



## ANALYSIS OF SHORTCOMINGS AND BOTTLENECKS IN THE RECRUITMENT AND SELECTION PROCEDURE IN BANKS

**Dr. Sanjay Kumar**

*Assistant Registrar, Jawaharlal Nehru University, New Delhi-110067, (on deputation as Deputy Director (Admn) in Prasar Bharati), India*

**Prof. S P Kala**

*Ex-ICLS, Ex-Director ICSI, Former Head, Dean, Business Management School and Director Professional Courses (Chauras Campus), H. N. B. Garhwal University*

### ABSTRACT

#### KEYWORDS:

*Manpower planning, recruitment and selection, recruitment rules, transfer, promotion, motivation and stratified random sampling.*

*The present study deals with the Recruitment and Selection policies and practices in the Public and Private Sector Banks with special reference to identified Banks vis-a-vis the implications on the performance of the employees. It has been observed that the Recruitment and Selection process in the Public and Private sector Banks are accomplished through the particular procedure as laid down in the prescribed Recruitment Rules (RR) of the particular banks. The Public banks following the systematic procedure of recruitment based on their duly adopted recruitment rules whereas the Private Banks initiated for the recruitment based on their own policies and procedures, which are somewhat different from the Public Bank sector.*

*The study envisaged to compare the recruitment and selection methods adopted in the identified Public sector Banks viz., State Bank of India (SBI), Punjab National Bank (PNB) and Union Bank of India (UBI). Similarly, the method of recruitment and selection in the identified Banks in Private sector viz., ICICI Bank, HDFC and Axis Bank (previously UTI Bank) has been the focus of study. The performance of both sectors of bank is to be determined based on established and adopted recruitment practices. Therefore, the analysis of the shortcoming and bottlenecks in the Public and Private Banks is the key area in the article.*

### IMPORTANCE OF RECRUITMENT AND SELECTION

It is said that the organizations are elongated shadows of the persons who head them and their functioning depends on other shadows around them. Human Resource is a commanding source of functioning and success of the organization especially the organizations like Banks who are related and function in service sector. Human Resource Planning is such a process which identifies the exact number and kind of people an organization needs at the time and place as per the requirement. *Coleman* has defined human resource or manpower planning as "the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organization."<sup>1</sup> *Bulla* and *Scott* (1994) have defined Human Resource Planning (HRP) as the process for ensuring that the human resource requirement of an organization are identified and plans are made satisfying those requirements. Manpower planning is a "management strives to have the right number and kinds of people at the right time and place to do things which result in

both the organization and the individual receiving the maximum long-range benefits."<sup>2</sup>

*Wickstrom* is of the view that Human Resource Planning consists of a series of activities viz., forecasting future manpower requirements, assessing an inventory of present manpower resources, anticipating manpower problems, recruitment, selection, training, development, transfer, promotion and motivation.<sup>3</sup> Human Resource Planning is very useful at the national level, sector level, industry level and at the level of the individual unit as stated by *Narayanrao*.<sup>4</sup> Effective selection of manpower is the prime function for any HR Manager because capable workforce has its own worth in personnel management. Capable employees selected for organization are assets while incapable may prove to be liabilities. Therefore, management should give much more time to select the people and spare little time to manage them. Recruitment emphasis on identification of sources of potential candidates while Selection is concerned with evaluation of potential employees.<sup>5</sup>

**RESEARCH METHODOLOGY**

An exploratory research of Public and Private Sector Bank recruitment and selection procedures has followed to carry out the study. The primary data for the study has collected from the public and private banking industry. The data based on questionnaire and field survey. Internet search also used to explore the Public and Private sector Banks recruitment procedure and basic requirements. It was observed that new age is technology based organizations are hosting the link of recruitment advertisement in the website. Banks have also started online application process for the recruitment. The secondary data of the study has collected from published and unpublished records, reports of the Central and State Government, internet search, magazines, newspapers and annual reports of the banks.

The Universe/Population of the study has earmarked from Delhi, Haryana and Western Uttar Pradesh. The sample

size of the study is 600 employees from all the banks. The data has collected based on Stratified random sampling (upto 2010). The primary data has collected through questionnaire.

**ANALYSIS OF DATA**

Consequent upon the responses received from the bank employees and subsequently the analysis of the data, the study explores the arena for the Public and Private Sector Banks to identify the barriers and bottlenecks ahead the banking institutions insofar as the recruitment and selection procedure is concerned. The employees are one of the major sources of input in banking operations. The banks have to pay special attention on their employees for maintaining, developing and expanding their business activities. Thus, in order to sustain and perpetuate its ethical presence in the community, the recruitment and selection aspect is one of the most indispensable factors in the banking institutions.

**1.1 The analysis of the data using simple and comparative frequency distribution is given below:**

**(1) The Banks follow the established Recruitment Rules (RR):**

The response of the employees of all the banks is indicates in Table and Fig. 1.1:

Employee Perception	Frequency	Percent
Strongly Disagree	4	.7
Disagree	28	4.7
Neither Agree Nor Disagree	40	6.7
Agree	448	74.7
Strongly Agree	80	13.3
Total	600	100.0

Table 1.1

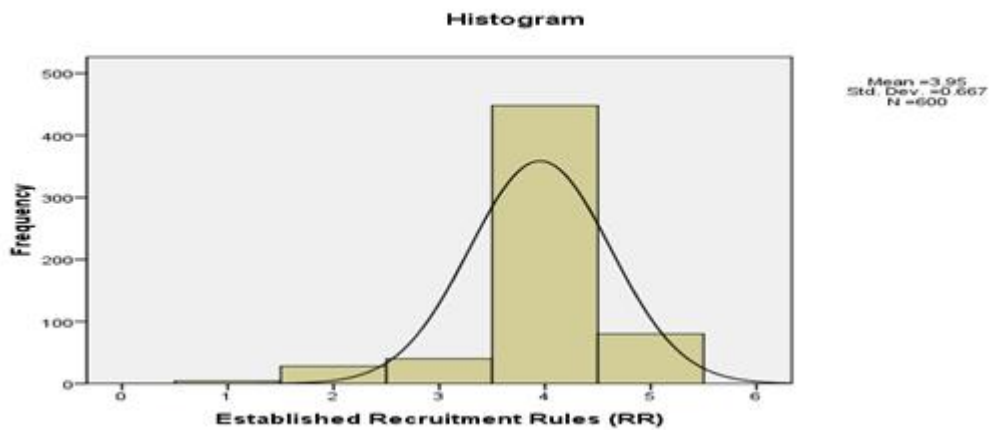


Fig. 1.1

The comparative analysis between the Public and Private Sector Banks is indicates in Table and Fig. 1.2:

Employees Perception	Bank Employees		Total
	Public	Private	
Strongly Disagree	0	4	4
Disagree	4	24	28
Neither Agree Nor Disagree	12	28	40
Agree	216	232	448
Strongly Agree	68	12	80
			600

