

Managing HR Transformations through OD Interventions in Banks: Post Global Recession

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Abstract

The First Generation of global HR Transformation began to take shape in the mid-1990s, gradually evolving from HR strategy presentations to full-blown transformation initiatives and enterprise-wide implementations by the middle of the decade. First Generation HR Transformation focused on changing the existing relationship between employees, managers, and HR. With technology as a key enabler and process re-engineering as a mantra, this First Generation effort sought to help make employees more self-sufficient, whilst asking them to take more responsibility for their own careers. This paper sought to help remove HR from the middle of the employee/manager relationship by making managers more responsible for handling their employees' HR needs over the past ten years or so by restructuring of HR operations and processes. Yet, there is still much work to do. More of the above will be covered in the paper ensuing.

Keywords

HR, Banks, Post Global recession

I. Introduction

The First Generation of global HR Transformation began to take shape in the mid-1990s, gradually evolving from HR strategy presentations to full-blown transformation initiatives and enterprise-wide implementations by the middle of the decade. First Generation HR Transformation focused on changing the existing relationship between employees, managers, and HR. With technology as a key enabler and process re-engineering as a mantra, this First Generation effort sought to help make employees more self-sufficient, whilst asking them to take more responsibility for their own careers. It also sought to help remove HR from the middle of the employee/manager relationship by making managers more responsible for handling their employees' HR needs.

Over the past ten years, HR Transformation has led to a major restructuring of HR operations and processes – transforming the way HR services are delivered. Yet, there is still much work to do. Companies today face significant HR challenges that barely existed a few years ago, much less a decade ago. Global competition and an ageing workforce are combining to create a talent shortage that is expected to last well into the 21st century. Companies are already struggling to find people with critical skills, and the problem will only become worse. As a result, companies around the world are turning increasingly to non-traditional sources of labor, such as offshore workers, retirees, and telecommuters.

II. Literature Survey

The eclectic nature of OD and the abundance of conflicting definitions combined with its seeming homelessness as a profession both in a corporate and academic sense; inevitably mean it is not well understood by outsiders.

Waclawski and Church (2002) for example suggest that the field itself has yet to come to agreement on its basic boundaries or parameters... thus for some, OD represents anything and everything that might be offered (p4). Its diversity is cited as both strength and a weakness but leaves many thoroughly bemused. In addition, the lack of evaluation over the years has failed to enhance its reputation and credibility (Golembiewski & Sun, 1990; Porras & Robertson, 1992).

The intervention combines the process of dialogue for organizational learning and culture change as suggested by Schein (1993) and double loop learning of understanding the cause and effect relationships to create change (Argyris, 1977). Cheung_Judge (2001) suggests that 'OD consulting necessitates a high degree of self knowledge and personal development that must engage OD practitioners throughout their professional lives'. She argues that 'among the many competencies required of us (OD practitioners) the use of self as an instrument is at the heart of our uniqueness and effectiveness'.

OD still relies on the ability, effectiveness and commitment of individuals and can seemingly be a lonely role to play as one practitioner describes, 'I learned as well that working alone with a complex system is quite difficult. I was unable to internally hold all system members, that is, to take in all its parts, to validate them separately, to see them as all part of the whole. Yet during much of the project I held onto the grandiose illusion that I should do so—which speaks, I think, to how caught I was in the agency's search for a savior and in my fantasy that I could be one' (Kahn, 2004).

How then can OD avoid the terminal decline that has been forecast in the US (Greiner and Cummings, 2004) and support the rising demand for effective OD in the UK? Is it time to come in from the cold and enter into merger talks with HR to strengthen support for OD practitioners and also spread their skills into the HR community? Some have argued for a convergence of HRM, HRD and OD (Ruona & Gibson, 2004) for at least for a strong partnership.

Ultimately they are all striving to make organizations more effective through people. Burke (2004) identifies five models, two of which he sees as potential futures for OD—the traditional model: OD a sub_function of HR; the independent model: freestanding OD not reporting in to HR but possibly, administration, strategy or operations; the decentralised model: OD practitioners in business units reporting to unit head with perhaps a presence at HQ; the integrated model: OD integrated into all aspects of HR with change as a primary responsibility; the strategy model: OD as an integral part of the strategic_planning function reporting to the CEO.

Burke argues that while the strategy model would put 'OD where it belongs to in the organization, that is, integral to possibilities of system wide change', he believes OD professionals would

require new business knowledge and skills as well as incorporating the bottom line into their values. Indeed this lack of business knowledge is also a frequent criticism of HR professionals. He therefore believes that the integrated model provides a practical way to strengthen and renew both functions and to spur new thinking and creative action for the future.

III. Objectives

This research paper has been prepared keeping in mind the impact which global recession has had on the transformation of Human resource management in Indian banks. Also focus is on trying to find out if OD (Organizational development) interventions have been used significantly by banks as part of the strategy to counter the negative mitigations of the global recession which took place in the US. In this light one can make observations if HR transformation in these bank branches through the route of OD interventions has taken place or not. The following are the objectives of this research paper:

- . To study the change in OD intervention in banking sector after the economic slowdown.
- . To examine the change in HR policy & perspectives in Banking sector after the economic slowdown.

