Managing Knowledge in Banks: An Introspection Based on Experience

Samir Baruah*

Managing knowledge is always a very challenging task before any HR professional and any organization. Attitude, Skill and Knowledge (ASK) are core for efficiency and productivity. Along with ASK is ABC, which is Awareness, Belongingness and Commitment, as propounded by the internationally acclaimed spiritual and human resources master Sri Sri Ravishankar, of the Art of Living Foundation, who have such disciples like the famed management Guru Shri Shiv Khera. In what proportion the ASK & ABC is needed, is still inconclusive.

Predicament

Every nation, every state, every corporate, every society, and every individual (adult, youth and child) seem to be on the run. They are either pursuing stiff targets or are being chased by their bosses to achieve stiff targets. They are required to be constantly on the fast track. They are running against time. Everyone is up to achieving something extraordinary. Whether the mad rush at the end of the day is good for the individual, corporate, or nation is a matter of debate. While we are not going into the debate here, one thing is evident that the individual is showing signs of routine fatigue, the corporate is stressed and the nation is seen to be carrying out fire fighting exercise day in and day out. There is no doubt that it is becoming a question of survival of the fittest and, therefore, knowledge management will also have to address the various issues and also find solution in energizing the workforce, while ensuring that no biological-clock disorder takes place especially in the younger generation.

Bankers are also finding themselves on the hot seat. They are also under pressure to deliver. While they are aware of the enormous amount of responsibility cast upon them, they appear to be under the grip of fear in taking decisions having larger financial implications. Truly speaking, the element of fear is mostly originating out of ‘ignorance’ and ‘accountability’. There is no doubt that knowledge level on emerging business scenario has to increase manifold in quick time. For de-stressing, one must be able to relate oneself to the task in hand vis-à-vis its positive impact on the society. There must be a sense of belongingness to whatever one does in common interest. The application of

*Principal and Deputy General manager, Indian Overseas Bank Staff College, Chennai. The views expressed in this article are purely personal to the author and do not reflect the views of the organization he represents.
mind, body, heart and soul in right proportion is very much essential to release the stress. The importance of meditation cannot be over emphasized in a dynamic work situation, to provide the much-needed rest of the mind. Sufficient rest of the mind can restore creativity, refresh the mind to originate ideas and also help in igniting the mind to think new and to be innovative, to be able to find lasting solutions to the problems they encompass.

Knowledge management must be able to address such issues in finding solutions to encourage decisions and redefine staff lapses and accountability, to be more objective without being too much subjective. Issues like ‘you show me the man I will show you the rule’ and/or, if you are my man I ‘overlook’, if not, then I ‘look into,’ etc. should be a thing of the past.

Orientation

Banking is both ‘theory’ and ‘practice’. While knowledge is very essential, the positive application of knowledge is most essential. When we look into the growth profile of banking in India, we observe that the country did not have any formal independent banking school for imparting specialized banking knowledge. The banks had their own training colleges/centers to train and orient their personnel. Mobilization of deposits was of primary importance and extension of credit was more on directed lending based on norms prescribed by the regulator. Credit was considered as a scarce commodity and, therefore, was virtually restricted to certain centers and certain sectors. Most of the officers were not oriented towards credit and many such officers today are holding senior level positions. The phenomena of ‘credit aversion’ and ‘risk aversion’ appearing in the banking sector needs to be addressed with a greater sense of urgency. Knowledge requirement of a different order is the need of the hour to tackle such aversion.

‘Turn the page and learn the job’ was the general mantra for the new entrants in the manual days. Today the scenario is completely changed. With the intervention of sophisticated technology and opening up of the economy, quality and quantity of banking business has undergone a sea change. Bankers are supposed to have the combination of experience, exposure and expertise to deal with ‘sunrise’ industries, high tech agriculture and allied agriculture activities and infrastructure projects involving lot of technicalities and greater financial implications. While many of the new entrants are found to be quite well conversant about macro and micro economic issues, their lack of experience and exposure is restricting them in taking critical decisions. The banking industry is also going through a ‘transition’ with large number of retirements taking place.