Table 1.2

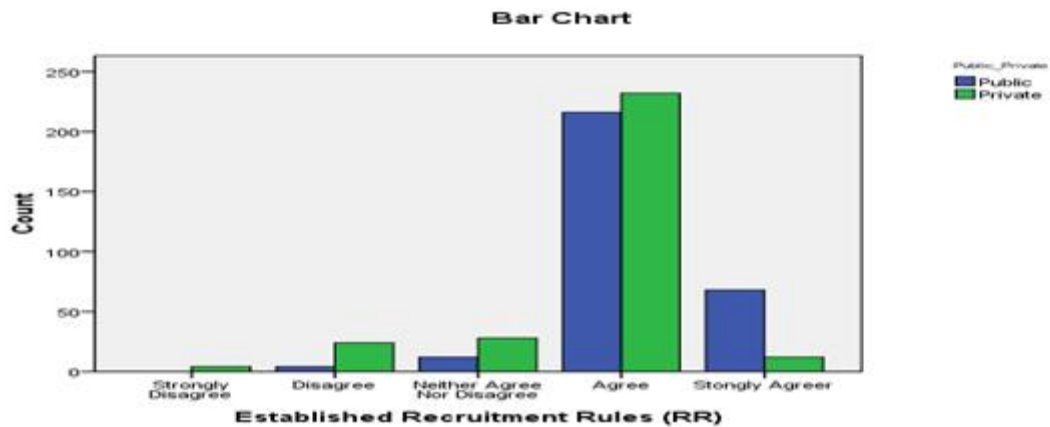


Fig. 1.2

**Interpretation:**

The Table and Fig. 1.1 indicate that most of the employees in general agree that the Banks are following the established Recruitment Rules (RR) strictly. The comparison between the Public and Private Sector Banks as shown in Table and Fig. 1.2 shows that in general both the bank employees agree that their respective banks are adhered the

prescribed Recruitment Rules. However, 22.67% Public Bank employees strongly agree that their banks are scrupulously following the prescribed Recruitment Rules. As an outcome, it can be said the in general the Public and Private Sector Banks are following the established procedure for the recruitment.

**(2)The existing practices are fair and flexible:**

The response of the employees of all the banks is indicates in Table and Fig. 1.3:

Employee Perception	Frequency	Percent
Strongly Disagree	4	.7
Disagree	163	27.2
Neither Agree Nor Disagree	65	10.8
Agree	301	50.2
Strongly Agree	67	11.2
Total	600	100.0

Table 1.3

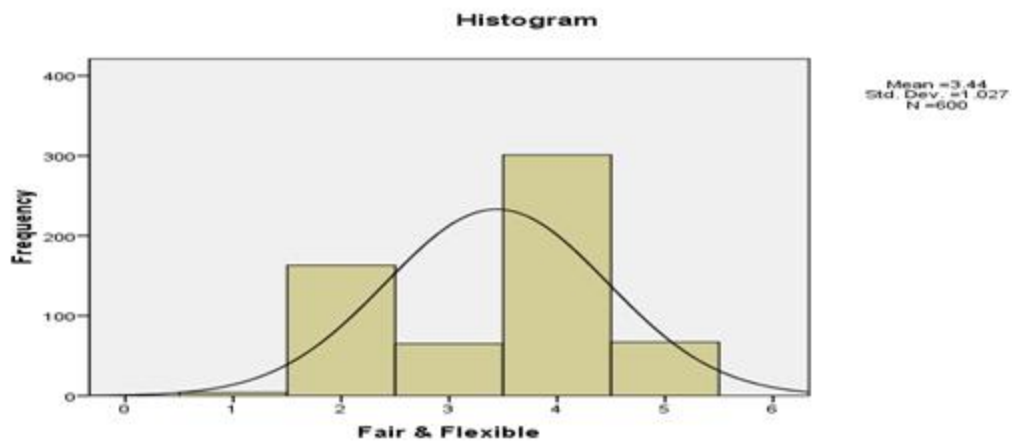


Fig. 1.3

The comparative study between the Public and Private Sector Banks to identify whether the existing recruitment practices are fair and flexible indicated in Table and Fig. 1.4:

Employees Perception	Bank Employees		Total
	Public	Private	
Strongly Disagree	0	4	4
Disagree	20	143	163
Neither Agree Nor Disagree	28	37	65
Agree	188	113	301
Strongly Agree	64	3	67
			600

Table 1.4

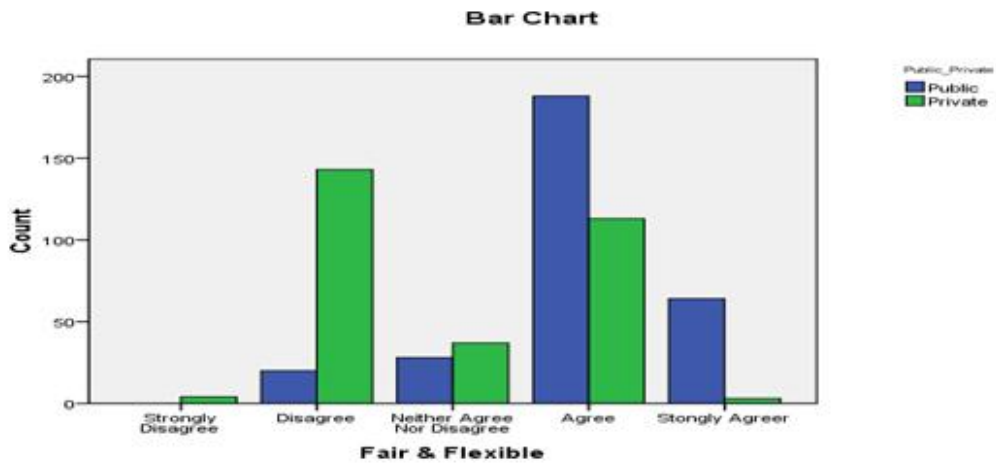


Fig. 1.4

**Interpretation:**

The Table and Fig. 1.3 indicate that most of the employees in general agree that the existing recruitment and selection process in the banks are fair and flexible. The comparison between the Public and Private Sector Banks as shown in Table and Fig. 1.4 indicates that in general the Public Bank employees agree whereas the Private Bank employees

disagree with regard to fairness and flexibility of the recruitment process. It revealed from the outcome of the analysis that the Public Banks are more fair and flexible as compared to the Private Banks because the Public Banks are scrupulously adhering the recruitment rules whereas the Private Banks modify the same according to their requirements.

**(3)As per existing RR there is no age bar for employees to apply in the Bank against the advertised posts:**

The response of the employees of all the banks is indicates in Table and Fig. 1.5:

Employee Perception	Frequency	Percent
Strongly Disagree	172	28.7
Disagree	252	42.0
Neither Agree Nor Disagree	40	6.7
Agree	104	17.3
Strongly Agree	32	5.3
Total	600	100.0

Table 1.5

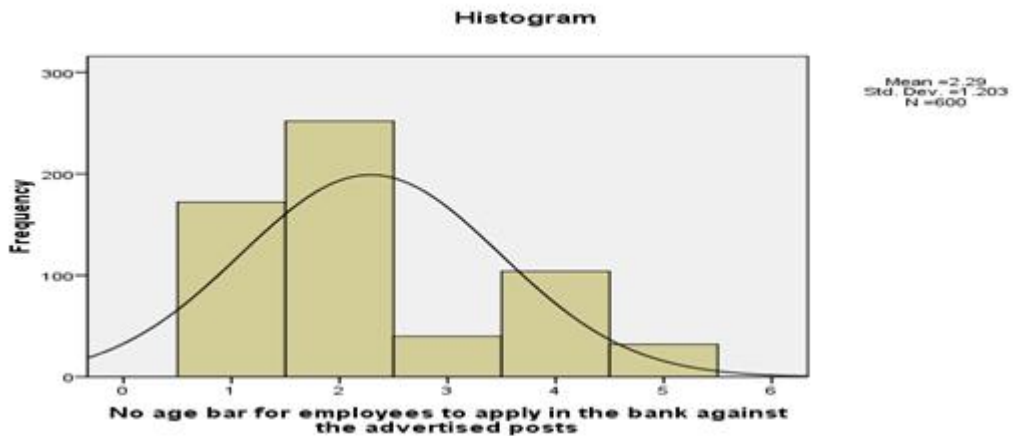


Fig. 1.5

The comparative analysis regarding existing Recruitment Rules (RR) envisages that the age bar is not applicable for the bank employees to apply against the advertised posts indicated in Table and Fig. 1.6:

