

DEMYSTIFYING PROGRESSION ARRANGING IN INDIAN FINANCIAL SETTING: A REVIEW WITH EXCEPTIONAL REFERENCE TO CHOOSE PUBLIC AREA BANKS

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ABSTRACT

Solid progression arranging is one of the outstanding ways of building suitable advantages by justifying a steady and unending stockpile of fundamental ability for the different overseeing levels in the business. Contemporary progression arranging isn't just nearly tracking down reserve assets for high level chief jobs, but on the other hand it's tied in with finding the specific ability and making them prepared for the resulting job at all degrees of the board in the business. Subsequently the specialist has endeavored to appreciate and advance an instinct on progression arranging in the Indian financial field. The ongoing review attempts to look at the ongoing progression system especially the post-consolidation situation in the select public area banks (Psb's) that contains State Bank of India, Punjab Public Bank, Bank of Baroda, and Canara Bank in Udupi locale, Karnataka. The main four PSB's chosen in this study are grounded in view of their general business and piece of the pie in India. A sum of 400 representatives were taken as respondents for this exploration study. The article is simply developed on essential information. The essential information gathered has been concentrated on in view of the clear cut explicit targets utilizing engaging measurements and ANOVA apparatus.

KEYWORDS: *Succession Planning, Performance Management, ANOVA, Public Sector Banks (PSB's).*

INTRODUCTION

Exceptional succession forecasting and planning is not simply considering who is following in the second-line, but observing the employees at the beginning of their careers and defining what kind of tutelage and skill set they require to become future managers. Succession planning is a continuous long-term process and not a short-term ad hoc process. In this Liberalization, Privatization, and Globalisation era where headship transformation is inevitable in the way business is done. Organized succession planning aids business to gather and recognize the resources and to create stability in management and other important positions within the organization during times of such change.

Over the years, the commercial essence in coastal Karnataka contributed significantly to the rapid development of unhindered banking. This inclination was very much clear particularly in Dakshina Kannada (Undivided South Kanara District), which is said to be the provenance of the modern banking industry in yesteryears. Thus, the influence of the undivided Dakshina Kannada district on the modern banking business is exclusive. The branch-based banking system was commenced in the undivided south Kanara District earlier in 1923 as per the review documents. In the first quaternary of this century (i.e.) between 1906-1945, the undivided district became the cradle of banking by establishing more than 22 banks.

REVIEW OF LITERATURE

Reviewing the earlier studies is an indispensable fragment of all research processes. It aids us to inspect and assess what has been told previously in the various studies, also the established concepts, norms, and practices can be assumed in a better way. Thus, the aperture in the research space can be recognized only through it. Realizing, its connotation with the current study, an effort has been taken to study the various existing literary works executed earlier in the area of succession planning and management. An overview of the current study is furnished via a review of the literature. Few selected and vital studies were taken for review and were discussed below.

Adeyeye J. Olufemi, (2009)¹ in his article, stated clearly the relationship between human capital development and organizational effectiveness. The research article also points out that attention must be given to the Talent management aspects like training and development, leadership roles, and learning paradigm. The paper also stresses the importance of human capital, which has gained momentum in the Nigerian banking industry. Succession planning is taken as one of the factors under talent management in this research article. The article also stated that the term talent management is new to the respondents.

Ashwini, N. T. (2015)² in her research paper, analyzed that the Indian banking sector has more challenges in the present-day context. The paper also identified the ten major challenges faced by the Indian commercial banks. The article points

out that most of the outstanding professionals have a job-hopping attitude and others are retained and given scope to occupy future management positions. The paper has tried out the SWOT analysis in the context of HR. The article also points out succession planning as one of the major issues.

Bananbar Sahoo, (2012)³ in his banking research article, stated that soon business acumen and key competencies of PSB's will be lost not only because of the retirement but also due to the high attrition rate of newly recruited employees and the deterioration in employee quality and loyalty. The research identifies that there is a talent crunch in PSB's because of the change in preference of the job market due to the generation gap. The study also points out the five-stage approach tied to business development and customer's needs.

