Clerk2Officer.com

2026 EDITION

CAIIB

ELECTIVE II

Human Resources Management

Complete study book with practice questions

01 People and Teams

02 HR Strategy

03 Learning and Skills

04 Workplace Relations

05 Emerging HR Practices

Illustrated study book

LEARN • PRACTISE • GROW

Clerk2Officer

Study material and practice for working bankers

This book covers the IIBF syllabus for the CAIIB elective paper **Human Resources Management**, module by module: HRM and organisational behaviour, HR strategy, motivation and training, personnel management and industrial relations, and the emerging scenario in HRM.

Each chapter explains the theories in plain English, connects them to people decisions that a branch head, HR officer or trainer actually takes in a bank, and ends with quick revision points and practice questions with explanations.

www.clerk2officer.com

How each chapter works

Part	What it does
Start with the decision	A short banking situation that the chapter helps you resolve.
Concepts	The syllabus topics explained in plain English, with tables, flows and figures.
Key facts	Numbers, dates and names that examinations ask about, with the year they relate to.
Worked case	A branch-level application of the chapter.
Quick revision	One-line recall points for the night before the examination.
Practice with explanations	Multiple-choice questions with the reason for each answer.

About this edition

Theories are stated as their authors set them out. Legal points (labour codes, POSH, standing orders, bipartite settlements) are stated with the year or document they come from. Before using a legal point for an operational decision, check the current notification, rules and your bank's own service regulations.

This is an independent study aid. It is not published by, or affiliated to, the Indian Institute of Banking and Finance.

Contents

MODULE A / Human Resource Management	
A01 Fundamentals of HRM	4
A02 Organisational Behaviour	7
A03 Organisational Change	11
A04 HRM in Indian Banks	14
A05 Knowledge Management	17
MODULE B / Building an HR Strategy	
B01 HR as a Strategic Player	20
B02 CEO and the Top Team: Talent, Succession and HR Audit	23
B03 Organisational Communication	26
B04 HR Functions: Planning, Hiring, Pay and Retention	29
B05 Performance Management	32
MODULE C / Motivation, Training and Skill Development	
C01 The Learning Process	35
C02 Employee Motivation	38
C03 Employee Development	41
C04 Training Methodology	44
MODULE D / Personnel Management and Industrial Relations	
D01 Industrial Relations, Part A: Personnel Function and Labour Laws	47
D02 Industrial Relations, Part B: Trade Unions and Collective Bargaining	50
D03 Grievance Redressal and Conflict Management	53
D04 Workers' Participation in Management	56
D05 Discipline Management, Vigilance and POSH	59
MODULE E / Emerging Scenario in HRM	
E01 Employee Engagement and New Work Models	62
E02 Organisational Culture and Creativity	65
E03 Corporate Sustainability and Green HRM	68
E04 HR Analytics, HR Entrepreneurship and AI in HR	71
E05 Leading in VUCA and BANI Scenarios	74
E06 Business Ethics, Corporate Governance and CSR	77
APPENDIX: EXAM-REPEAT POINTS	
APX 120 Exam-Repeat Points for HRM	80

MODULE A: HUMAN RESOURCE MANAGEMENT

A01 Fundamentals of HRM

4
core HR activities: acquire, develop,

HRM > HRD
HRD is one part of HRM

Line + HR
shared responsibility for people

3
ethical tests: fair, job-related, explained

Start with the decision. Your branch has three vacancies, two officers who want transfers, and a clerk whose errors keep rising. The regional office asks the branch head to "handle the HR side". Which of these are HR decisions, who should take them, and what principles should guide them? This chapter sets out what HRM is, how it differs from personnel management and HRD, and the ethics that govern it.

Human Resource Management (HRM) is the strategic and coherent approach to managing an organisation's most valued asset, the people who work in it and who, individually and together, contribute to its objectives. It covers how people are **acquired** (planning, recruitment, selection), **developed** (training, careers), **motivated** (pay, performance, recognition) and **retained** (engagement, welfare, relations). In a bank, where the product is a service delivered by people, the quality of HRM shows up directly in customer experience, risk and compliance.

1. What HRM covers

HR planning → Recruitment and selection → Training and development → Performance and reward → Employee relations and exit

The employee life cycle that HRM manages.

Classic writers group HR work into **managerial functions** (planning, organising, directing, controlling) and **operative functions** (procurement, development, compensation, integration and maintenance). Integration means reconciling the goals of the person and of the organisation; maintenance means keeping the workforce healthy, safe and committed.

