

WORK CULTURE IN INDIAN BANKING SYSTEM- OPPORTUNITIES TO BANKS FOR SUSTAINABLE DEVELOPMENT

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ABSTRACT

The post-reform period has been marked by (a) considerable market orientation of banks along with switchover to a regulatory regime in line with Basel I; (b) substantial liberalization in the spheres of production, trade and cross-border capital flow; and (c) increasing integration of domestic and international markets for goods and services as well as financial products. These developments opened up a wide array of business opportunities for banks; but the manifold increase in various types of risk also posed a serious challenge. Judged on the basis of financial indicators like non-performing assets (NPAS), capital adequacy and profitability, performance of banks during this period has been quite impressive. However, some of the developments are far from healthy and these include drying up of funds for long-term including infrastructural capital accumulations; sharp rise in investments in government securities at the expense of credit to the commercial sector; and grossly inadequate supply of loans to farmers, SMEs and other borrowers in the unorganized sector. While part of the reason for this is structural or policy related, there have also been major lapses in operation of banks themselves. In particular, banks have failed to acquire optimum size; develop an adequate system of assessing creditworthiness of borrowers and pricing rules on the basis of the risk-return calculus and come up with financial innovations for exploiting the vast, untapped, market potential.

Changing culture isn't as simple as seemed because identifying and adopting new behaviours needs to see and articulating a new set of beliefs and values associated with changing corporate culture. Generally most of the organizations avoid changes in work culture and behaviours until they observe the role models in their organization acting differently. The function of commercial banks are confined not only to advancing loans to the public and accepting their deposits, their contribution in accelerating the rate of economic development in under-developed and developing countries like that of India is very effective. Not only is that, banking highly effective and useful in the fulfillment of various socio-economic objectives of the Government. Commercial banking in India occupies an important place in the banking set-up of the country, these days.

To this end, the paper aimed to describe and analyse the various strategies adopted by banking businesses in India to maintain positive work culture in cut throat competitive market. Such strategies include new philosophy of action, Human Resource Development (HRD), Changing role of HRM, Morale boosting

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strategies etc. Thus paper hopes to bring light on the basic understanding on the strategies adopted by banking sector with special reference to Indian economy.

Keywords: Behavioural abilities and traits, Commercial banking in India, Changing role of managers, Effective work force.

INTRODUCTION

Organisations need to be productive, profitable and increase their market share even with the challenge of coping with changes in the environment. The need to achieve their goals has made managers seek for cultural means of motivating employees to be productive. Whereas structure is important in defining individual responsibilities within the workflow process a congruent culture ensures that individuals carry out these responsibilities with minimum resistance. More importantly, strong culture dictates the way things should be done and creates expectations shared by group members, which are not outlined explicitly by formal structure. Work culture relates to goals that should be pursued and standard of behavior that should be maintained by employees as they pursue those goals.

As there are various ways available to support the cultural process that helps people achieve their potential, it is a good idea to explore organizational culture before an organization specially service organization such as banking and insurance embark on major organizational change. Up to eighty-five percent of organizational change interventions do not work because the organization's culture is not addressed first. The chances of organizational change succeeding increases dramatically once cultural issues are improved. Now a day's organization facing sweeping changes in budget, leadership, facilities or other areas are advised to strengthen their organization's culture first. When they do, the transition is much smoother and outcomes more successful. Hence the efforts are made in this article to present a significant approach on corporate culture and its relevance in sustainable development in globalised era show how it affects banking sector in context to Indian economy.

OBJECTIVE OF THE STUDY

The paper aimed to describe and analyse the various strategies adopted by banking businesses in India to maintain positive work culture in cut throat competitive market.

RESEARCH METHODOLOGY

The research is descriptive, conceptual and analytical in nature. Secondary data sources have been used for the purpose which includes; Books. Published Research Journals and data taken from various websites.