Employees Perception	Banks Employees		Total
	Public	Private	
Strongly Disagree	84	88	172
Disagree	128	124	252
Neither Agree Nor Disagree	20	20	40
Agree	60	44	104
Strongly Agree	8	24	32
			600

Table 1.6

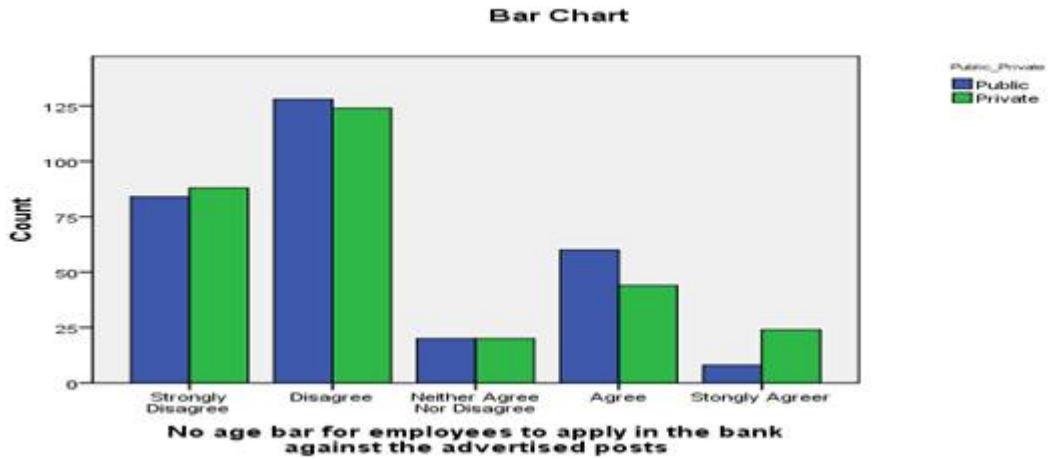


Fig. 1.6

**Interpretation:**

The Table and Fig. 1.5 indicate that most of the employees in general disagree and strongly disagree with the statement that there is no age bar applicable for the existing bank employees to apply against the advertised posts. The comparative study between the Public and Private Sector Banks as shown in Table and Fig. 1.6 indicates that in general both the bank employees disagree and strongly disagree with

the statement. It reflects from the analysis that the relaxation in age is not applicable for the existing employees to compete against the advertised posts. Thus, the age is applicable for the employees for the direct recruitments. However, there are no age criteria for the promotions.

**(4) Generally higher posts are being filled from the existing cadre:**

The response of the employees of all the banks is indicates in Table and Fig. 1.7:

Employee Perception	Frequency	Percent
Strongly Disagree	112	18.7
Disagree	96	16.0
Neither Agree Nor Disagree	52	8.7
Agree	228	38.0
Strongly Agree	112	18.7
Total	600	100.0

Table 1.7

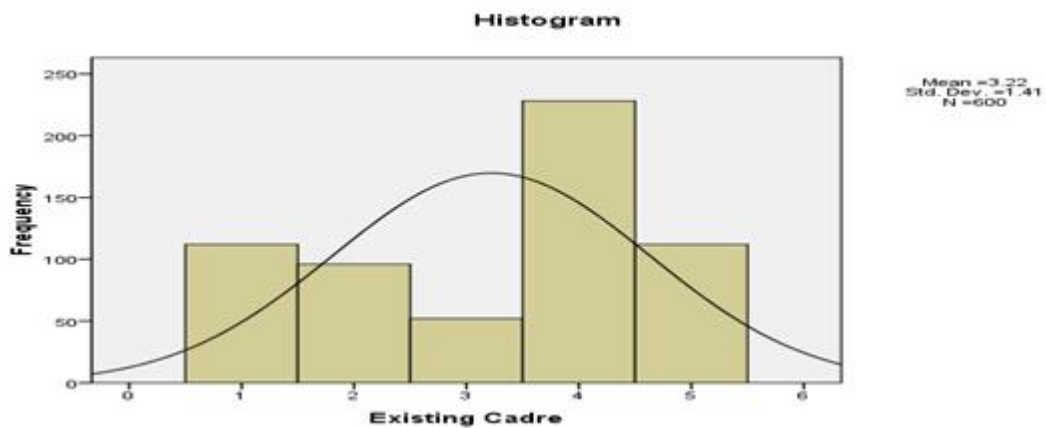


Fig. 1.7

The comparison between the Public and Private Sector Banks regarding filling- up the higher posts from the existing cadre indicated in Table and Fig. 1.8:

Employees Perception	Banks Employees		Total
	Public	Private	
Strongly Disagree	0	112	112
Disagree	8	88	96
Neither Agree Nor Disagree	24	28	52
Agree	188	40	228
Strongly Agree	80	32	112
			600

Table 1.8

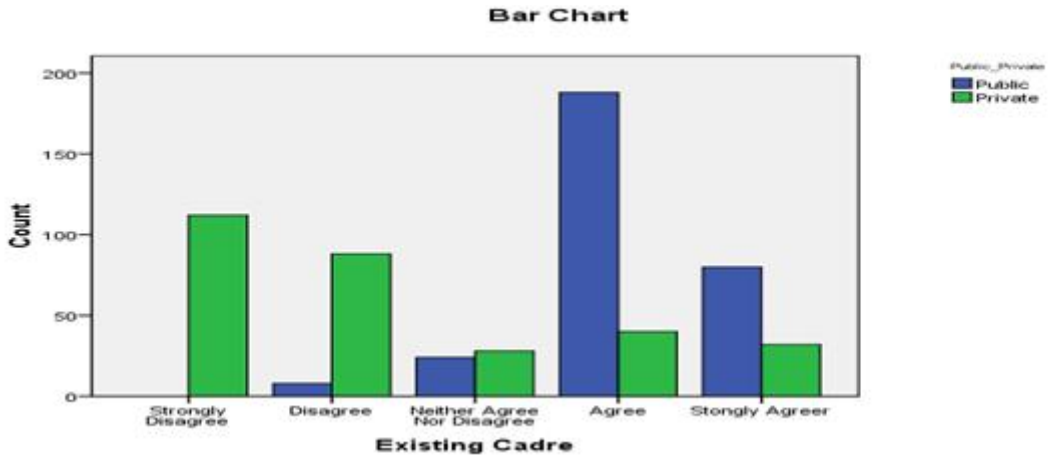


Fig. 1.8

**Interpretation:**

The Table and Fig. 1.7 indicate that most of the employees in general agree that the higher posts are being filled-up from the existing cadre strength. The comparison between the Public and Private Sector Banks as shown in Table and Fig. 1.8 indicates in general that the Public Bank employees agree with the statement that the higher positions are being filled-up from the existing cadre as against strongly

disagree by the Private Bank employees. It emerged out from the research that the process of the Public Banks is designed in such a manner that they select their own staff on fitness-cum-selection basis as chain promotions. As regards, the Private Banks, they preferred to bring the energetic and young blood from outside the Banks.