Approach	Main idea	Where you see it
Personnel management	Administrative: records, rules, wages, compliance	Service registers, leave, seniority lists
Human Resource Management	People as a resource to be developed and aligned with strategy	Manpower planning, performance systems, talent pools
Strategic HRM	HR choices designed to support the business strategy	Specialist cadres for digital, credit, risk
Human Resource Development	Building capability: learning, careers, culture	Training colleges, e-learning, mentoring

Personnel management

- Reactive, rule-based
- Labour as a cost
- Run by the personnel department
- Collective agreements dominate
- Focus on compliance

Human resource management

- Proactive, planned
- People as an asset
- Shared with line managers
- Individual contracts and engagement grow
- Focus on performance and commitment

2. HRM and HRD

HRM is the wider employment system. **HRD** is its development part: a continuous, planned process to help employees acquire capabilities for present and future roles, develop their potential, and build a culture of teamwork and collaboration. T.V. Rao and Udai Pareek pioneered HRD in India; Larsen and Toubro set up one of the first HRD departments in 1975.

Exam tip

If a question asks which is broader, the answer is HRM. HRD is the capability-building subset of HRM.

3. New insights into HR management

- **HR as a business partner** (Dave Ulrich): HR plays four roles: strategic partner, administrative expert, employee champion and change agent.
- **Line managers own people outcomes**: HR designs the policy; the branch head applies it daily.
- **Employer branding and employee experience**: banks compete for digital, risk and analytics talent with fintechs.
- **Data-driven HR**: attrition, training and productivity data guide decisions (see E04).
- **Flexible work**: hybrid roles, fixed-term and specialist contracts alongside traditional cadres.



Ulrich's four HR roles.

4. Ethics in HRM

Ethical HRM rests on three tests: decisions are **fair** (equal access, no favouritism), **job-related** (criteria linked to the work) and **explained** (people know the reasons and can challenge them). Privacy matters too: collect only the employee data you need and limit who sees it. Common ethical issues are bias in selection and promotion, misuse of confidential records, discrimination, harassment, unfair transfers and pressure to mis-sell.

Principle	Meaning in a bank
Equity	Same rules for transfer, promotion and discipline across staff
Transparency	Published promotion policy, marks and cut-offs
Confidentiality	Medical, disciplinary and appraisal records accessed only on need
Due process	Charge sheet, enquiry and hearing before penalty (see D05)
Dignity	Zero tolerance for harassment; POSH committee in every office of 10+ staff

Worked case

Situation. A recruitment panel wants to select the regional manager's preferred candidate without scoring the interview. What should HR do?

How to work it. Insist that the agreed, job-related scoring rubric be applied to every candidate and recorded. Any panel member with a conflict of interest steps aside. The decision is then defensible and fair.

Key facts to remember

Fact	Detail
HRM	Acquire, develop, motivate, retain people in line with strategy
Operative functions	Procurement, development, compensation, integration, maintenance
HRD in India	T.V. Rao and Udai Pareek; L&T; HRD department, 1975
Ulrich roles	Strategic partner, change agent, employee champion, administrative expert
HRM vs HRD	HRM is broader; HRD is the development part

Quick revision

Remember	In one line
HRM	Strategic management of people to meet organisational goals.
Personnel management	Administrative, rule-based, reactive.
HRD	Planned building of capability; a subset of HRM.
Ulrich	Four roles: strategic partner, change agent, employee champion, admin expert.
Integration	Matching individual and organisational goals.
HR ethics	Fair, job-related, explained, confidential.

Practice with explanations

01. Which is broader in scope?

A. HRD
B. HRM
C. Training
D. Career planning

Answer B. HRM covers the whole employment relationship; HRD is its development part.

02. In Ulrich's model, the HR role that represents employee needs is:

A. Strategic partner
B. Administrative expert
C. Employee champion
D. Change agent

Answer C. The employee champion represents staff concerns and builds commitment.

03. "Integration" as an operative HR function means:

A. Merging two banks
B. Reconciling individual and organisational goals
C. Integrating HR software
D. Combining cadres

Answer B. Integration reconciles employee and organisational interests.

04. Which is NOT an ethical HR practice?

A. Job-related selection criteria
B. Published promotion rules
C. Sharing appraisal records with any staff member who asks
D. Hearing before penalty

Answer C. Appraisal records are confidential and shared only on need.

05. Personnel management, compared with HRM, is mainly:

A. Strategic
B. Administrative and reactive
C. Focused on learning
D. Line-manager led

Answer B. Personnel management is administrative and rule-based.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module A).
- Dave Ulrich, Human Resource Champions, 1997.
- T.V. Rao and Udai Pareek, writings on HRD in India.

