crucial. According to the existing literature, several studies have highlighted different labor difficulties that banks face. Nevertheless, in order to effectively mitigate risk, their influence has not been measured. Studies like this mostly aim to observe rather than investigate. Using a structured methodology that incorporates a literature review, focus groups, the incorporation of consultant reports, and a risk perception survey, this research seeks to identify the primary workforce difficulties faced by banks. This research only covers public and private banks in India. Increasing personnel costs, insufficient recruiting and career planning, performance management, and a lack of necessary skills are the key workforce concerns highlighted by the literature analysis. We use factor analysis to figure out what problems exist in the workforce, and then we suggest a conceptual model to fix the most pressing ones.

Hossain, Md & Islam, Md. (2015) The purpose of this research is to examine the strengths and weaknesses of HRM strategies used by private commercial banks in Bangladesh. The main data came from interviews with 24 HR professionals from 12 private commercial banks in Dhaka city using a standardized questionnaire. Secondary data came from a variety of published sources. The study found that private commercial banks in Bangladesh face a number of challenges when it comes to human resource management practices. The most important of these challenges is management change, which is cited by 75% of the banks. Other challenges include leadership development, HRIS, IHRM practices, compensation, staffing,

succession planning, and learning and development, in that order. For this reason, financial institutions' top brass should do things like: i) create an HR system; ii) establish a system for procedural justice and accountability; iii) employ cutting-edge tech and adjust HRIS; iv) integrate IHRM; v) reevaluate compensation and incentives; vi) recruit competent workers; etc., in order to transform these difficulties into opportunities.

Dhankar, Nidhi (2014) The primary goal of the research is to chart the historical development of human resource management strategies used by Indian banks. Reports from the industry and other secondary sources have been analyzed for the qualitative analysis. As a highly dependent industry on human capital, banking plays a pivotal role in all economies. Human resource management practices in such a people-intensive industry are sure to pique academic attention. Understanding how various forms of ownership recruit and retain top people becomes more complicated due to the variety in ownership.

Shalini Shukla (2014) Despite global economic challenges that aren't helping matters, India's economy is still one of the world's fastest-growing. Since its establishment, the Indian financial industry has seen tremendous change. Customers' expectations have changed noticeably as a result of deregulatory and competitive factors. India's public sector banks have their greatest obstacle in human resources. A sea change in human resource management is required due to changes in technology, consumer tastes, the regulatory landscape, etc. This research aims to provide light on the difficulties encountered by human resources managers working for India's public sector banks as they adapt to shifting competitive landscapes. This research sheds light on the many HRM challenges faced by public sector banks in India by combining secondary data with a qualitative analysis of functional managers. Human resource managers, policymakers, and HR experts may all learn a lot from this research.

Dhar, Sujoy (2013) A thorough analysis of Human Resource Management (HRM) cannot be conducted without giving careful thought to how it was created. The field of Human Resource Development (HRD) focuses on a structured, time-bound curriculum that aims to influence student behavior. As stated by Naddler in 1969, HRD is a method that businesses use

to assist their workers in becoming better at what they do, both now and in the future, as well as in developing their overall talents and tapping into their own personal and professional potential. Teamwork, motivation, quality, a feeling of belonging, and harmonious superior-subordinate relationships are all fostered by an organization's culture. Human resource management is very important in banks because of the service sector nature of the industry, the handling of customers' money (depositors' money), and the inherent risk in the banking industry.

Krishna, A et al., (2012) From the conventional banking practices of the British Raj to the reforms period, the nationalization and privatization of banks, and the rising presence of international banks in India, the banking business in India has a rich and varied history. Banking in India, then, has had a lengthy history. Along with the times, the banking business in India has also reached new heights. Banks' methods of operation have been radically altered by the advent of technological solutions. Trust and the public's faith in financial institutions are, nonetheless, cornerstones of banking that have not changed. Even today, most financial institutions are able to maintain the trust of their shareholders and other important constituencies. Nevertheless, new forms of risk exposure are emerging as a result of the evolving dynamics of the banking industry. We have made an effort in this article to try to pin down the overall feelings, problems, and possibilities facing the Indian banking industry. The article is structured into three sections. An overview of the Indian banking business and its background is provided in the first section. The possibilities and threats that the Indian banking sector is now facing are covered in detail in the second section. Part 3 comes to the conclusion that, in the face of severe competition from both domestic and international banks, Indian banking products and marketing tactics must get immediate attention if they are to gain a lasting advantage. For scholars, strategists, policymakers, and bankers alike, this essay plants a little seed in the already-established field of banking sector information.

Jyothi, Dr & Jyothi, Sree (2009) The number, scope, and activity of India's banks have grown substantially throughout the previous 30 years. During this time, there was a dramatic increase in the number of bank branches. Banks' business profiles have evolved to include non-traditional operations such as merchant banking, mutual funds, human resource

development, innovative financial services and products, and so on. In our ever-evolving world, change is the only constant. The banking industry is no different. The basics of banking are changing at a quick pace in today's society, and the changes that bankers are facing are related to that. Protecting declining margins caused by competition is the biggest problem banks are facing today. Technology has also had a major influence on modern banks. It is critical that banks upgrade their technology and incorporate it into their overall operations. Effective human resource management makes all of this feasible. The HR front, however, presents a plethora of obstacles that must be carefully addressed. Using the Indian banking context as an example, this article aims to highlight a handful of HR concerns and proposes solutions to these problems.