**(5) The Recruitment is centralized:**

The response of the employees of all the banks is indicated in Table and Fig. 1.9:

Employee Perception	Frequency	Percent
Strongly Disagree	4	.7
Disagree	20	3.3
Neither Agree Nor Disagree	20	3.3
Agree	424	70.7
Strongly Agree	132	22.0
Total	600	100.0

Table 1.9

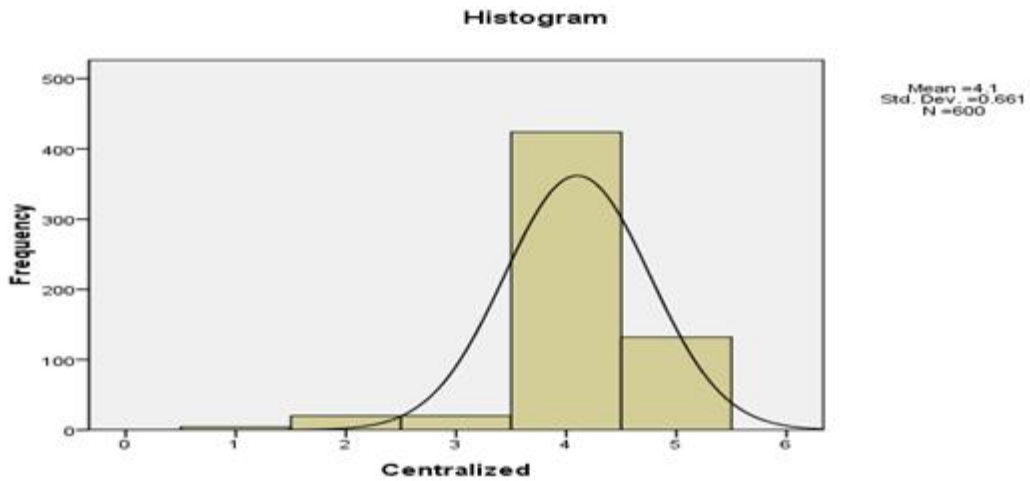


Fig. 1.9

The comparative analysis between Public and Private Sector Banks to identify whether the recruitment is centralized or not is given in Table and Fig. 1.10:

Employees Perception	Bank Employees		Total
	Public	Private	
Strongly Disagree	0	4	4
Disagree	8	12	20
Neither Agree Nor Disagree	4	16	20
Agree	192	232	424
Strongly Agree	96	36	132
			600

Table 1.10

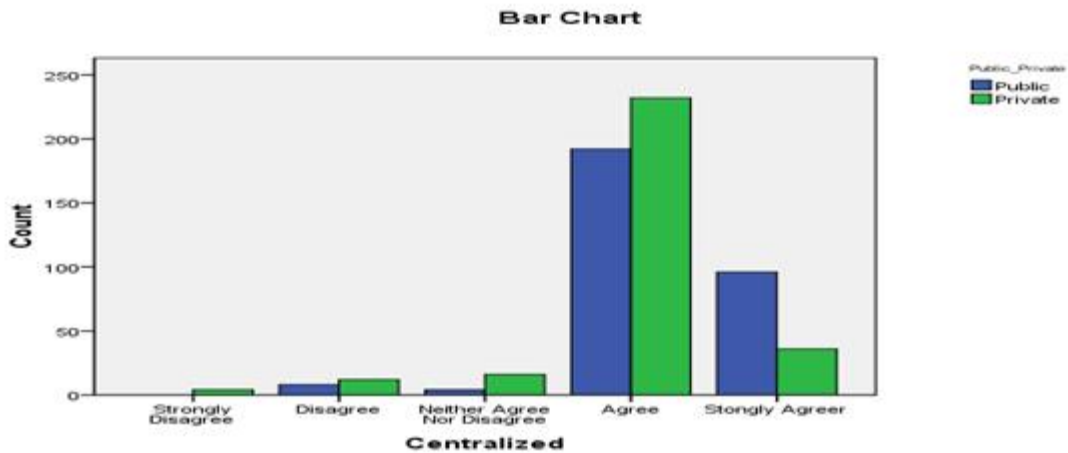


Fig. 1.10

**Interpretation:**

The Table and Fig. 1.9 indicate that most of the employees in general agree that the recruitment is centralized in the banks. The comparison between the Public and Private Sector Banks as shown in Table and Fig.1.10 indicates in general that the Public and Private Sector Banks agree with the statement that the recruitment is centralized. But, 32%

Public Banks employees strongly agree about the centralization of the recruitment process. **Therefore, it can be said that the recruitment process is centralized in most of the Public and Private Sector Banks because it acts proactively in order to safeguard and prevent the unfair and bias appointments.**

**(6) The contractual staff is being hired through Employment Exchanges:**

The response of employees of all the banks is indicates in Table and Fig. 1.11:

Employee Perception	Frequency	Percent
Strongly Disagree	196	32.7
Disagree	280	46.7
Neither Agree Nor Disagree	32	5.3
Agree	76	12.7
Strongly Agree	16	2.7
Total	600	100.0

Table 1.11

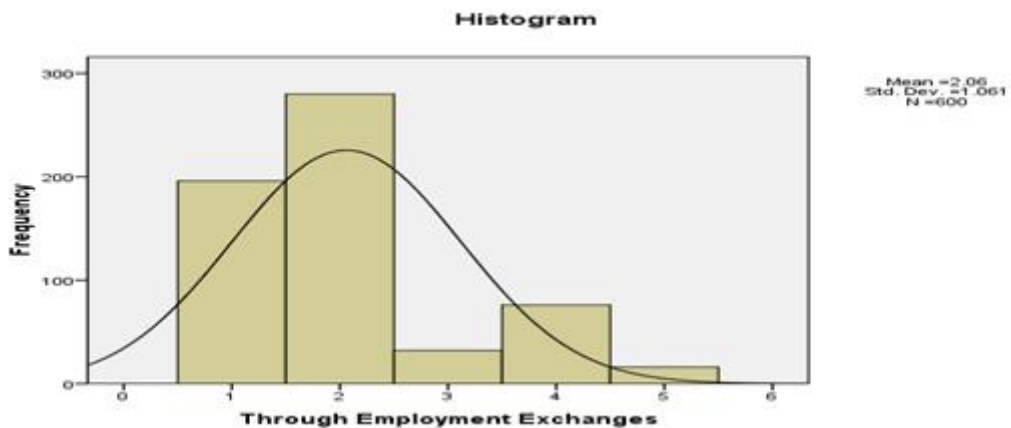


Fig. 1.11

The comparative analysis between the Public and Private Sector Banks to identify whether the contractual staff in the banks are hired from the Employment Exchanges or not is given in Table and Fig. 1.12:

Employees Perception	Banks Employees		Total
	Public	Private	
Strongly Disagree	28	168	196
Disagree	168	112	280
Neither Agree Nor Disagree	28	4	32
Agree	72	4	76
Strongly Agree	4	12	16
			600