MODULE A: HUMAN RESOURCE MANAGEMENT

A02 Organisational Behaviour



5	6	3.4	DMAIC
Tuckman stages of group development	Goleman leadership styles	defects per million at Six Sigma	Six Sigma improvement cycle

Start with the decision. After a branch is redesigned into a "sales and service" layout, errors rise and two senior clerks stop cooperating with the new officer. Is this a people problem, a group problem or a process problem? Organisational behaviour gives you the tools to tell the difference before you act.

Organisational behaviour (OB) studies how individuals, groups and structures affect behaviour inside organisations, so that this knowledge can be used to improve effectiveness. It draws on psychology (individual behaviour), sociology (groups) and anthropology (culture). For a banker, OB explains why a capable officer underperforms in one role, why a team resists a new process, and which leadership style will work in a crisis.

1. Behavioural dynamics and person-job fit

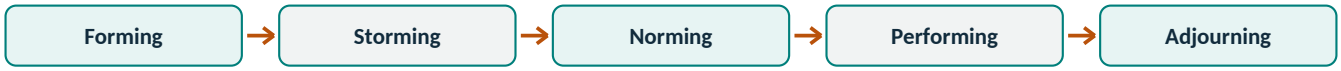
Person-job fit is the match between a person's abilities, interests and personality and the demands of the job. Poor fit causes stress, errors and exit. Before blaming the person, check the role design, training and support. **Person-organisation fit** is the match with the organisation's values and culture.

Key individual-level concepts: **perception** (how we select, organise and interpret information); **attitude** (a settled way of thinking or feeling about something, with cognitive, affective and behavioural components); **personality** (Big Five: openness, conscientiousness, extraversion, agreeableness, neuroticism); and common perceptual errors such as the **halo effect** (one good trait colours the whole judgement), **horns effect** (the opposite), stereotyping and projection.

Mechanistic (bureaucratic) structure	Organic structure
• High specialisation	• Cross-functional teams
• Rigid hierarchy, centralised decisions	• Decentralised, flat
• Many rules	• Free flow of information
• Suits stable environments	• Suits fast-changing environments

2. Group dynamics

A group is two or more people who interact and depend on each other to achieve objectives. Groups are **formal** (created by the organisation: a branch team, a committee) or **informal** (friendship, interest). Bruce Tuckman described how groups develop:



Tuckman's stages (1965; adjourning added 1977).

Stage	What happens
Forming	Members get to know each other; uncertainty; depend on the leader
Storming	Conflict over roles, leadership and approach
Norming	Rules, roles and cohesion are agreed; "we" feeling develops
Performing	The team works effectively towards goals
Adjourning	Task ends; the group disbands

Group concepts often asked: **norms** (accepted standards of behaviour), **cohesiveness** (how strongly members are attracted to the group), **groupthink** (pressure for agreement overrides realistic appraisal; Irving Janis) and **social loafing** (people put in less effort in a group).

3. Leadership and team effectiveness

Theory	Core idea
Trait theory	Leaders are born with certain traits
Behavioural (Ohio, Michigan)	Two dimensions: task (initiating structure) and people (consideration)
Blake and Mouton grid	9,9 "team management" is ideal; 1,1 impoverished; 9,1 task; 1,9 country club
Hersey-Blanchard situational	Telling, selling, participating, delegating, based on follower readiness
Fiedler contingency	Effectiveness depends on matching style (LPC) to situation favourability
Transactional	Exchange: rewards for performance; management by exception
Transformational (Burns, Bass)	Inspires a shared vision; the four Is: idealised influence, inspirational motivation, intellectual stimulation, individualised consideration
Servant leadership (Greenleaf)	Leader serves the team first

Goleman's six leadership styles (based on emotional intelligence) are frequently asked:

Style	In one phrase	Works best when
Coercive (commanding)	"Do what I tell you"	Crisis, turnaround
Authoritative (visionary)	"Come with me"	A new vision or clear direction is needed
Affiliative	"People come first"	Healing rifts, motivating in stress
Democratic	"What do you think?"	Building consensus, getting input
Pacesetting	"Do as I do, now"	Quick results from a highly competent team
Coaching	"Try this"	Developing people for the long term

Exam tip

Goleman found the authoritative (visionary) style has the most positive effect on climate; coercive and pacesetting are the most negative when overused.

4. Benchmarking and quality initiatives

Benchmarking compares your processes and results with the best performers (internal, competitive, functional or generic) and adapts their practices. HR implications: new skills, changed roles, retraining and a culture that accepts learning from others. A gap tells you that you lag; it does not tell you why.

Quality circles are small groups (usually 6 to 12) of employees from the same work area who meet voluntarily and regularly to identify, analyse and solve work problems. The idea came from Japan (Kaoru Ishikawa). **TQM** is an organisation-wide commitment to continuous improvement and customer satisfaction (Deming, Juran, Crosby).