Work Culture in Banking Sector in India : Call for Sustainable Development

Recent time has witnessed the world economy develop serious difficulties in terms of lapse of banking & financial institutions and plunging demand. A progressively growing balance sheet, higher pace of credit expansion, expanding profitability and productivity akin to Banks in developed markets, lower incidence of nonperforming assets and focus on financial inclusion have contributed to making Indian banking vibrant and strong. Indian banks have begun to revise their growth approach and re-evaluate the prospects on hand to keep the economy rolling. The way forward for the Indian banks is to innovate to take advantage of the new business opportunities and at the same time ensure continuous assessment of risks. Thus, it has become far more imperative to contemplate the role of the Banking Industry in India in fostering the long term growth of the economy. With the economic stability and growth, greater attention is required on both legal as well working culture commitments to long term development programme.

“A Banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market in an advanced country. The Indian Banking industry, which is governed by the Banking Regulation Act of India, 1949 can be broadly classified into two major categories, Non-scheduled banks and Scheduled banks. Scheduled banks comprise commercial banks and the co-operative banks. In terms of ownership, commercial banks can be further grouped into. Nationalized banks, State Bank of India and its group banks, Regional Rural banks. These banks have over 67,000 branches spread across the country.

Banks are the main participants of the Indian financial system, because they play a vital role in the economy of a country. India is one of the most preferred banking destinations as its economy is not only growing at +8 percent annually, but is also going through a transformation to the next level of maturity. After liberalization the banking sector underwent major changes and it has been totally changed after economic reforms. Always Indian banking industries were dominated by public sector banks because they play an important role in development of Indian economy. In second phase of financial sector reforms in the early nineties, Central government Issued Banking Regulation Act (Amendment) 1994 for giving the permission to private Banks in India. After their arrival in Indian banking sector they came to be known as New Generation tech-savvy banks. They have made banking more efficient and customer friendly.

Every bank, from small to large has a culture. The culture refers to the values and attitudes of employees in the business or organization. In a business with an unhealthy culture, employees act as individuals, performing their duties to meet their own needs, such as a pay check or health benefits. A healthy corporate culture values each employee in the banks regardless of his job duties, which results in employees working as a team to meet the company's and their own personal needs. Healthy corporate culture improves the performance of a bank in a number of areas.

Every bank seeks to be more effective and achieve better results; a careful business strategy is developed to achieve this. However, successful execution of the strategy occurs when structure, roles, capability, leadership, people management systems and organizational culture change area all aligned to the strategy.

It's important for banking organizations of different size and level to create the kind of environment or culture where the positive managerial patterns of listening, coaching, guiding, involving and problem-solving are actively encouraged and reinforced. This is where the policy of the Human Resources department is critical as it reflects and reinforces organizational values and culture. "Focusing on building and sustaining an organizational culture is ways of showing that people are the organisation's most valuable asset. But sometimes a change is required for better efficiency and productivity. Banks which have embraced organizational culture change see a positive increase in their employee engagement, attraction of new customers and boosting their revenues. Other aspects influenced by effective culture change include: Greater employee retention, Customer satisfaction, Reduction in operating costs, etc.

Over the last decade the interest in organizational culture has grown quickly. Changing a Culture is a large-scale undertaking because every organization's culture comprises an interlocking set of goals, roles, processes, values, communication practices, attitudes and assumptions; these are the organizational tools needed to be put into play for great results.

Why Positive-Work Culture is Important in Banks

"A healthy culture one marked by high morale, high productivity, minimal confusion, minimal politics, and low turnover is one that employees want to be a part of. They want to invest themselves in the success of the organization, because it's obvious the organization is reciprocating. They want to grow and improve, because they want to be a part of the organization's success. So many organizations miss this potentially game-changing competitive advantage because their default strategy when something isn't going well is to look at all the "smart" things: marketing, technology, finance, etc.

In banking organizations cultures give them a powerful competitive edge. There are some reasons exist for healthy work culture such as:

1 Leadership is critical in understanding and maintaining bank's purpose, values, and vision. Directors must set the example by living the elements of culture: values, behaviours, measures, and actions. Values are meaningless without the other elements.

- Like anything worthwhile, culture in banking institutions is something in which general public invest. A bank's norms and values aren't formed through speeches but through actions and team learning. Strong cultures have teeth. They are much more than slogans and empty promises. Some banking organizations choose to part ways with those who do not manage according to

the values and behaviours and other employees embrace. Others accomplish the same objective more positively.

