

Role of Manger Leadership in Subordinate Staff Performance in Public Sector Banks

Manju Katarya

ARTICLE DETAILS

Article History

Published Online: 20 January 2019

Keywords

Leadership styles, Transformational leadership, Transactional leadership, Public sector Banks, subordinate staff performance.

ABSTRACT

Public Sector banks contribute significantly to the growth and economic development of any country. This study explores the main management challenges that public sector leaders and managers face. The banking industry, especially public sector banks, are faced with numerous changes and challenges in the global situation, where leadership is instrumental in achieving organizational objectives. Managers with long experience were more likely to practice a transformational style impact than managers with less experience were high among the staff of their deputy. Public sector managers use public banks' transformative management styles to the greater extent that they were transactional. Implications focused strongly on the generation of revenues in a bank focused on rising the influence of public sector subordinate workers. The study revealed that the most common leadership style of the bank managers is transformations leadership and that there are significant links in the public sector banks between leadership styles and the performance of subordinate staff.

1. Introduction

Leadership is commonly viewed by public sector banks as a basic driver of good results or deception in line with this leadership, in order to achieve success in organization and industry. There is no over-emphasis on the impact of a leadership style in public sector banks and the leadership styles enhance an organization's effectiveness. Since 1991, systemic changes have taken place in the banking industry in India, removing both domestic and external constraints on bank functioning. In public sector banks it has been possible to diversify banking ownership. The increasing involvement of banks in the public sector has led to an unparalleled increase in competition in the banking sector, creating enormous opportunities for national and international business expansion and diversification as well as challenges emerging from new players in the industry. A strong competition with the emergence of new generation state-of-the-art banks has led to a greater focus being placed on product innovation supported by IT advancements and customisation of products. By offering voluntary pension plans, a high average employee age in public sector banks has been reduced. The banks hire young people with a high level of training and IT skills to manage their expansion plans. The attraction, encouragement and retention of subordinates in transforming and improving organizations is considered to be a key factor in successful leadership.

2. Leadership and the type of bank

Because of the various types of banks, job practices, the climate and policies change. There is also a possibility that the form of bank will influence the management style. The public sector banks are also assumed to be more conservative in their view and so the leadership style can often be more hierarchical. The managers may then adopt the self-government form. In accordance with the available literature, the management styles in different banks were referred to as below: Kaur(2004) found that the perception of subordinate staff of the transformative and transactional behavior of government banks varied according to socio-demographic variables. The results analysis indicated that subordinate staff

perceptions of transformation leadership behaviour, but this is not the case with transactional leadership behaviour, in which subordinate staff of public sector banks perceive transactional management more positive than subordinate public sector bank employees. Employee perception of leadership varied depending on marital status and working experience, but did not change depending on gender, age, qualification and management level. Employees have a favorable view of leadership actions (transformation and transaction) when they are empowered and driven to succeed. Mehta and Mahajan (2012) tried to equate the opinion of managers of their own management style with that of the managers in their management style. The results revealed that public sector bank managers have taken on a critical leadership style compared to public sector bank managers. It represented that there is a positive correlation between the perception of executives and subordinates with a kindly style and leadership growth among public sector managers. In the case of public sector banks, on the other hand, there is no correlation between the perception of managers and subordinates with different leadership styles. Al-Hazeymeh Ahmad Saleh(2013) studied the role of managers in all forms of leadership, Autocratic, Democratic, Participatory, Balanced and Dictatorial (ADS) at public institutions in Irbid governorate, among 100 randomly selected employees. The first results were achieved by averaging a 5-style exercise in IRBID governorate public institutions (Autocratic, Democratic, Participatory, Balanced and Dictatorial). The second was that the functional and leadership types of public institutions (autocratic, egalitarian, participatory, inclusive and dictatorial) are in a positive connection. The study also called for subordinate staff in public institutions to be allocated as leadership workers and to promote equality of human labor in Jordanian public institutions.