Six Sigma (Motorola, 1986; popularised by GE) uses data to reduce variation and defects to 3.4 defects per million opportunities. Improvement projects follow **DMAIC**:



DMAIC. DMADV (define, measure, analyse, design, verify) is used for new processes.

Six Sigma roles: Champion (sponsor), Master Black Belt (coach), Black Belt (full-time project leader), Green Belt (part-time), Yellow Belt (team member).

5. Positive attitude, stress and business etiquette

Stress is the response to demands that exceed a person's perceived ability to cope. Hans Selye described the General Adaptation Syndrome: alarm, resistance, exhaustion. **Eustress** is positive stress that improves performance; **distress** harms it. Sources in banks: targets, role conflict and ambiguity, transfers, long hours, customer aggression and technology change. Remedies: realistic targets, role clarity, job rotation, counselling (employee assistance), wellness programmes and leave.

Business etiquette covers punctuality, dress, courteous communication, telephone and e-mail manners, meeting conduct, respect for diversity and confidentiality. In banks it is part of customer service and of the Code of Bank's Commitment to Customers.

Worked case

> **Situation.** Branch errors rise after a redesign. The branch head wants to rate two clerks "poor" for attitude. What should be checked first?
>
> **How to work it.** Check the process (new forms, system changes), workload per person, training given, and team norms during the storming stage. Measure errors per 1,000 transactions against a comparable branch. Only if the process and training are sound and one person's error rate stands out should individual performance be addressed.

Key facts to remember

Fact	Detail
Tuckman	Forming, storming, norming, performing, adjourning
Goleman	Coercive, authoritative, affiliative, democratic, pacesetting, coaching
Six Sigma	3.4 DPMO; Motorola 1986; DMAIC
Quality circle	Small voluntary group of same-area staff; Ishikawa
Selye GAS	Alarm, resistance, exhaustion
Transformational	Four Is (Bass)

Quick revision

Remember	In one line
Person-job fit	Match of abilities and interests with job demands.
Halo effect	One trait colours the whole judgement.
Norming	Rules and roles agreed; cohesion forms.
Groupthink	Desire for agreement overrides critical thinking (Janis).
Authoritative style	Visionary: "come with me".
DMAIC	Define, measure, analyse, improve, control.
Organic structure	Flat, flexible, decentralised.
Eustress	Positive stress that improves performance.

Practice with explanations

01. In Tuckman's model, the stage in which members agree on roles and rules is:

A. Forming **B.** Storming
C. Norming **D.** Performing

Answer C. Norming is when the team settles roles and norms.

02. Which Goleman style is summed up as "Do what I tell you"?

A. Pacesetting **B.** Coercive
C. Authoritative **D.** Democratic

Answer B. Coercive (commanding) demands immediate compliance.

03. The last step of DMAIC is:

A. Define	**B.** Improve
C. Control	**D.** Verify

Answer C. Control sustains the improvement.

04. An organisation with cross-functional teams and decentralised decisions has:

A. A mechanistic structure	**B.** An organic structure
C. A functional structure	**D.** A line structure

Answer B. Organic structures are flat and flexible.

05. Six Sigma quality means defects of no more than:

A. 3.4 per thousand	**B.** 3.4 per million opportunities
C. 6 per million	**D.** 1 per lakh

Answer B. 3.4 defects per million opportunities.

06. Judging an employee as excellent overall because he is punctual is the:

A. Horns effect	**B.** Halo effect
C. Recency effect	**D.** Central tendency

Answer B. The halo effect lets one good trait colour the overall judgement.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module A).
- B. Tuckman, Developmental sequence in small groups, 1965; Tuckman and Jensen, 1977.
- D. Goleman, Leadership that gets results, Harvard Business Review, 2000.
- Hans Selye, The Stress of Life, 1956.

MODULE A: HUMAN RESOURCE MANAGEMENT

A03 Organisational Change

3
Lewin stages: unfreeze, change, refreeze

8
Kotter steps for leading change

70%
change efforts often said to fall short (Kotter)

RACI
responsibility charting

Start with the decision. Your bank is moving all branches to a new loan-origination system and centralising credit processing. Staff fear transfers and job losses, and branch heads say "this will never work here". How do you plan and lead the change so that people adopt it instead of working around it?

Organisational change is any alteration in an organisation's structure, technology, processes, people or culture. **Organisational development (OD)** is a planned, long-term, behavioural-science-based effort, led from the top, to improve an organisation's effectiveness and health. Banks have lived through repeated waves of change: nationalisation, mechanisation, core banking, mergers, digital banking and now AI. Each wave succeeds or fails on how people are led through it.