- Employees at all levels in banks observe and authenticate the elements of culture. As owners, they judge every management decision to hire, reward, promote, and fire colleagues. Their reactions often come through in comments about subjects such as the “fairness of my boss.” The underlying theme in such conversations, though, is the strength and appropriateness of the organization's culture.
- Banks with clearly codified and enforced cultures enjoy great employee and customer loyalty, in the large part because they are effective in either altering ineffective behaviours or disengaging from values challenged employees in a timely manner.
- This self-reinforcing source or operating leverage must be managed carefully to make sure that it does not result in the development of dogmatic cults with little capacity for change. High-performing banks periodically return and repeat their core values and associated behaviors. Further, they often subscribe to some kind of initiative that requires constant benchmarking and searching for best practices both inside and outside the banking organization.
- Banks with strong and adaptive cultures foster effective succession in the leadership ranks. In large part, the culture both prepares successors and eases the transition.
- Cultures can unpleasant. Among the reasons for this are success itself, the loss of curiosity and interest in change, the victory of culture over performance, the failure of leaders to reinforce desired behaviours, the breakdown of consistent communication, and leaders who are overcome by their own sense of importance.

Positive Work Culture Opportunities to banks for Sustainable development

Customers may prefer to conduct transactions with a banks with a solid corporate reputation as well. The improved morale of workers in a company with a healthy corporate culture increases productivity. When workers increase productivity, the financial health of the banking organization improves, and profits increase. Increases in productivity are a measure that illustrates efficiencies and effectiveness in the company. Employees benefited from increases in productivity with higher salaries in employee benefit programs. Healthy corporate cultures encourage workers to deliver quality services. Banks with cultures, valuing the highest standards create an atmosphere for workers to deliver services that meet those high standards. The cultural standards for excellence are an important factor for creating a product or service with a reputation for high quality and moved toward the path of sustainable development.

Actually work culture in banks refers to the compilation of the set of values and norms which are shared by the people and groups in a particular bank. Additionally, it being a set of shared mental assumptions and guide interpretation, it

defines the appropriate behavior at any given instance. There are lots of opportunities exist for banks India that can be gained through healthy work place and culture for sustainable development such as:

- There is recognition of diversity among employees and managers.
- There is a just and reasonable treatment for each employees.
- Due credit is given to an employee's contribution.
- There is equal opportunity for all employees.
- Employees can accomplish and achieve their full potential the company's policies and issues.
- It produces dedicated leaders with a vision and purpose.
- It will enable that company to compete with similar organization.
- Increase in efficiency of the employees owe to the company's investment in employees' trainings.
- There company will have a sustainable and consistent programs as well as understandable guidelines for the employees.

Setbacks of Work Culture : Challenges for Banks in India

Some problems of banking organizations has to do with the organizational culture, the way in which the organization, including its stakeholders, use to act and think. This organizational mental make-up is more than structure or strategy the decisive factor in obtaining success. If the organizational culture is blocking success, the change of culture has to be considered. Organizational culture is a problem when the way in which the organization usually operates puts obstacles in the way towards achievement. Such problems include:

- The goals of the organization demand and external orientation of the member, but the organizational culture is characterized by internal orientation.
- Transparency is needed to be accountable and to function democratically, but the tradition to involve family members and to favour them, my makes transparency gloomy.
- Being value driven as a main characteristic of a bank stands not well with the business like attitude of our professionals.
- Productivity, being directed towards goals, may be hindered by the grown habit to intervene in each other's work, directing most of the energy to each other instead of to the product organizational values, and control must be exercised through broad procedures and organization.

In a special context to banking business and its cultural environment it is worth to said that the banks with cultures what emphasize all the key managerial constituencies (customers, Stockholders, and employees) and organization from managers have opportunities to sustain and survive in market than those who don't put any efforts on maintaining work culture.

“If the banking systems in a country is effective, efficient and disciplined, it bring about a rapid growth in the various sectors of the economy and the Banks are the trusted place of customers. In most of the banks in India organizational changes efforts, it is much easier to draw on the strength of the culture than to overcome the constraints by changing the culture.”

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