Table 1.12

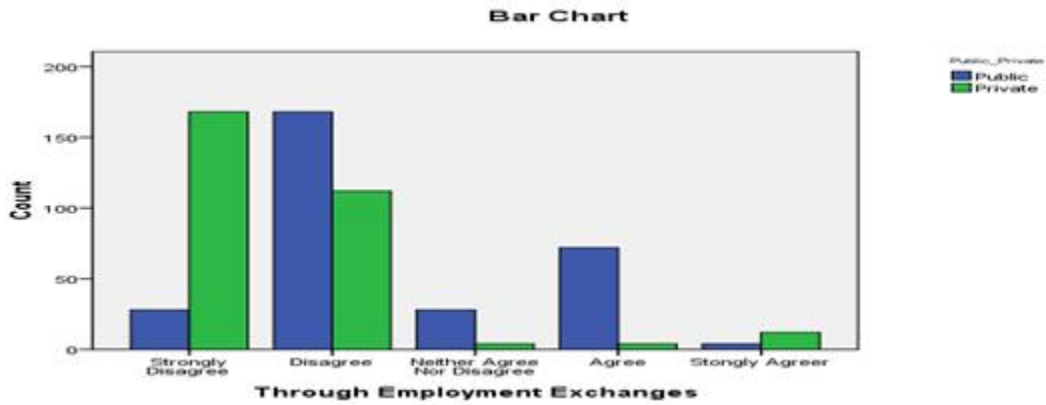


Fig. 1.12

**Interpretation:**

The Table and Fig. 1.11 indicate that in general most of the employees disagree that the contractual staff is being hired from the Employment Exchanges. The comparison between the Public and Private Sector Banks as shown in Table and Fig. 1.12 indicates that 56% Private Bank employees strongly disagree as against the same i.e. 56% disagree in the Public Sector Banks about hiring of the contractual staff from the Employment Exchanges. However, 24% Public Bank employees also agrees with the statement. It is, therefore, revealed from the analysis that in general both sectors

of bank are not hiring the contractual manpower from the Employment Exchanges. However, 24% Public Bank employees agree whereas the Private Bank employees are not responded for the same. It is clear from the research that both sectors of bank not preferred to hire the contractual manpower from the Employment Exchanges. The Private Banks have many other options with them like walk-in interview, placement agencies, referral and recommendations from the existing employees, etc. whereas the Public Banks have to fulfill the posts as per their recruitment rules.

**(7)The existing Recruitment Rules (RRs) have provision to recruit the personnel with higher qualifications:**

The response of employees of all the banks is indicates in Table and Fig. 1.13:

Employee Perception	Frequency	Percent
Strongly Disagree	96	16.0
Disagree	64	10.7
Neither Agree Nor Disagree	12	2.0
Agree	336	56.0
Strongly Agree	92	15.3
Total	600	100.0

Table 1.13

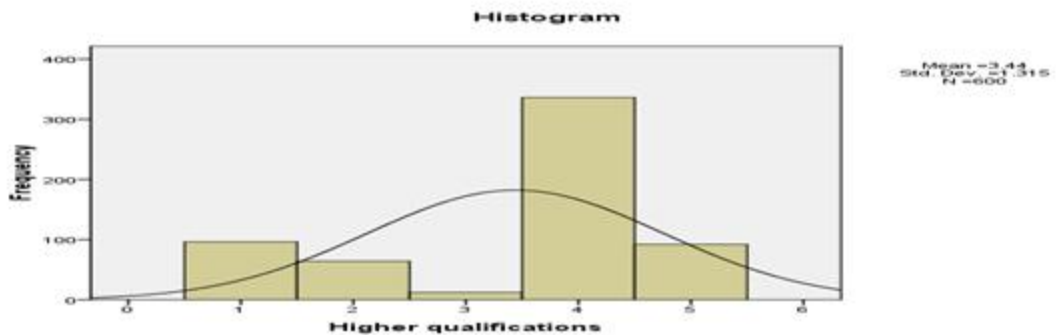


Fig. 1.13

The comparative analysis between the Public and Private Sector Banks to identify whether the RR's have the provision to recruit the higher qualification personnel is given in Table and Fig. 1.14:

Employees Perception	Banks Employees		Total
	Public	Private	
Strongly Disagree	80	16	96
Disagree	48	16	64
Neither Agree Nor Disagree	12	0	12
Agree	140	196	336
Strongly Agree	20	72	92
			600

Table 1.14



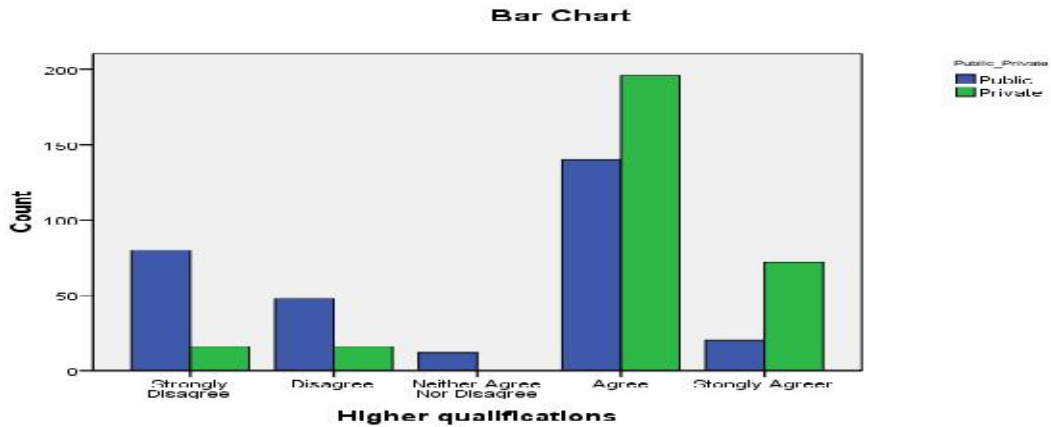


Fig. 1.14

**Interpretation:**

The Table and Fig. 1.13 indicate that most of the employees in general agree that the existing Recruitment Rules have the provision to recruit the higher qualification personnel. The comparison between the Public and Private Sector Banks as shown in Table and Fig. 1.14 indicates that both sectors of

Bank employees agree with the statement. However, a deviation in the Public Sector Banks i.e. 26.67% employees strongly disagree about the provision of higher qualification in the existing recruitment rules. It emerged out that the higher qualification matters in the Private Sector Banks as compared to the Public Banks.