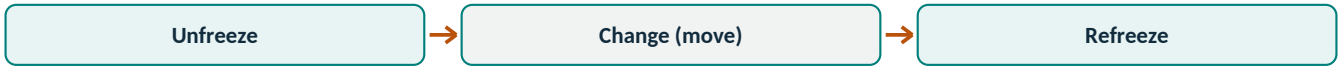
1. Types of change and why people resist

Type	Example in banking
Structural	Centralised processing cells, new regional structure after a merger
Technological	Core banking, loan-origination systems, AI chatbots
Process	Straight-through processing, paperless account opening
People and culture	Sales culture, customer-centricity, new values after a merger
Incremental vs transformational	Small improvements vs a complete redesign

People resist change for individual reasons (fear of the unknown, loss of status or job, habit, economic insecurity, selective perception) and organisational reasons (structural inertia, group norms, threat to expertise and power, past failures). The chief insecurity of most staff is **change itself**: uncertainty about what it means for them.

Kotter and Schlesinger listed six ways of dealing with resistance: education and communication; participation and involvement; facilitation and support; negotiation and agreement; manipulation and co-optation; explicit and implicit coercion. The first three are preferred; the last ones carry high risk.

2. Models of change



Kurt Lewin's three-step model.

Lewin also gave **force-field analysis**: change happens when driving forces exceed restraining forces. Reducing restraining forces (fears, lack of skills) usually works better than just pushing harder.

John P. Kotter's eight steps (Leading Change, 1996) are the most asked:

Step	What it means
1. Establish a sense of urgency	Show why the status quo is more dangerous than change
2. Form a powerful guiding coalition	A team with authority, credibility and skills
3. Create a vision	A clear picture of the future and a strategy
4. Communicate the vision	Use every channel; leaders model it
5. Empower others to act	Remove obstacles, change systems that undermine it

Step	What it means
6. Create short-term wins	Plan visible improvements and reward people involved
7. Consolidate gains, produce more change	Do not declare victory too soon
8. Anchor new approaches in the culture	Link new behaviour to success; plan succession



Memory trick

Kotter in three phases: create a climate for change (steps 1-3); engage and enable the organisation (4-6); implement and sustain (7-8).

Other models: **ADKAR** (Prosci: Awareness, Desire, Knowledge, Ability, Reinforcement); **McKinsey 7-S** (strategy, structure, systems, shared values, style, staff, skills); **action research** (diagnose, plan, act, evaluate).

3. Change agents

A **change agent** is a person who initiates and manages change: internal (an HR or strategy officer, a branch head) or external (a consultant). Good change agents diagnose before prescribing, build trust, communicate constantly and involve the people affected. In **business process re-engineering (BPR)**, the diagnosis step means studying the current process in depth to find its problems and root causes before redesign.

4. Managing change well

- Make the case: explain why, with data.
- Involve staff early: pilots, feedback, champions in each branch.
- Train before go-live; provide floor support after.
- Communicate honestly about job impact; offer redeployment and reskilling.
- Measure adoption, not just installation.
- Celebrate early wins; fix problems quickly.

5. Responsibility charting

Responsibility charting clarifies who does what in a change or process, so that nothing falls between roles. It is the **foundation for strong delegation**. The most common form is the **RACI** matrix:

Letter	Role	Meaning
R	Responsible	Does the work
A	Accountable	Owns the outcome; only one person per task
C	Consulted	Gives input before the decision (two-way)
I	Informed	Told after the decision (one-way)

Worked case

Situation. A bank is centralising retail loan processing. Branch staff fear their jobs will go. Using Kotter, what should leadership do in the first month?

How to work it. Create urgency with data on turnaround times and lost customers; form a guiding coalition of business, HR, IT and union representatives; set a clear vision ("loan decision in 48 hours"); communicate it in town halls and branch meetings, stating plainly that branch staff move to sales and service roles, not out; and plan a pilot region to create an early win.

Key facts to remember

Fact	Detail
Lewin	Unfreeze, change, refreeze; force-field analysis
Kotter (1996)	Eight steps, starting with a sense of urgency
ADKAR	Awareness, Desire, Knowledge, Ability, Reinforcement
RACI	Responsible, Accountable, Consulted, Informed
Resistance methods	Kotter and Schlesinger: six approaches, education first
Chief insecurity	Change itself (uncertainty)

Quick revision

Remember	In one line
OD	Planned, top-led, behavioural-science-based improvement.
Unfreeze	Create readiness by showing the need for change.
Kotter step 1	Establish a sense of urgency.
Kotter step 8	Anchor the changes in culture.
Change agent	Person who leads and manages the change.
Responsibility charting	Who does what; foundation of delegation.
RACI "A"	Accountable: one owner per task.