IV. RESEARCH METHODOLOGY

A self-structured questionnaire was used to gather data from 180 participants, who were drawn from both public and private sector banks in Kolkata. The participants were chosen using a proportionate stratified sampling technique, and the study adheres to the post-positivist worldview. The data was analyzed using the Exploratory Factor Analysis (EFA) approach.

Several statements are included under each of the eleven aspects of HR problems in the questionnaire. Difficulties in acquisition, training, leadership development, career advancement, performance management, salary and rewards, job design, quality of work-life (QWL), staff welfare, HR integration, and organizational context are the dimensions in question.

V. DATA ANALYSIS AND INTERPRETATION

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test

It is necessary to do certain tests to determine if the sample is enough and whether the data is suitable for factor analysis before extracting the constructs.

Table 1: Result of KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.731
Bartlett's Test of Sphericity	Approx. Chi-	2.262E4

	Square	
	Sig.	.000

To ensure that the samples were sufficiently large for the study, the Kaiser-Mayer-Olkin (KMO) statistic was used. The computed KMO, which is 0.731 in Table 1, is considered an excellent result. In order to determine if correlation matrices are statistically significant, Bartlett's Test of Sphericity is used. The significant correlation between the items was supported by the $\chi^2 = 2.262E4$ with a Sig. value of 0.000 ($p < 0.001$), which met the requirements laid forth by Bartlett (1954), who argued that factor analysis is suitable when the value is less than 0.05.

Dimensions of HR Challenges

In order to examine the elements that contribute to HR issues in Indian banks, a questionnaire was first developed for the research. It consisted of eleven components or dimensions based on a review of the literature. Table 2 displays the results of the exploratory factor analysis (EFA), which led to the retention and labeling of eleven distinct groupings or components.

Table 2: Dimensions of HR Challenges

Sr. No.	Name of Factors	Eigenvalue	% of Variance	Cronbach's Alpha	Mean	Rank
1.	HR Process	58.511	57.798	0.929	2.970	IX
2.	Salary and Reward	3.216	64.287	0.857	2.549	X
3.	Performance Management	2.850	56.948	0.811	3.019	VI
4.	Communication	3.184	53.130	0.816	3.162	II
5.	Acquisition	2.111	70.27	0.790	3.3	I

			5		18	
6.	Employee Welfare	2.383	59.521	.775	2.995	VIII
7.	Training and Development	1.905	63.470	0.710	3.077	V
8.	Retention	2.975	49.518	0.780	3.119	IV
9.	Quality of Work-Life	2.030	67.767	0.758	3.009	VII
10.	Career Growth and Opportunities	1.670	83.282	0.798	2.458	XI
11.	Integration	1.364	68.286	0.765	3.133	III
Overall				0.951	2.991	

Extraction Method: Principal Component Analysis

Rotation Method: Orthogonal Rotation (Varimax with Kaiser Normalization)

Factor Loadings: ≥ 0.30

Cronbach's Alpha Reliability: ≥ 0.60

These eleven factors have a very high level of dependability and internal consistency, measuring 0.951. Out of the eleven categories, the most significant ones for Indian banks' HR difficulties were career growth and opportunities, salary and incentives, HR procedure, and employee welfare. Potentially fruitful areas of focus include QWL, performance management, training and development, employee retention, human resources integration and maintenance, acquisition, and training and development

VI. CONCLUSION

In conclusion, it is possible to claim that companies all over the world are exerting a great deal of effort to embrace the most recent management concepts, even to the point of resorting to inappropriate usage of these ideas. However, the most fundamental challenge that banks and other organizations are today experiencing is figuring out how to organize their social architecture in a way that generates intellectual capital as the primary engine of change. This is the most significant challenge that they are currently facing. One of the most important aspects of capacity building is the cultivation of human capacity, which is often referred to as individual capacity. In point of fact, activities that are focused at capacity building are increasingly becoming a measure of the quality of institutions. Taking the banking sector to new heights of excellence will require a mix of new technology, enhanced techniques of credit and risk evaluation, treasury management, product diversification, internal control and external regulations, and, last but not least, human resources. Human resources are the most important factor in this endeavor. This is especially true when taking into consideration the fact that the realities that are still to emerge are growing more complicated. The HR specialists in the financial sector must delicately navigate the ever-changing dynamics of the industry, as seen by the human resources issues encountered by Indian banks. Human resources are playing an increasingly important role in the banking industry's fast transitions, facing several issues in maintaining a healthy and long-term staff. To solve the talent acquisition and retention problem, companies must adopt new ways of hiring and work hard to create an inclusive environment where talented people from all walks of life want to work.

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