**(8) The existing selection is based through interview:**

The response of employees of all the banks is indicates in Table and Fig. 1.15:

Employee Perception	Frequency	Percent
Strongly Disagree	96	16.0
Disagree	192	32.0
Neither Agree Nor Disagree	60	10.0
Agree	240	40.0
Strongly Agree	12	2.0
Total	600	100.0

Table 1.15

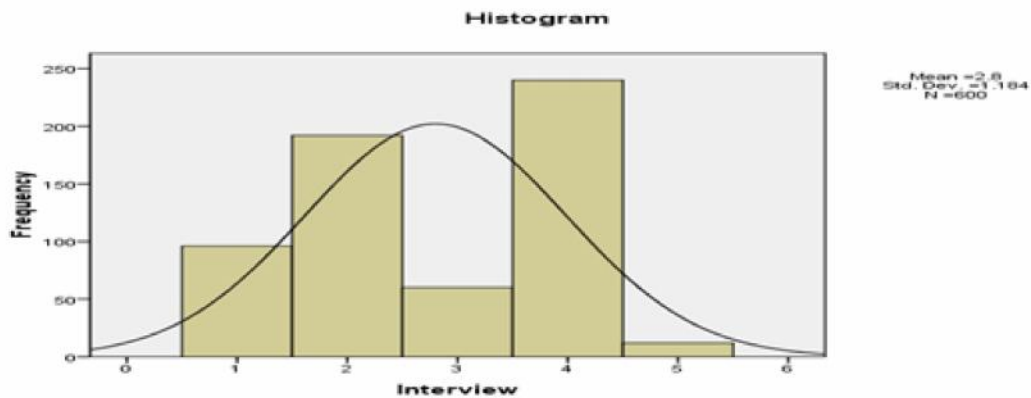


Fig. 1.15

The comparative analysis between the Public and Private Sector Banks to identify whether the existing selection is based only on the interview is given in Table and Fig. 1.16:

Employees Perception	Banks Employees		Total
	Public	Private	
Strongly Disagree	96	0	96
Disagree	152	40	192
Neither Agree Nor Disagree	20	40	60
Agree	32	208	240
Strongly Agree	0	12	12
			600

Table 1.16

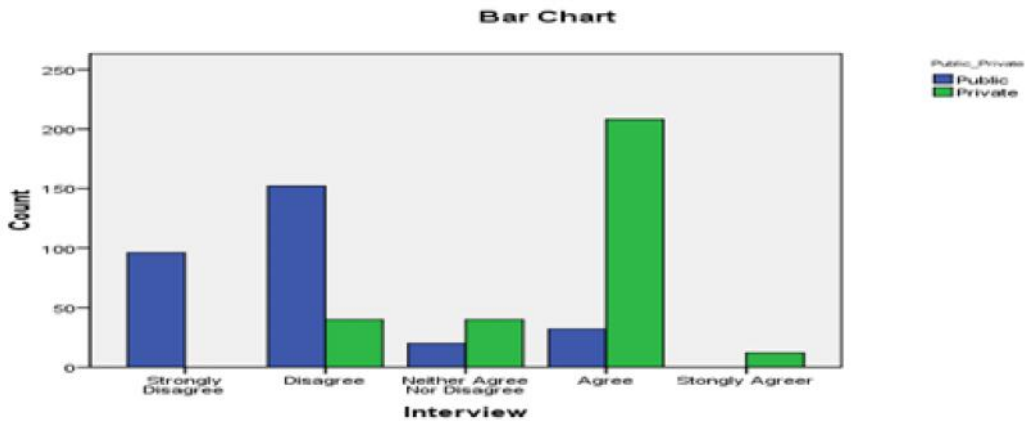


Fig. 1.16

**Interpretation:**

The Table and Fig.1.15 indicate that most of the employees in general agree that the existing selection is based only on the interview. The surprising factor is that 32% of the Bank employees in general disagree with the statement. The comparison between Public and Private Sector Banks as shown in Table and Fig. 1.16 indicates that the Public Bank

employees disagree whereas the Private Bank employees agree with the statement. It has been revealed as an outcome of the analysis that the Public Banks are recruiting the manpower strictly as per the Recruitment Rules prescribed for each and every post whereas the flexibility in recruitment and selection is found in the Private Banks.

**(9) The existing selection is based on written test and interview:**

The response of employees of all the banks is indicates in Table and Fig. 1.17:

Employee Perception	Frequency	Percent
Strongly Disagree	74	12.3
Disagree	113	18.8
Neither Agree Nor Disagree	26	4.3
Agree	289	48.2
Strongly Agree	98	16.3
Total	600	100.0

Table 1.17

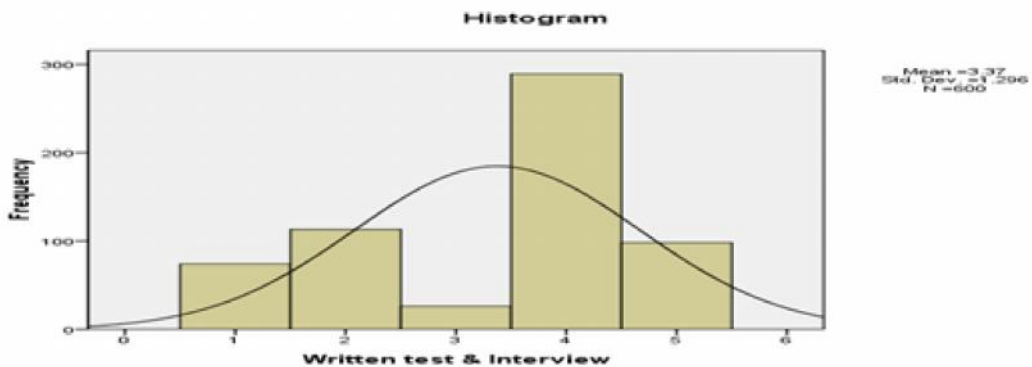


Fig. 1.17

The comparative analysis between the Public and Private Sector Banks to identify whether the existing selection is based on written test and interview is given in Table and Fig. 1.18:

Employees Perception	Banks Employees		Total
	Public	Private	
Strongly Disagree	0	74	74
Disagree	0	113	113
Neither Agree Nor Disagree	4	22	26
Agree	200	89	289
Strongly Agree	96	2	98
			600

Table 1.18

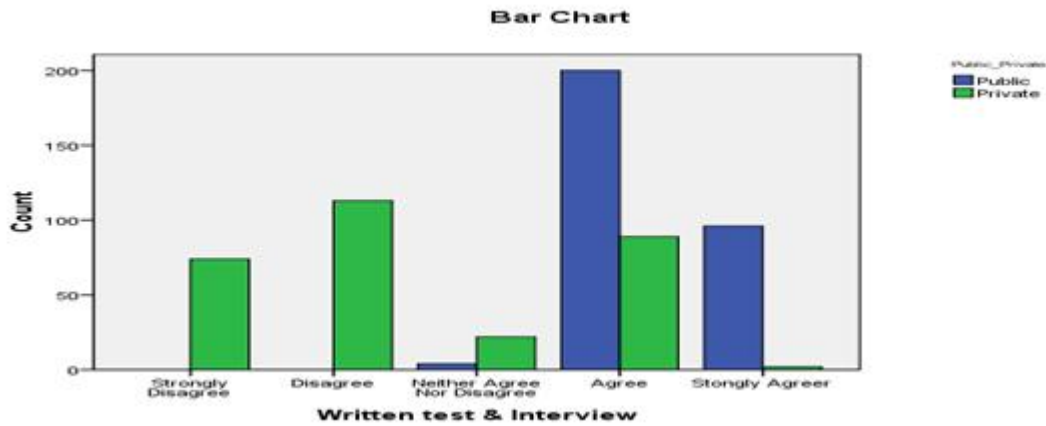


Fig. 1.18

**Interpretation:**

The Table and Fig. 1.17 indicate that most of the employees in general agree that the existing selection is based on written test and interview. The comparison between the Public and Private Sector Banks as shown in Table and Fig. 1.18 indicates that in general the Public Bank employees agree for the same. In general, the Private Bank employees disagree that the existing selection is based on written test and interview. It also indicates that 24.67% employees of the Private Sector Banks strongly disagree for the same. As an outcome of

the analysis, it is found that the Public Banks have the established procedure for recruitment of various posts and accordingly the same are filled-in. The Clerical and Probationary officer posts are filled-up on the basis of written test and interview whereas the posts belongs to executive level, the same are filled-up on interview only. However, the Private Banks are appointing the manpower on interview, written test and group discussion in two-three rounds, as prescribed in the bank policies.