Contemporary HR Issue in Banking

Some of the best brains in the country from various fields of education joined the banking industry in the early seventies, when large employment avenues got created with massive horizontal expansion of the industry following the nationalization of major banks in the country. Such personnel, who greatly contributed to the extraordinary growth are either on the verge of retirement or have retired of late, throwing a great challenge before the industry, in tackling the problem of ‘succession plan’, especially at the top executive cadre. The problem is aggravated by the fact that during the intervening period, there was virtually no recruitment of large magnitude and as such, a vacuum got created. There is apparently a situation of experience and knowledge gap. The knowledge management and that too, knowledge of higher level management has become absolutely necessary, to guide the future course of the banks at a crucial juncture when the industry is required to shoulder higher responsibilities in a very stiff competitive scenario of International magnitude with the implementation of the Basel II accord and larger opening up of the economy. Indian banks are treading into new areas hitherto unexplored requiring more skill and knowledge on senior level positions. The phenomena of ‘credit aversion’ and ‘risk aversion’ appearing in the banking sector needs to be addressed with a greater sense of urgency. Knowledge requirement of a different order is the need of the hour to tackle such aversion.

Bank officers occupy a unique position as they are vested with financial powers which, when exercised judiciously can bring about a revolution in the lives of millions of people from all walks of life. Unfortunately, it is very often seen that many officers are shy in taking decisions. There is apparently no system for penalizing such officers who decide not to decide. They are at best termed as ‘non performers’. There is another ‘critical mass’ of personnel who have decided not to accept promotions. Ironically, their not accepting promotions...
give them the advantage of staying in a particular center for longer years, taking greater care of the family than the officers who are transferred on promotion. This works as a disincentive for such personnel who accepts promotion and gets displaced. Since varied exposure is essential for a banker to be able to take comprehensive decision as one goes up the ladder, the knowledge acquired out of exposure needs to be encouraged. HR managers in banks must find solutions to address this issue of whether ‘displacement’ of such personnel can be a solution.

The Emerging Issues

With the requirement of a massive expansion in business activity encompassing both the internal and international market, banking personnel are expected to have a greater understanding and knowledge of their extended role function and priorities before them. Managing knowledge and managing risk is the requirement of the day. Banks are required to develop capabilities for identifying, managing and mitigating risks more efficiently.

Adhocism

Sound knowledge management policy has to be framed, formulated and implemented to ensure minimizing, if not total elimination, of adhocism in the functional areas of banks. It is observed that in the absence of adequate systems and procedures and policies, a lot of adhoc decisions are required to be taken, which causes long-term damage to organizations.

Placement Policy

Knowledge management must also look into banks’ having a well defined placement policy to ensure that the ‘right person is on the right job’ to meet the growing challenges.

Training & Learning

Issues relating to newer training and learning methodologies also will have to be addressed. Introduction of e-learning along with contact program will perhaps be the order of the day. With CBD, etc. the job contents, allocations and duties will also require changes and warrant a different type of job knowledge for the workforce.

Appraisal System

Knowledge management has to touch upon the subject of a proper appraisal system and adoption of a sound promotion policy giving adequate scope for the deserving officers. The banks may have to introduce 360 degrees appraisal of staff for proper assessment and placement. There must be a proper standardized system adopted for conducting interview by the various panel. The banks may have to introduce some sort of benchmarking of confidential reporting by all the reporting authorities to bring uniformity in assessment.

Industrial Relations

The unions and associations, who also play a pivotal role in the growth of the banks, should ensure mobility and transfer of personnel to the shortage pockets located mostly in semi-urban and rural areas. This will ensure that banking services are made available to the 65 per cent population, who even after 40 years of bank nationalization, are still financially excluded. With the intervention of technology and on-line banking, metropolitan and urban branches are gradually moving away from ‘brick and mortar’ banking to ‘virtual’ banking and thus, paving the way for transfer of surplus staff from such centers to the needy centers.

Management Audit System

The management audit system, in its present form, questions authority on decisions taken. The system does not question on decisions not taken. This is resulting in huge opportunity loss of revenue or earnings. The audit system may have to have a re-look to plug opportunity loss of revenue.