Practice with explanations

01. According to Kotter, the first step in leading change is:

A. Create a vision **B.** Establish a sense of urgency
C. Form a guiding coalition **D.** Generate short-term wins

Answer B. Urgency comes first.

02. Lewin's three stages are:

A. Plan, do, check **B.** Unfreeze, change, refreeze
C. Awareness, desire, knowledge **D.** Form, storm, norm

Answer B. Unfreeze, change (move), refreeze.

03. Responsibility charting is the foundation for:

A. Recruitment **B.** Strong delegation
C. Compensation **D.** Collective bargaining

Answer B. It clarifies roles so tasks can be delegated cleanly.

04. In a RACI chart, the person who owns the outcome is:

A. Responsible **B.** Accountable
C. Consulted **D.** Informed

Answer B. Only one person is accountable for each task.

05. The chief insecurity of most staff in change management is:

A. Salary **B.** Change itself
C. Training **D.** Location

Answer B. Uncertainty about what change means for them.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module A).
- J.P. Kotter, Leading Change, 1996.
- K. Lewin, Field Theory in Social Science, 1951.
- J.P. Kotter and L.A. Schlesinger, Choosing strategies for change, HBR, 1979.

MODULE A: HUMAN RESOURCE MANAGEMENT

A04 HRM in Indian Banks

1969
nationalisation of 14 banks

Bipartite
industry-level wage settlements through IBA

BBB
Banks Board Bureau, 2016; FSIB from 2022

3
staff cadres: officers, clerks, subordinate

Start with the decision. A public sector bank must hire 300 data and cyber specialists while 2,000 experienced officers retire over the next three years. Its pay is fixed by industry settlement and promotions follow seniority-cum-merit rules. How does HR in an Indian bank meet such challenges? This chapter traces the traditional HR role, how it is changing, and the people challenges banks face today.

HR in Indian banks grew out of **personnel administration**: service rules, seniority, transfers, leave, wages settled by the industry, and discipline. After 1991 and especially after core banking, competition from private banks and fintechs pushed banks to treat people as a strategic resource: specialist recruitment, performance-linked pay, leadership pipelines and digital learning.

1. The traditional HR role

- **Industry-wide wage settlements**: wages and service conditions of award staff (clerks and subordinate staff) are fixed by bipartite settlements between the Indian Banks' Association (IBA) and unions; officers' pay by joint notes with officers' associations.
- **Uniform rules**: service regulations, seniority lists, promotion policies, transfer policies.
- **Centralised recruitment**: IBPS conducts common recruitment for clerks and officers of most public sector banks and RRBs; SBI recruits on its own.
- **Strong unions**: collective bargaining, industrial relations and grievance handling took much HR time.
- **Welfare orientation**: housing, medical, staff loans and canteens.

2. What business expects from the HR department

Expectation	Practical form
Right people in right roles	Skills inventory, role profiles, specialist cadres
Performance culture	Key result areas, scorecards, performance-linked incentives
Leadership pipeline	Succession planning for branch, regional and top roles
Learning at scale	Training colleges, e-learning, certifications (IIBF)
Compliance and conduct	Vigilance, POSH, staff accountability, code of conduct
Engagement and retention	Career paths, recognition, flexible policies, wellness

3. The changing HR profile in banks



Milestones that changed HR in Indian banks.

Key shifts: from seniority to merit and competency; from generalists to a mix of generalists and specialists (IT, risk, treasury, data, law); from classroom to blended and digital learning; from manual records to HRMS (human resource management systems) with self-service; and from fixed pay to fixed plus variable pay. The **Khandelwal Committee** (2010) on HR in public sector banks recommended specialist recruitment, performance management, succession planning and greater HR autonomy. The **Banks Board Bureau** (2016) advised on top appointments and leadership development; it was replaced in 2022 by the **Financial Services Institutions Bureau (FSIB)**.

4. Major HR challenges

- **Generational shift**: large-scale retirement of experienced staff; a young workforce with different expectations (Gen Y and Gen Z).
- **Skill gaps**: digital, analytics, cyber security, credit appraisal, wealth management.
- **Attrition**: especially among specialists and young officers in private and new banks.
- **Rigid pay structures** in public sector banks limit market-linked offers.
- **Mergers**: integrating cultures, cadres, seniority lists and systems.
- **Stress and work-life balance**: targets, transfers, cross-selling pressure.
- **Accountability vs risk-taking**: fear of vigilance action slows credit decisions.

5. Core banking and people challenges

Core banking centralised data and many processes. People effects: branch roles moved from back-office to sales and service; new skills (system use, cross-selling) were needed; centralised processing cells created new specialist jobs; and access controls (maker-checker, user IDs) became part of discipline. HR's job was to retrain staff, redesign jobs and manage anxiety about job losses.