Bhatnagar, R.C. (2014)⁴ in his research paper, has forecasted that the banking industry will be undergoing a major change in terms of human resources, technology, innovation, and new policies. The research paper also highlights the important issues based on the ICC summit on banking (2013) as learning and development, talent acquisition, improved induction processes, career path, succession planning, compensation packages, and incentives. This article also provides the statistics that the banks are facing the top management, crisis from 2012 and points out that during the decade (2010-2020), retirement in PSB's touches lakhs making it a retirement decade.

Niranjan, A.S. & Sushil Patikar, (2014)⁵ in their research paper, identified the challenges faced by the human resources department in the Indian banking sector are many and need to be handled carefully. The paper explains that authority planning is one of the major challenges and the human resource department must have proper succession planning. The survey also highlights the HR issues such as managerial efficiency, succession planning, and compensation as the key factors which need immediate focus.

Ravichandran, N. (2003)⁶ in his research article, observed that 12% of the workforce opted for Voluntary Retirement Scheme (VRS) and it says the manpower planning and succession planning would be a major problem in the Indian banking arena. It was also eminent that the average age profile and skill sets of the employees will remain a challenge. The paper also points out that Post-VRS Public Sector Banks have problems relating to the average age profile.

Reddy, N.S.N. (2014)⁷ in his research paper, stated that banks have already identified the succession gaps and likely to continue the situation in the ensuing years also. The research paper also stresses that there is an imminent need to recognize prospective aspirants for upcoming headship and train them over a wide-ranging stratagem with formal and informal feedback. The article points out, most PSB's identify succession planning as an important tool, and little has been done in this regard.

Silphi Singh, (2013)⁸ in her research article, observed that out of the three main pillars in the banking industry, namely working capital, human capital, and technology, human capital must be observed as a valuable means for the accomplishment of economic benefit. This paper also identifies that human resource is the most vital in the service industry. The research article also stated that an effective bank performance management system will be introduced by the Reserve Bank of India intended for goal setting also for planning succession.

Thus, the above review of the literature shows a significant dearth of research on the assessment of succession planning and management programs. In public sector banks, the heads and managers are preoccupied with their humdrum responsibilities that they often abandon succession planning. This has a major impact on the PSB's because the future success of the business is at stake. When skilled people leave banking organizations due to better offers and personal growth, they leave a void as they take the know-how and expertise with them. The public sector banks need to identify and train existing junior talent before the seniors quit the place. Therefore, this study intends to examine how to select PSB's value on succession planning and tap the potential successors by relating a few independent variables with the dependent variable. Hence the present study is very unique and throws light on how PSB's are implementing and evaluating their succession planning policies.

STATEMENT OF PROBLEM

One can apprehend that public sector banks in India had hardly taken proper succession planning. The basic core cause for the administrative problem is identified as mass recruitment earlier in 1985 and also a lull in employee intake during the late 1980s and early '90s which has created a generation gap between the bank employees. Later due to the government announced voluntary retirement scheme in the year 1999, which was not preplanned, the talented Public

Sector Banks (PSB’s) employees left the bank through this distinctive scheme, which made instability at several levels in banking further.

In 2014, due to new-fangled government standards, almost 33% of the public sector banks in India then were without proper heads for a period of two to ten months at the top level. Also, there were conditions in few banks the positions of some top administrators were also vacant for quite a few months to take over as a successor due to lack of proper succession planning earlier.

OBJECTIVES OF THE STUDY

The research regarding the “Demystifying Succession Planning in Indian Banking Context: A Study with Special Reference to Select Public Sector Banks” was taken up with the following objectives.

1. To critically analyze the relationship with existing succession planning policies in select Public sector banks.
2. To understand the relationship between the employee designation and the bank’s succession policy in select Public sector banks.
3. To identify the association between the employee’s experience towards banks performance in select Public sector banks.

HYPOTHESIS.

- H₀1: There is no significant association between designation and approaching the bank succession policy.
 H₀2: There is no significant relationship between employee experience and the bank succession policy.

METHODOLOGY.

The study is descriptive and analytical and primary data was used for the current research. Data was collected from 400 respondents through survey process from the top four public sector banks in India based on their market share and business, which includes State Bank of India (SBI), Punjab National Bank (PNB), Bank of Baroda (BOB), and Canara Bank. The data collection was restricted to the Udupi district in Karnataka.