3. Status of human resources in public sector banks:

State Bank of India is planning to increase banking hours, particularly for retail customers, claiming that the conventional banking hours did not meet the customers' current requirements. SBI aims to introduce 12-hour banking by

introducing banking '8:00 to 8:00 p.m.' in selected cities. Nonetheless, SBI is opposed by its dependants who are not prepared to work for additional hours. Prof. Rudrabasavaraj (2000)¹⁹ experienced the dialog between a disappointed line officer responsible for a large clerical operation in a study carried out in a bank. The officer commented in somewhat irritated mood that the bank seemed like a three-shift plant. He also felt that his bank needed managerial staff, not conventional types of banks, later on. Despite of these bad working conditions, bank workers convene protests to voice their grievances. From time to time, these strikes are called by banking unions to defend their members' interests. Strikes in the Indian banking industry have now become a regular function. All the subordinate employees and officers of public sector banks have recently been acting against the outsource proposed and the freezing of recruitment under the aegis of the Unified Forum of Bank Unions. They also sought to resolve requests immediately, such as a second retirement option, implementation of a compassionate appointment and recruitment scheme. Indeed, since 1990, Indian public sector banks have prohibited recruitment. This has forced the current workers to increase their workload. Even though more than one Lakh staff has opted in the last 5 years to fill vacancies in the public sector banks, there has been no new recruitment up to now.

In the nationalized banks of India where the officers are required to work 12–14 hours daily without the prescribed weekly holiday, labor practices are still kept in vogue throughout the eighteenth century. Subordinate personnel's working conditions have also deteriorated because there is a shortage of workers and computer operations are in danger. For staff working in the public sector banks, no exemption is available. The two sectors have roughly the same climate. Whatever the causes, the human resources are negatively motivated because of the bad and erratic working conditions in both industries. Indeed, its morality is highly risky.

4. Training and skill development of staff

Faced with competition, modern banking is becoming more complex and skillful. The Committee agrees that PSBs still have a wide pool of qualified banking professionals with conventional banking experience. Although many of these traditional skills would continue to be important, they will have to be updated at various operational levels from time to time. There is also an growing need for learning and honing new skills and creating new competencies. In line with the trends in diversion and specialisation, the Committee feels that several skills shortages will have to be focussed on part of bank managers with Indian banking transformation gear from vanilla banking to multi specialists banking. There is therefore a key agenda for the training systems of banks to develop talent pools for various areas of expertise. In addition to recruitment and training, banks will now have to pay attention in the light of new technologies to the ongoing training of their subordinate employees.

The Committee, therefore, recommends that:

- Training systems of banks to focus on creation of talent pool of officers in critical areas like Treasury, Corporate Credit, International Banking, Retail Banking, Social Banking, Technology, Risk Management, Marketing, Infrastructure Financing,

Financial Inclusion, etc. Internal certification of training programmes to be introduced to build talent pool.

- Training colleges of individual banks to be upgraded as centres of excellence with mandate to carry out in-house research, provide learning support to the management and be responsible for continuing education efforts.
- Training strategy to focus on staff working in rural areas and women employees and priority to be accorded for regular in-house training to rural staff.
- E-learning and other alternate delivery channels for learning to be extensively used for training and learning.
- Linkage between training and operations to be improved by proper training need analysis and evaluation of effectiveness of training. Focus to be to understand world class practices and changing requirements of customers.
- Functional heads / business leaders to be accountable for training and development of cadre of officers in their area.
- Internal processes in training such as faculty selection process, training of faculty, introduction of core faculty in some key areas of management, top management support, etc. to be improved.
- Training of newly recruited officers to be strengthened and re-vitalized. Two years' training to be made mandatory for these officers to provide systematic exposure to all aspects of banking. During training period, they should not be posted in regular jobs. Mentoring of newly recruited officers can be entrusted to recently retired executives, say in the last 5 years.
- Role related training to be made compulsory for all executives in Scale IV and above. Objective is to develop leadership, decision making, risk management skills, etc. Leadership training to precede posting to senior levels, after the promotion decision is taken. This is meant for understanding the role, developing the skills and competencies required to perform the role.
- All banks to have Governing Board on training / Advisory Committee on training (many banks already have) and they should invariably meet once in three months to address the issues of skill building and engagement of staff.
- External and overseas training to be aligned to a clearly laid down talent management strategy.
- Every bank to develop a training policy. Policy to include mechanisms for ensuring that training inputs are properly used

Career Planning

The Committee believes that career planning is actually one of the weakest ties of PSB's HR policies. The lack of focus on career fields as part of a planned career development strategy is due to this. The general idea that seems to prevail is that promotion is the 'be all and end all' of the production process. The Committee claims that the structured career preparation for officers must be given priority in order to build a

talent pipeline. By so doing, problems of specialization and management of diversity should also be taken into account.