This research paper makes an attempt to study the following aspects of HR policy and OD interventions in banking sector post economic slowdown in India:

1. The impact of global recession on the over-all co-ordination among employees in Banks
2. The impact on recruitment policy of banks
3. Growing importance of training needs in banks
4. Evaluation and analysis of career plans in the context of global recession
5. The impact on retrenchment or downsizing in these banks
6. Return / Employee productivity in these bank branches
7. Improvement in timely performance appraisal/ performance appraisal system
8. Improvement in the level of incentives, compensation and other fringe benefits
9. Impact on the style or level of participatory management
10. Impact on recruitment and selection process
11. The level of autonomy in the HRM of the branch manager
12. Pattern of promotions being given to employees
13. Setting up a separate HR department or improvement in the functions of HR department
14. Use of OD interventions such as responsibility charting as a frequent activity
15. The impact on the process of reviewing four classes of behavior namely responsibility taking, approval requirement, support of decision and information
16. The impact on other OD interventions such as force field analysis, Gestalt orientation and intergroup team building as a more frequent way of OD interventions

The following hypothesis is being established to achieve the above mentioned objectives of this research paper.

SET I

H10: There is a significant relationship between economic slowdown and changing HR policies and practices in Banking

sector, post global recession

H1A: There is no significant relationship between economic slowdown and changing HR policies and practices in banking sector, post global recession.

SET 2

H10: There is a significant relationship between economic slowdown and OD interventions in Banking sector, post global recession

H1A: There is no significant relationship between economic slowdown and OD interventions in Banking sector, post Global recession

Both the set of hypothesis are built and based on the set of questionnaires which separates between questions on HR transformation and questions on OD interventions. In the data interpretation part the research paper will be able to elaborate on this in a much more detailed manner.

IV. Research Methodology and data sources

A survey was conducted to collect first hand information regarding HR policies or practices and OD interventions in Banks. Primary data from bank branches in Agra city based on a structured questionnaire consisting of 20 questions was presented. This questionnaire was used whereby data was collected and a survey was conducted to collect first hand information regarding HR policy or perspectives and OD interventions in banks from employees or bank managers or branch managers or HR managers of banks.

The sample size have been taken as 43 bank branches. The banks are divided mainly into two categories from where data has been collected. It consists of 30 public sector banks (branches) and 13 private sector banks (branches). The questionnaire had been constructed on the basis of likert scale. The most favorable response to any question is strongly agree and the most unfavorable response is strongly disagree. In between are there responses of agree, Neutral, and disagree. The sampling technique being used for the data collection is convenient sampling.

Table 1 : The description of the number of banks from where data has been collected is as follows:

Public Sector Banks Name of Bank	Population	No. of Banks approached	Response received	Incorrect responses	Response taken for analysis
SBI	20	20	12	4	8
IOB	5	5	4	2	2
CBI	4	4	3	1	2
UBI	6	6	5	2	3
Syndicate Bank	3	3	2	0	2
Canara Bank	7	7	5	2	3
Bank of Baroda	8	8	6	2	4
PNB	10	10	8	2	6

Looking at the table above, we can conclude that for all the questions the calculated chi-square values is much more than the tabulated chi-square values taken from the table. But if we

take a closer look at the difference between the calculated and tabulated chi-square values, we come to the conclusion that in case of questions nos.2 & Q20, Q 8, Q 4, Q 7, and Q 15 the difference is more than the other questions.

Further, we can easily reject the null hypothesis for both the set of hypothesis and accept the alternate hypothesis. We can clearly say that the alternate hypothesis in set 1 which states that there is no significant relationship between economic slowdown and changing HR policies and practices in banking sector, post global recession holds very much relevant.

Similarly, the alternate hypothesis in set II which states that there is no significant relationship between economic slowdown and OD interventions in Banking sector, post Global recession is proving relevant for the population of banks in Agra city.

V. Conclusions

Global recession had hit the developed countries especially such as USA and Canada, and other European countries like UK, Germany, France and Italy. The aftereffects of global recession had been more severe in the case of above-mentioned countries or nations. But in case of countries like India the global recession had just resulted in the economic slowdown of the country. This was possible because of the financial leverage and conservative financial policy which our bankers had been following for a long time. Almost all organizations had the policy of taking financial margin in the process of running their businesses and this gave lot of support to the economy in terms of coping up with the economic slowdown.

From the HR transformation perspective, there has not been a significant change in the way in which companies are working in general. If we consider the HR transformation specifically in case of Banks, we can arrive at the conclusion that there has been no significant change in the HR activities of these banks except for the few cases where the difference between calculated chi-square values and tabulated chi-square values is not high.

We can also come to the conclusion that aspect of Organizational development interventions has also not undergone a significant change except for issues such as force field analysis and gestalt orientation. Also in case of most of the questions being asked from the respondents, there is a distinct tendency of responses to shift in favor of agreement. The degree of agreement in case of almost all the questions is more skewed towards the positive side.

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