Worked case

Situation. A merged bank has two seniority lists for scale II officers. Staff of the smaller bank fear they will be pushed down. What should HR do?

How to work it. Publish a transparent, agreed integration principle (for example, date of entry into the scale, with protection for existing pay and position), consult the officers' associations, give a time-bound window for objections and decide them in writing. Communicate early and often; delay breeds rumour.

Key facts to remember

Fact	Detail
Bipartite settlements	IBA with unions for award staff; joint notes for officers
IBPS	Common recruitment for clerks and officers of most PSBs and RRBs
Khandelwal Committee	2010; HR in public sector banks
Banks Board Bureau	2016; replaced by FSIB in 2022
Staff cadres	Officers, clerical (award) staff, subordinate staff

Quick revision

Remember	In one line
Traditional HR in banks	Personnel administration, uniform rules, unions.
Bipartite settlement	IBA-union agreement on wages and service conditions.
Khandelwal Committee	HR reforms in PSBs, 2010.
FSIB	Replaced BBB in 2022 for top appointments.
Main challenge	Retirements plus digital skill gaps.
Core banking effect	Branch roles move to sales and service.

Practice with explanations

01. Wages of award staff in banks are settled through:

A. Pay commissions	**B.** Bipartite settlements between IBA and unions
C. RBI circulars	**D.** Each bank's board alone

Answer B. Bipartite settlements cover clerical and subordinate staff.

02. The committee on HR issues in public sector banks (2010) was chaired by:

A. Narasimham	**B.** A.K. Khandelwal
C. P.J. Nayak	**D.** Rangarajan

Answer B. The Khandelwal Committee reported in 2010.

03. The Banks Board Bureau was replaced in 2022 by:

A. IBPS	**B.** FSIB
C. NABARD	**D.** SEBI

Answer B. The Financial Services Institutions Bureau.

04. After core banking, branch staff roles shifted mainly towards:

A. Back-office ledger work	**B.** Sales and customer service
C. Cash only	**D.** Audit

Answer B. Back-office work was centralised.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module A).
- Report of the Committee on HR Issues of Public Sector Banks (A.K. Khandelwal), 2010.
- Government of India notification establishing FSIB, 2022.

MODULE A: HUMAN RESOURCE MANAGEMENT

A05 Knowledge Management

2
types of knowledge: tacit and explicit

4
SECI modes (Nonaka and Takeuchi)

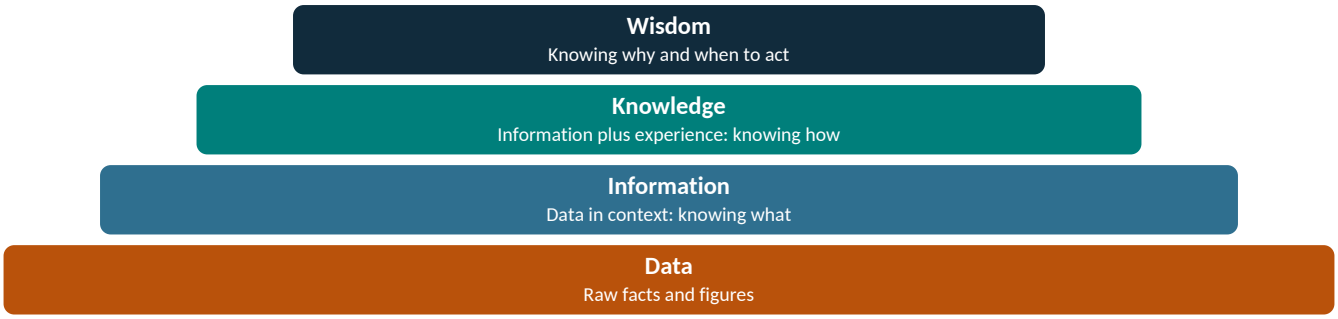
KM
capture, share, apply, update

CoP
communities of practice

Start with the decision. A senior credit officer who has handled 600 MSME restructurings retires next month. Her knowledge of how to read a stressed account is in her head, not in any manual. How does a bank capture and share such knowledge? That is knowledge management.

Knowledge management (KM) is the systematic process of creating, capturing, storing, sharing and applying an organisation's knowledge to achieve its goals. Data are raw facts; information is data given meaning; knowledge is information combined with experience and judgement so that it can guide action. Banks are knowledge businesses: credit judgement, regulatory understanding and customer insight are their real assets.

1. Data, information, knowledge, wisdom



The DIKW pyramid.

