

Developing Banking Industry through Human Capital Needs

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Abstract

The paper determines that human resource management (HRM) in banking sector must embrace strategic human resource planning programs with all banks strategy. This underlines the essential meaning of designing an effective recruitment policy with these strategies as formulation and implementation of active reward policy. Also, banks should include more active training and development for employees. Banking sector also is human capital intensive and plays a critical role for the banks in meeting their goals and offering services to its clients. Today, the fast progress of technology, globalization and "knowledge economy" progress principles are ruling.

This paper shows the impact of the development of employees' human capital on career success, viewed through different hierarchical positions in a particular sector in this case - banking industry.

Key words: HRM, banking industry, human capital, development.

Introduction

Like many other organized sectors, banking requires a multi layer manpower for its various requirements of professionals and support staff. The range may require reasonably educated security guards on the one end and a highly educated and trained professional as head of corporate finance at the other.

With liberalization of activities within the banking sector, for example, more emphasis on consumer and house finance and personal loans, etc. banking has turned itself into a more market-based business where banks have expanded their reach more to customers' door steps in a big way making banking more practical. This has further highlighted the need for proper deployment of man-power to run banks efficiently. For many years, HRM banks like other institutions have been handling this sensitive activity through respective personnel departments. This means human resources were managed like other physical assets e.g. pieces of furniture, calculators, equipment and appliances. Personnel departments were primarily engaged in approval of leaves, handling of staff loans, issuance of show cause, conducting disciplinary enquiries and termination from service. Recruitment was a routine function and was done in a mechanical way to hire people with specific educational background irrespective of their real value to the institution.

With the growing realization of proper HRM in the corporate sector, it has grown into an important activity. Now the head of HRM is an important member of the senior teams of any thriving business. Although the idea is new for many local businesses where entrepreneurs are at the beginning of the learning curve yet in reality the theme is getting support from the organized entrepreneurs. The banking sector has grown from a few institutions primarily involved in deposit acceptance and trade finance into a complex multi player markets where large number of commercial banks, financial institutions and specialized banks are operating with various products and activities. The banking has become a complex activity within the financial market linked directly and indirectly with an overall national growth and its impact as an integral part of regional segment of a global banking environment.

Almost every bank and financial institution is involved in various functions in a day's job and thus requires a highly effective team and appropriate manpower to run the show. Corporate goals are translated into viable realities and profits only with human element who play their due role in achieving the desired results.

Literature review

The literature in the field of human resource management is focusing on effectively managing human resources of organizations. This is the reason why managers of the organizations are interested in better knowing human resource practices for enhancing employee (Boselie et al. 2001; Den Hartog and Verburg 2004). According to these HRM practices, Teseema & Soeters (2006) have studied eight of them. These HRM practices which are in focus of analyzing are recruitment and selection, training, placement, compensation, employee evaluation, promotion, grievance procedure and pension or social security.

Coefficients ^a										
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	.232	.125		1.847	.065					
1 Corporate culture	.019	.062	.020	.304	.761	-.019	.014	.009	.196	5.098
Employee advancement	-.026	.039	-.028	-.664	.507	-.049	-.031	-.019	.475	2.104
Career success planning	-.006	.060	-.007	-.104	.917	-.018	-.005	-.003	.213	4.704
Educational Level (years)	.000	.010	-.003	-.080	.936	.514	-.004	-.002	.563	1.776
Current Salary	3.538E-5	.000	.781	20.290	.000	.780	.684	.586	.563	1.775

Source: Authors' results based on available data

The results indicate that the main development trend of the organization should be, in addition to other activities, the creation, development, sustainability and preservation of human capital at its disposal.

Planning of the career is very important because its role to enhance the realization of increased financial performance and financial inclusion in the banks. These plans for successful career must recognize the fact that the staff which is working in the bank has unique needs, wants and abilities. The other fact is that the employee in the banks will better do their work if that bank responds to their aspirations and needs. Further, if the banks give the bank staff its right opportunities, encouragement and guidance individuals can grow, change and seek new directions.

Conclusion

Banks human resource management should strive towards promotion of better relations between employees in order to create a friendly working environment. This leads to increased level of employees' engagement in the execution of banks job task functions hence contributing towards realization of increased banks financial performance.

Talking in this paper about the human capital together with all its accompanying elements, could be conclude that it is one important link in the business of specific organizations but also link that makes employees more productive and successful in their career paths. Only employees with a strong potential of their own human capital for career success can create a work atmosphere that brings results.

The paper determines that human resource management (HRM) in banking sector must embrace strategic human resource planning programs with all banks strategy. This underlines the essential meaning of designing an effective recruitment policy with these strategies as formulation and implementation of active reward policy. Also, banks should include more active training and development for employees.

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