The Committee, therefore, recommends that:

- Systematic job rotation in the formative stages of an officer to be ensured for providing rounded exposure in operational areas of banking. Career plan for officers to aim at providing functional expertise in one or two areas before he enters the executive cadre.
- The present mandatory rural / Semi-urban service for a minimum period of three years for generalist officers to be continued.
- PSBs to bring about rigour in promotion process in all cadre.
- Eligibility criteria in the matter of minimum length of service in a particular Scale to be suitably reduced for fast track promotions to talented subordinate staff – as a motivational and retention tool besides for creating leadership pipeline.
- Promotions in executive cadre to be preceded by thorough testing of competencies and potential measurement through Assessment Centre for holding the position to which the subordinate staff is being promoted. External experts to be associated in all promotions in executive cadre.
- HR to develop mechanisms for identifying star performers and to track their performance for fast track growth.
- Each PSB to come out with a HRD plan for development of women and SC/ ST subordinate staff. Special HRD efforts to be put in place for developing these groups in key skills of banking.
- Sabbatical leave of 2 years to be allowed at request to women subordinate staff to meet their special problems during their career.

5. Performance Management

The Committee finds the existing PMS in PSBs to be a significant concern. Except for the few, most banks use the government's standard assessment format. Even the assessment format used by senior managers, including CMD and ED, is characteristic and completely inconsistent with the strategic role these managers should play. The evaluation system is administered routinely and is not used generally for developing interventions. In addition, many assessments and ratings have an upward trend, where 80 - 90% of the appreciated individuals are 'excellent.' This does not allow performers to be distinguished from non-performers. This in turn affects the performer's damping. It also has a cascading effect in many cases which leads to mediocrity.

The Committee suggests executive attention, monitoring and accountability for PMS and recommends that:

- PSBs to introduce and implement PMS for promoting high performance culture.
- All categories of staff including workmen staff to be covered by PMS. PMS to be a credible, transparent and interactive system. Online PMS to be introduced.
- Discipline of PMS to be enforced by the management. Appraising authorities to be accountable for proper and timely assessment.

- PMS to include some form of performance planning. All performance plans to include statement of key activities under each KPA / KRA and linkage to Branch/ Regional/ Functional/ Business Unit/ Organisational goals.
- PSBs to introduce 360° feedback as a leadership development, succession management and grooming tool for executives in Scale IV and above.

6. Succession planning and leadership development

The objective of succession planning is to ensure that qualified and capable people are employed not only in the current but at least in the next five years in all key and critical positions, and that such an evaluation is made every year. In order to guarantee organizational continuity and progress, the PSBs have no credible plans for management successions. The leadership differences in PSBs are significant, with 80% of GMs, 65% of DGMs, 58% of AGMs and 44% of CMs receding in the coming five years. The pool of these senior managers can not be replaced by promotions alone. Simple progress on an accelerated basis does not solve the problem without proactive and advance planning.

The "leadership" is seen by most banks as key to their organizations' long-term success. In the current context, they also regard that as an important area of concern. The current evaluation, nebulous preparation and cleaning and biased exposure processes are low in emerging leaders. Most banks use a intermittent, ad hoc access to various kinds of management development programs in India and abroad to establish senior and senior management. Multiple software exposures do not usually add value. There is no well-rounded and comprehensive strategy to develop people in senior and top management to take strategic positions. Moreover, the institutional structure for defining and caregiving members is not available in most of the banks. In the context of criticality of these issues, the Committee recommends that:

- PSB to introduce system of succession planning for key critical and leadership positions. Each critical position should be backed up by three potential successors in the reserve. Review of critical positions to engage the attention of the proposed Steering Committee of the Board on HR.
- The identified potential successors should be groomed through variety of mechanisms to prepare them for the identified positions. The proposed Steering Committee of the Board on HR to monitor this process.
- A comprehensive leadership development strategy, based on leadership competency model for each role, must be developed by each bank for executives in Scale IV and above.
- Leadership competency should be developed through a planned exposure to different jobs, tracking performance, training and development at different stages of career and grooming through management and leadership courses and through project work. Focus should be on developing high potential individuals.
- Potential identification should be done through modern HRD tools like Assessment Centre and 360° feedback to identify talent for various roles. Eventually

this should become part of leadership development process and managed by BLDI. BLDI or any other institution which facilitates this for PSBs should also help them develop mentors to guide, coach and promote internal talent.

- A common pool of GMs to be created for the entire banking industry. Only identified potential candidates through Assessment Centre to become eligible for ED / CMD positions.
- On appointment, EDs and CMDs should be inducted into the role through a carefully designed program of approximately a week's duration. This should socialize the person into the role and prepare them to plan their work. They should seek 360° feedback at intervals of the initial six months, end of the first year and thereafter, annually. Each ED and CMD should have a mentor from the industry leaders, to work with him.
- Bankers' Leadership Development Institute to be set up for creating future leaders, research, benchmarking and best practices.
- In order to promote meritocracy and high degree of professionalism, banks need to have best in class leadership at the top. The main criteria for selection has to be strategic thinking and turnaround ability. CMDs in proposed 'Navratna' banks to have a clear tenure of 4 to 5 years.
- Government to consider pensionary benefits to CMDs and EDs based on their last the last pay drawn by them as whole time Directors.