**(10) The existing selection is based on Professional Bank Employee Consultancies:**

The response of employees of all the banks is indicates in Table and Fig. 1.19:

Employee Perception	Frequency	Percent
Strongly Disagree	52	8.7
Disagree	220	36.7
Neither Agree Nor Disagree	180	30.0
Agree	144	24.0
Strongly Agree	4	.7
Total	600	100.0

Table 1.19

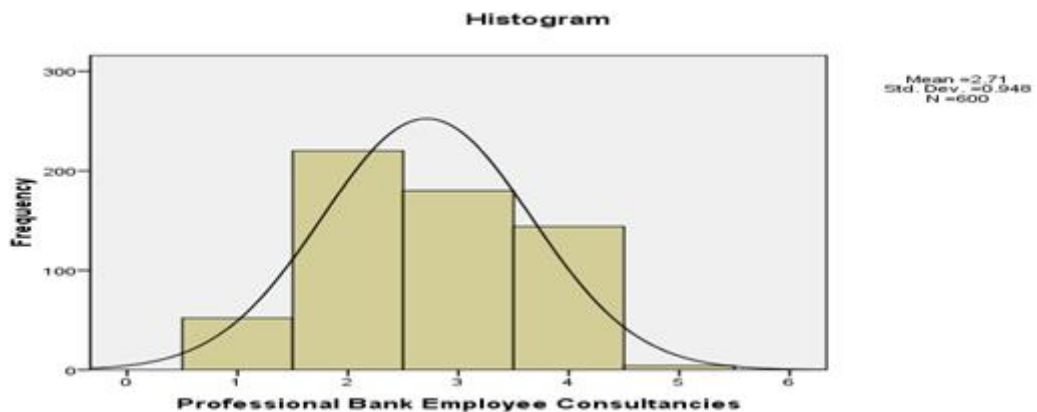


Fig. 1.19

The comparison between Public and Private Banks to identify whether selection is based through professional consultancies is given in Table and Fig. 1.20:

Employees Perception	Banks Employees		Total
	Public	Private	
Strongly Disagree	44	8	52
Disagree	140	80	220
Neither Agree Nor Disagree	104	76	180
Agree	12	132	144
Strongly Agree	0	4	4
			600

Table 1.20

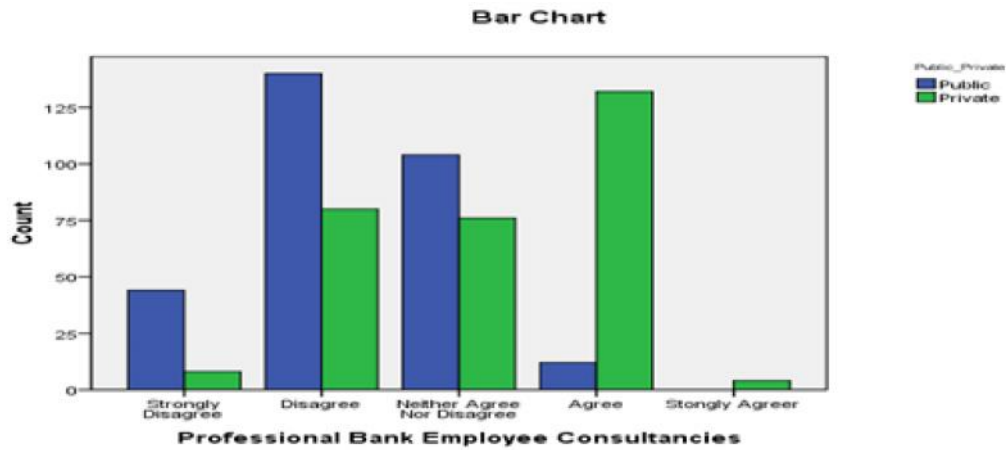


Fig. 1.20

**Interpretation:**

The Table and Fig. 1.19 indicate that most of the employees in general disagree that the existing selection is based on professional bank employee consultancies. It also shows that 30% and 24% of the bank employees are neither agree nor disagree and agree respectively for the same. However, the comparison shown in Table and Fig. 1.20

indicates that the Public Bank employees disagree whereas the Private Bank employees agree that the existing selection is based on professional bank employee consultancies. **It is found that the Public Banks are not hiring the manpower from Consultation Agencies whereas the Private Banks are frequently doing so.**

**(11) The existing Selection is based on recommendation from the employees:**

The response of employees of all the banks is indicates in Table and Fig. 1.21:

Employee Perception	Frequency	Percent
Strongly Disagree	144	24.0
Disagree	160	26.7
Neither Agree Nor Disagree	56	9.3
Agree	236	39.3
Strongly Agree	4	.7
Total	600	100.0

Table 1.21

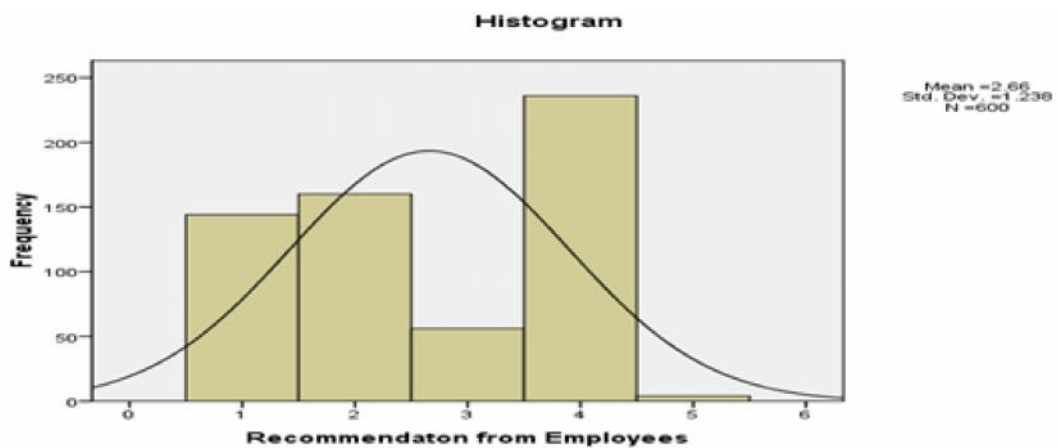


Fig. 1.21

The analysis of Public and Private Banks to identify whether selection is based on recommendation from existing employees indicated in Table and Fig. 1.22:

Employees Perception	Banks Employees		Total
	Public	Private	
Strongly Disagree	144	0	144
Disagree	120	40	160
Neither Agree Nor Disagree	24	32	56
Agree	12	224	236
Strongly Agree	0	4	4
			600