ANALYSIS AND DISCUSSION

Data has to be studied concerning the tenacity of the research study and its probable bearing on methodical findings. Hence data analysis comes before the inference and explanation, but these two are entangled that they cannot be viewed as two individual procedures.

Objective 1: To critically analyze the relationship with existing succession planning policies in select Public sector banks.

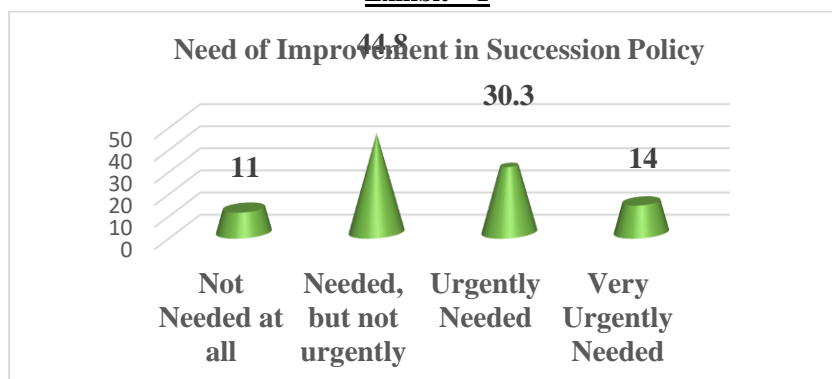
Table – 1

Need for Improvement in Succession Policy

		Frequency	Percent
Valid	Not Needed at all	44	11.0
	Needed, but not urgently	179	44.8
	Urgently Needed	121	30.3
	Very Urgently Needed	56	14
	Total	400	100.0

Source: Primary Data

Exhibit – 1



Source: Primary Data

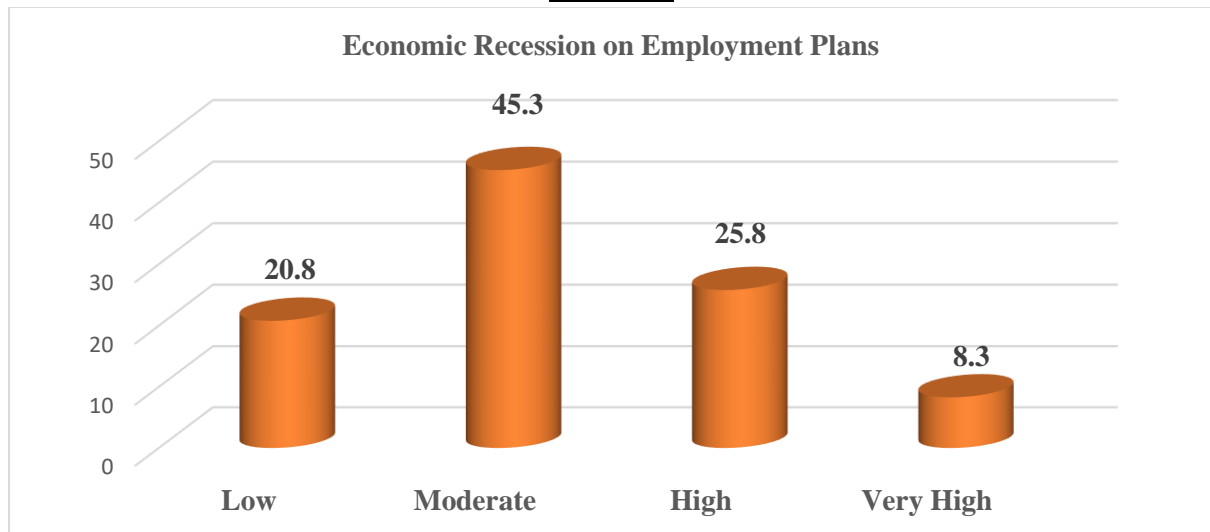
It is obvious from the Table-1 that 44.8% of the respondents perceived that there is a need for improvement in succession policy without any urgency, and 30.3% of the respondents perceived that it is urgently needed, while 14% of the respondents said that improvement in succession planning policy is very urgently needed and it's is the need of the hour and the rest 11% of them perceived that there is no need presently to improve the succession policy in select PSB's. Thus the majority of the respondents provide the impression that the bank's succession policy is needed but not urgently.