7. Subordinate Staff engagement and Motivation

Today's PSBs have a totally different perspective from the past. Many turned technical expertise. Some are successful in marketing and sales every day. These trends have a profound impact on the banks' subordinates. In order to make them active and willing partners in the process of change, the challenge before banks is how to better inform, engage, shape and channel the subordinate staff's energies towards these developments. The Committee, therefore, recommends that:

- PSBs to introduce online resolution of grievances.
- Banks to install a credible system to encourage free flow of ideas and suggestions from their staff – technology tools like Intranet, interactive portals, online quizzes, etc. to be used.
- Each bank to evolve subordinate staff involvement programmes covering all sections of subordinate staff.
- Banks to encourage learning initiatives among subordinate staff through appropriate recognition and reward schemes.

References

1. A Kumudha and Susan Abraham (2008), 'Organization Career Management and Its Impact on Career Satisfaction: A Study in the Banking Sector', the ICFAI University Press.
2. A. Shrivastava and P. Purang (2011) Employee perceptions of performance appraisals: a comparative study on Indian

8. Professionalization of HR

Contrary to public sector banks, specialist professional status for PSBs has not been achieved. This was in effect not conducive to the promotion of HR functional professionalization in line with changing market conditions. Installation of scientific structures in HR, accompanied by technical experience and long-term policy development, will require professionalisation. The Committee believes that PSBs will build a vibrant HR architecture that is backed by a strong HR infrastructure, concentrating and working on the Board. The key role of HR in PSBs will be to train employees constantly to lead their businesses to meet customers' needs and to help meet different stakeholders' expectations. With a view to ensure that HRD is woven into the system, the Committee recommends that:

- Every CMD should take HRD on his agenda. A Steering Committee of the Board on HR to be constituted in each bank, with Government Director and two outstanding HR professionals (having knowledge of 360°, Assessment and Development Centre, etc.) apart from CMD and ED, as members, to discuss critical issues in HR every quarter.
- Banks to recruit HR professionals at both senior and junior levels to undertake HR activities. Lateral recruitment should be encouraged for getting top talent in HR. All HRD staff should be trained before they are posted to HR roles.
- All PSBs to automate HR administration through web-based system, for efficiency, cost reduction and transparency in HR management. Banks to introduce and carry out HR audit once in two years.
- A Monitoring Group comprising of Secretary (Financial Services), Joint Secretary and two HR professionals preferably with exposure to banking industry, to be constituted in the Ministry of Finance to monitor introduction of HRD, best practices and the transformation agenda of different banks.
- An award to be instituted for best HR practices.

9. Conclusion

Overall, the purpose of this study was to review the leadership styles of managers and subordinate staff performance in job performance in the Public sector Banks in India. The findings demonstrate a strong link to job success in a transformational leadership style and are the leading models used most often by managers and bankers in the Public sector. The research has thus led the researchers to summarize that transformative leadership is the greatest type of leadership to improve worker engagement within banks in the public sector, showing that effective governance in public sector banks enhance subordinate work performance as well as overall work performance in the subway sector.

- banks', The International Journal of Human Resource Management, Vol. 22, No. 3, January 2011, 632–647.
3. Arikboga & Akbol (2015) The Effects of Leader Behavior on Job Satisfaction: A Research on Technology Fast 50 Turkey companies. World conference on technology, Innovation and

- Entrepreneurship. *Procedia –Social and Behavioural Sciences* 195, 278-282
4. Gupta, V. (2016). Indian administrative service and crony capitalism. In Khatri, N., and AbhoyOjha (Eds.) *Crony Capitalism in India: Establishing Robust Institutional Frameworks*: 177-205. Hampshire, UK: Palgrave Macmillan.
 5. Gupta, V., Chopra, S. &Kakani, P. K. (2018). Leadership competencies for effective public administration: A study of Indian Administrative Service officers. *Journal of Asian Public Policy*, 11(1): 98-120.
 6. Jain, P. K., Gupta, S., & Yadav, S. S. (2014). *Public Sector Enterprises in India: The Impact of Disinvestment and Self Obligation on Financial Performance*. New Delhi: Springer.