Table 1.22

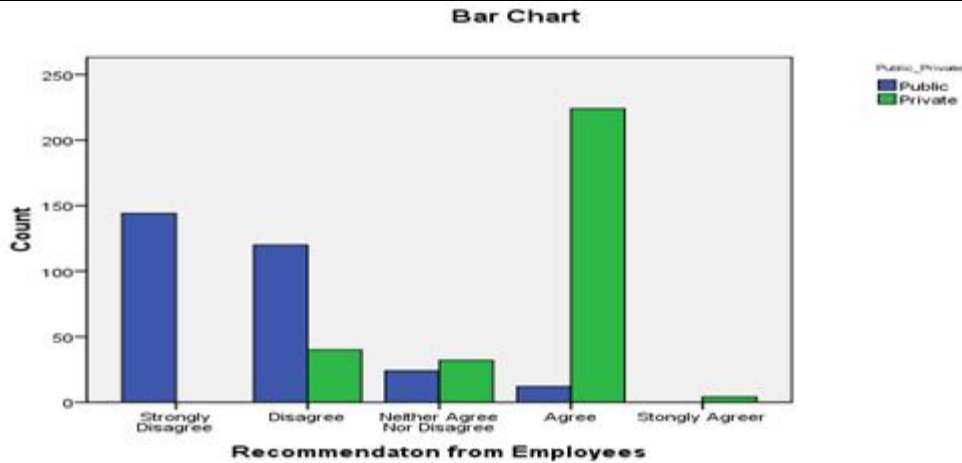


Fig. 1.22

**Interpretation:**

The Table and Fig. 1.21 indicate that 39.3% employees agree, 26.67% disagree and 24% strongly disagree that the existing selection is based on recommendations from the employees. The comparative analysis as shown in Table and Fig. 1.22 indicates that 48% and 40% of the Public Bank employees are strongly disagree and disagree respectively

that the existing selection is based on the recommendations from the employees. However, the Private Sector Bank employees in general agree for the same. **Therefore, it emerged out that the Private Banks are also appointing manpower on recommendations but the Public Banks are following the RR for appointing the manpower.**

**(12) The whole recruitment process completed by a senior and responsible officer(s):**

The response of employees of all the banks is indicates in Table and Fig. 1.23:

Employee Perception	Frequency	Percent
Strongly Disagree	16	2.7
Disagree	91	15.2
Neither Agree Nor Disagree	37	6.2
Agree	295	49.2
Strongly Agree	161	26.8
Total	600	100.0

Table 1.23

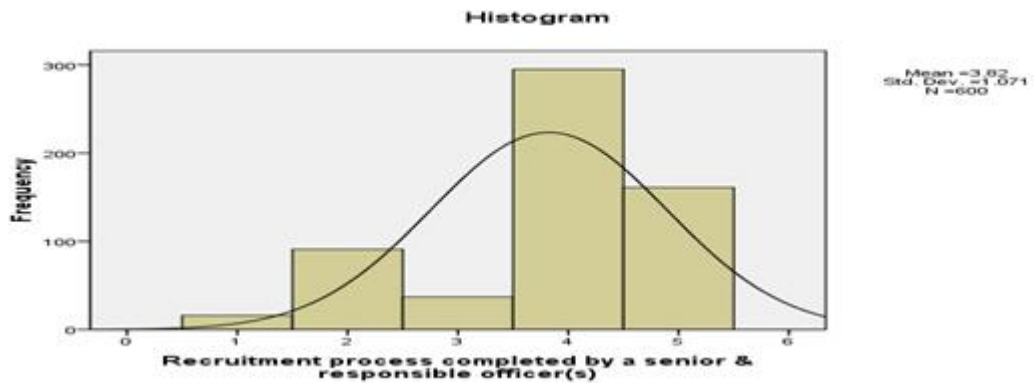


Fig. 1.23

The comparative analysis between the Public and Private Sector Banks to identify whether the whole recruitment process completed by a senior and responsible officer(s) is given in Table and Fig. 1.24:

Employees Perception	Public Banks	Private Banks	Total
	1	2	
Strongly Disagree	0	16	16
Disagree	5	86	91
Neither Agree Nor Disagree	13	24	37
Agree	157	138	295
Strongly Agree	125	36	161
			600

Table 1.24

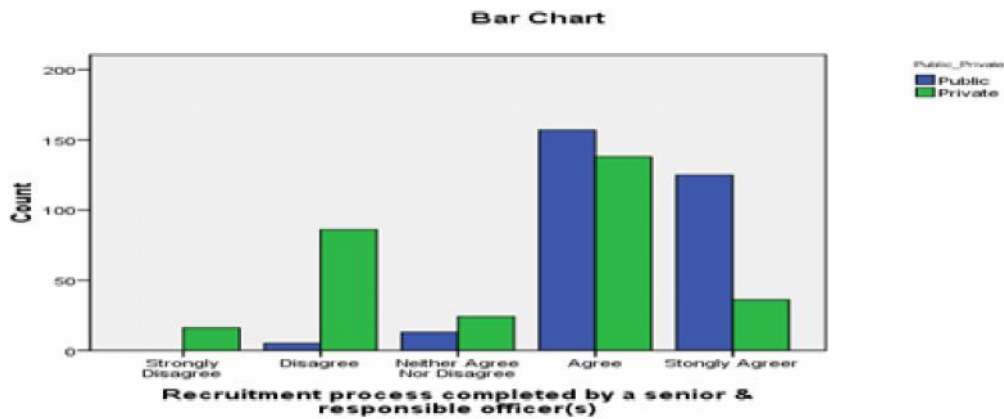


Fig. 1.24

**Interpretation:**

The Table and Fig. 1.23 indicate that in general most of the employees agree that the whole recruitment process is completed by a senior and responsible officer(s). The comparison between Public and Private Banks as shown in Table and Fig. 1.24 indicates that Public & Private Bank employees agree. However, 41.67% Public Bank employees strongly agree with the statement. **It can therefore be elaborated that in both the banks the recruitment process is handled by senior officer(s), but, the sense of more seriousness is found in the Public Banks as compared to the Private Banks because the Public Banks constitute the appropriate recruitment and scrutiny committee/interview board for the purpose.**

**CONCLUSION**

The following are the conclusion of the analysis:

- (i) In general, the Public and Private Sector Banks are following the established procedure for the recruitment and per RR (Public) and Company Policies (Private). Public banks are scrupulously adhered the recruitment rules in comparison to Private sector. The age relaxation for public bank employees is in accordance with the Govt. rules and guidelines.
- (ii) The Public Banks selected their own staff on fitness-cum-selection basis as chain promotions. As regards, the Private Banks, they preferred to bring the energetic and young blood from outside the Banks. The centralized recruitment process has

observed in most of the Public and Private Sector Banks. The concept of hiring manpower from Employment Exchange is missing. The preference for higher qualification existed in Private sector as compared to the Public Banks.

- (iii) In Public Banks, the Clerical and Probationary officer posts are filled based on written test and interview and executive posts are filled-up on interview only. Private Banks are appointing the manpower on interview, written test and group discussion in two-three rounds, as prescribed in the bank policies.
- (iv) The Private Banks are appointing the manpower on the recommendations but the Public Banks are following the RR for appointing the manpower.
- (v) Although, the recruitment process handled in banking sector by the senior officers and the Public Banks are more serious in the process.

**BIBLIOGRAPHY**

1. Colemn, Bruce P., *An Integrated System for Manpower Planning, Business Horizon, Vol. 13, 1970, pp.89-95*
2. Velter, Eric W., *Manpower Planning for High Talent Personnel, 1967, p.15*
3. Wickstrom, W.S., *Manpower Planning: Evolving systems, Conference Board, 1971, p.2*
4. Narayanarao, V.S., *Manpower Planning in Companies, Indian Management, Vol. 19, No. 12, 1971, pp.17-31*
5. Munshi, N.M., *Personnel Management in Small Scale Industries, 1999, p.117*