Table – 2
Economic Recession effect on Employment Plans in PSB's

		Frequency	Percent
Valid	Low	83	20.8
	Moderate	181	45.3
	High	103	25.8
	Very High	33	8.3
	Total	400	100.0

Source: Primary Data

Exhibit – 2



Source: Primary Data

It is clear from Table-2 that 45.3% of the respondents agree that there is a moderate impact on employment plans in PSB's due to economic recession. Also, 25.8% of the respondents agree that it has high-level impact and rest 20.8% of the respondents agree that the economic recession has low-level impact and the remaining 8.3% stress that economic recession has a very high level of impact on employment plans in PSB's.

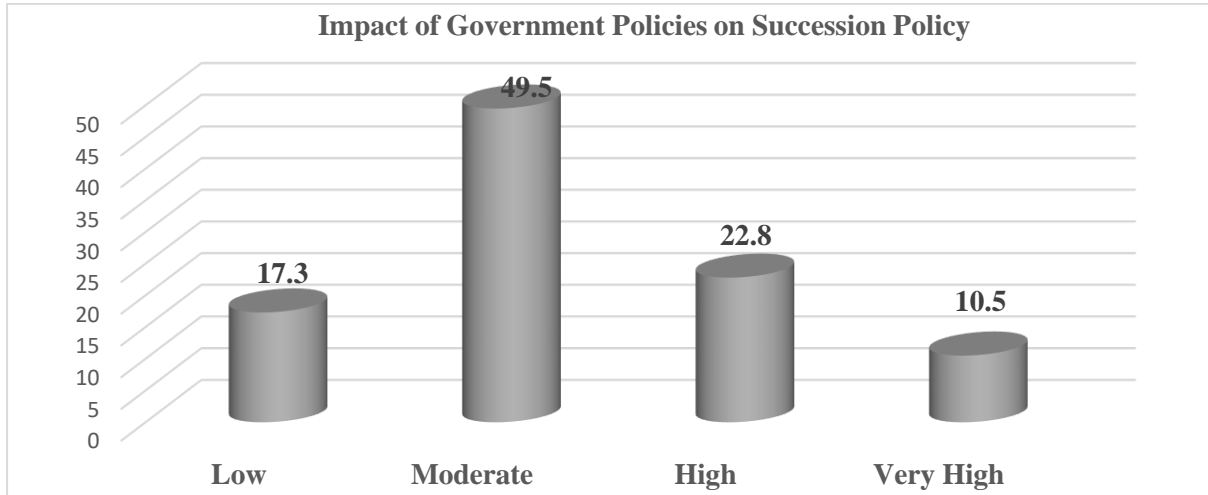
Thus, it is concluded that the majority of the respondents felt an ongoing recession due to pandemic has a moderate level of impact towards employment plans to select PSB's.

Table – 3
Impact of Government Policies on Succession Policy.

		Frequency	Percent
Valid	Low	69	17.3
	Moderate	198	49.5
	High	91	22.8
	Very High	42	10.5
	Total	400	100.0

Source: Primary Data

Exhibit – 3



Source: Primary Data.

It is evident from Table-3 that a majority of 49.5% of the respondents agree that there is a moderate level impact on succession policy due to government norms in select public sector banks. Also, 22.8% of the respondents agree that it has a high level of impact and 17.3% of the respondents agree that there is a low level of association between the government policies and banks internal succession policy and the remaining 10.5% of them agree that it has a very high level of impact in select PSB's.

Thus it is concluded that the majority of the respondents agree that there is a moderate level of impact on succession policy due to government policy.

Objective 2: To understand the relationship between the employee designation and the bank's succession policy in select Public sector banks.

Table: 4

The Designation Influencing the suitability for approaching the Bank Succession Policy

		Sum of Squares	df	Mean Square	F	Sig.
Internal Leadership Program	Between Groups	2.060	4	.515	.500	.736
	Within Groups	406.900	395	1.030		
	Total	408.960	399			
External Sourcing	Between Groups	8.836	4	2.209	2.383	.051
	Within Groups	366.204	395	.927		
	Total	375.040	399			
Searching Talents	Between Groups	2.530	4	.633	.552	.697
	Within Groups	452.407	395	1.145		
	Total	454.938	399			
Rehiring VRS /Resigned Employees	Between Groups	2.074	4	.518	.512	.002
	Within Groups	399.704	395	1.012		
	Total	401.778	399			
Staffing Collaboration	Between Groups	3.194	4	.799	.997	.409
	Within Groups	316.483	395	.801		