Is Knowledge an Impediment?

Knowledge should be a fodder for progress and not an impediment in progress. It is seen at times that an authority exposed to an overdose of academic knowledge finds it difficult to take decisions, if it is not strictly in accordance with the laid down instructions. In reality, while violation of instructions cannot be permissible, deviations depending on the merit of individual case can be permitted provided it is not detrimental to the interest of the organization or in public interest. Knowledge management must
take cognizance of such deviations and encourage such decisions, which will ensure greater growth.

**Re-Learning**

It has become necessary for the bank personnel to re-learn the new concepts, policies, norms, and regulations for conducting business in the new order. For starting the re-learning process, it is essential that the mind be made ‘hollow and empty’. The learning process must succeed in equipping oneself with the latest developments both in technology and products.

**Inclusive Growth of Individual and Implementation**

The whole country is talking about inclusive growth, financial inclusion and financial exclusion. All these terms mean that everyone in the country gets the share of benefit of economic prosperity. It is very often stated that in India the greatest problem is implementation. Implementation failure is essentially due to the absence of the sense of belongingness of the implementer to the implementation. Apparently, no plans, programmes, projects are non-implementable, as a lot of input goes into them before finalization. Unfortunately there is a gap between the originator of the plan and the implementer of the plan at the grass-root level. In order to develop the sense of belongingness, there is an urgent need for an ‘inclusive growth of the individual’ behind the implementation.

**Spiritual Quotient**

Inclusive growth of the individual is largely possible when the aspiration of the individual can be related to aspiration of the nation, organization and vice-versa. The workforce must feel that the work entrusted is not an imposition from the top but is a necessity for the greater benefit of the organization, and also to the society at large of which the workforce is also a part. For achieving excellence, there must be a very high level of awareness, belongingness and commitment, on the part of the personnel working in any organization. There should be a continuous endeavour to ‘evoke the inner consciousnesses of the individuals working in the organizations and make them understand the significance of the much needed inner happiness and inner strength. The inner strength and inner happiness provides a very high level of positive energy, which can become the driving force for higher level of efficiency and productivity. The role of reputed spiritual organization can be availed to empower the individual with inner strength and inner happiness. Such individuals with high level of energy can become the real ‘change agents’. They are the people who would dare to go to the interiors to involve themselves in implementation for achieving the much-needed Inclusive growth.

**Human Capital and Knowledge Management**

Our country is a labour-intensive country and as such, efforts should be on, on a continuous basis, to ensure the optimum use of the human resources. Capital infusion and technological intervention should not be at the cost of human capital, rather it should be to supplement to the efforts of the human resources. Knowledge management in the country must, therefore, be able to review the entire educational system, to see how the human resources can be made more ‘employable’.

**Knowledge Management and Leveraging Core Competency**

Our country has produced, over a period of time, a large reservoir of engineering, agricultural and management graduates. The banking industry is having a huge responsibility in helping such technopreneurs to set up business enterprises both in the field of agriculture, industry, and trade and commerce. It would, therefore, be incumbent upon bankers to upgrade their skills and knowledge by thoroughly understanding the needs of such sectors. Knowledge management must be able to find out ways and means to lay a road map for enabling different organizations like, technical and management institutes, agriculture and research organizations, banks and financial institutions, to work in combination by leveraging the core competencies with common objectives. In order to evoke the inner consciousness of the individuals behind these organizations to whole-heartedly involve themselves, our spiritual organizations can play a pivotal role in making the people aware of the tremendous inner strengths they possess.

In short, banking industry must strengthen their research and development work, have ‘think-tanks’, encourage flow of ideas, develop new non-conventional strategies, introduce more professional human resources management policies, which can address all the issues. The silver lining is the younger generation, who with their present day higher qualifications, is by and large prepared to shoulder higher responsibilities. What is required is a lot of mentoring and grooming to be done by the experienced and successful superiors.

To conclude, the banks must, through a process of mass communication in all forms, sensitize its human resources and raise the knowledge level of its workforce manifold to meet the ever-growing emerging challenges confronting the banking industry.