	Total	319.678	399			
Retain Employee	Between Groups	2.741	4	.685	1.117	.348
	Within Groups	242.256	395	.613		
	Total	244.998	399			
Minimize the Staff	Between Groups	1.367	4	.342	.503	.734
	Within Groups	268.383	395	.679		
	Total	269.750	399			
Doing Nothing	Between Groups	1.651	4	.413	.620	.649
	Within Groups	263.046	395	.666		
	Total	264.698	399			

Source: Primary Data.

It is obvious from Table-4 that the calculated 'f' value of different parameters except rehiring resigned VRS employees influences the suitability for approaching the bank succession policy is statistically not significant at 5% level. Therefore, the null hypothesis is accepted. It is concluded that there is no significant relationship between designation and approaching the bank succession policy.

On the other hand, the calculated value of the 'f' test towards rehiring resigned employees comes out to be 0.512, which is statistically significant at 5% level. So, the null hypothesis is rejected. Thus, it is concluded that there is a significant relationship between designation and approaching the bank succession policy particularly rehiring the resigned employees.

Objective 3: To identify the association between the employee's experience towards banks performance in select Public sector banks.

Table: 5
The Banking Experience Influencing Succession Policy towards Bank Performance

		Sum of Squares	df	Mean Square	F	Sig.
Succeed Against Competitors	Between Groups	7.268	3	2.423	2.028	.109
	Within Groups	473.169	396	1.195		
	Total	480.438	399			
Retention Strategy is Good	Between Groups	1.511	3	.504	.425	.735
	Within Groups	468.786	396	1.184		
	Total	470.297	399			
Employee Satisfaction is Good	Between Groups	7.150	3	2.383	2.810	.039
	Within Groups	335.848	396	.848		
	Total	342.998	399			
Bank Image is Considered	Between Groups	1.115	3	.372	.111	.953
	Within Groups	1322.363	396	3.339		
	Total	1323.478	399			
Quality of Service is higher	Between Groups	.048	3	.016	.017	.997
	Within Groups	377.629	396	.954		
	Total	377.678	399			

Bank Market Share Increased	Between Groups	7.214	3	2.405	1.660	.175
	Within Groups	573.484	396	1.448		
	Total	580.698	399			
Reputation and Continuous Business	Between Groups	4.818	3	1.606	1.432	.233
	Within Groups	444.292	396	1.122		
	Total	449.110	399			
Business Expansion	Between Groups	1.423	3	.474	.392	.758
	Within Groups	478.567	396	1.209		
	Total	479.990	399			

Source: Primary Data.

It is obvious from Table-5 that 'f' values of different parameters except employee satisfaction are good towards the factor bank performance at 5% significant level. Hence, the null hypothesis is accepted. It is reported that there is no significant relationship between banking experience and impact of bank succession policy. On the other, side the calculated value of 'f' towards employee satisfaction is good at 2.810, which is statistically significant at 5% percent level. Therefore, here the null hypothesis is rejected. Thus based on the table, it can be reported that there is a significant relationship between banking experience and impact of bank succession policy in terms of employee satisfaction.

CONCLUSION

The consolidated picture of inference shows that majority feels that need for improvement in succession planning in banks is needed but not very urgently. Also, the ongoing pandemic recession impact on employment in select banks has a moderate effect as per the current study. One can also infer that the impact on succession policy due to government policies also has a moderate effect on employment in select public sector banks. AVOVA tool was engaged to understand and determine whether there are any statistically significant differences between the means and it was inferred that independent variables like designation and experience have no significant relation with succession planning. On the other hand, rehiring the resigned VRS employees and the employee satisfaction aspects have a significant relation with succession planning. Thus one can say the Liberalisation, Privatisation, and Globalisation (LPG) model from the early '90s has augmented employees to travel from one place to another with the prospects they have with the bigger periphery. Succession planning in the Indian banking arena needs much more focus than earlier decades to enhance its existing performance and to compete with its foreign corporate players. Banking organizations must consider beyond hiring for today and they must improve the skillset of the current personnel to face the highly competitive world tomorrow.

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