2. Types of knowledge

Tacit knowledge

- Personal, in people's heads
- Hard to write down
- Shared by doing, mentoring, observation
- Example: sensing a borrower is diverting funds

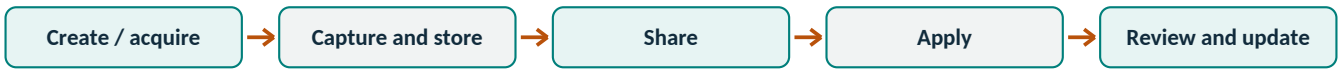
Explicit knowledge

- Codified and documented
- Easy to store and share
- Manuals, circulars, databases
- Example: the bank's loan policy

Michael Polanyi first described tacit knowledge ("we know more than we can tell"). Nonaka and Takeuchi (1995) explained how organisations create knowledge by converting between the two types in the **SECI** model:

Mode	Conversion	Banking example
Socialisation	Tacit to tacit	Trainee shadows an experienced credit officer
Externalisation	Tacit to explicit	Officer writes a checklist of early warning signs
Combination	Explicit to explicit	Checklists merged into a credit-monitoring manual
Internalisation	Explicit to tacit	New officers use the manual until it becomes judgement

3. Features and KM process



The knowledge management cycle.

Features of KM: it is people-centred (technology only enables it); it needs a sharing culture and leadership support; it links to business goals; and it measures use, not just storage. Barriers include "knowledge is power" attitudes, lack of time, poor search tools and no reward for sharing.

4. KM in banks

- **Knowledge portals and intranets** with circulars, FAQs, product notes and process guides.
- **Communities of practice**: groups of people with a common interest (credit, forex, recovery) who share experience.
- **Commonly used KM tools**: online discussion forums, online conferencing, communities of practice, wikis, expert directories ("yellow pages") and lessons-learned databases.
- **Mentoring and job rotation** to transfer tacit knowledge.
- **Exit and retirement interviews**, case-study banks and video capture of experts.
- **Chief Knowledge Officer** or KM cell in larger banks and staff colleges.

5. IT and database management

Technology supports KM through document management systems, data warehouses, business intelligence and analytics, search and now AI assistants that answer staff queries from approved documents. Good database management ensures data are accurate, consistent, secure and available: master data management, access controls, backups and data-privacy compliance under the Digital Personal Data Protection Act, 2023.

Worked case

Situation. A senior credit officer retires in a month. What KM steps should HR and the credit department take?

How to work it. Pair her with two successors now (socialisation); have her record a checklist and five annotated case studies (externalisation); add them to the credit portal and manual (combination); and run a workshop where the successors apply them to live accounts (internalisation). Invite her to the credit community of practice after retirement if policy allows.

Key facts to remember

Fact	Detail
Tacit vs explicit	Personal know-how vs documented knowledge
SECI	Socialisation, externalisation, combination, internalisation (Nonaka and Takeuchi, 1995)
Polanyi	"We know more than we can tell"
KM tools	Discussion forums, online conferencing, communities of practice, wikis
DIKW	Data, information, knowledge, wisdom

Quick revision

Remember	In one line
KM	Create, capture, share and apply knowledge.
Tacit	In people; shared by doing.
Explicit	Documented; shared by documents.
Externalisation	Tacit to explicit.
Socialisation	Tacit to tacit.
Community of practice	Peers sharing know-how on a common subject.

Practice with explanations

01. The two types of knowledge are:

A. Formal and informal	**B.** Tacit and explicit
C. Internal and external	**D.** Primary and secondary

Answer B. Tacit (personal) and explicit (codified).

02. Converting tacit knowledge into a written checklist is:

A. Socialisation	**B.** Externalisation
C. Combination	**D.** Internalisation

Answer B. Tacit to explicit is externalisation.

03. Online discussion forums, online conferencing and communities of practice are:

A. HR planning tools	**B.** Knowledge management tools
C. Appraisal tools	**D.** Grievance tools

Answer B. They are common KM tools.

04. The SECI model was given by:

A. Kotter	**B.** Nonaka and Takeuchi
C. Lewin	**D.** Herzberg

Answer B. Nonaka and Takeuchi, The Knowledge-Creating Company, 1995.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module A).
- I. Nonaka and H. Takeuchi, The Knowledge-Creating Company, 1995.
- M. Polanyi, The Tacit Dimension, 1966.
- Digital Personal Data Protection Act, 2023.

MODULE B: BUILDING AN HR STRATEGY

B01 HR as a Strategic Player

SHRM
HR choices aligned with business strategy

3
fits: vertical, horizontal, internal

RBV
people as a resource rivals cannot copy

Factor analysis
finds the few drivers behind many variables

Start with the decision. Your bank's board approves a strategy to double MSME lending in three years. The HR head is asked: "What does this mean for people?" A strategic HR answer covers how many credit officers are needed, with what skills, where, how they will be trained and how they will be paid for good-quality growth. This chapter explains how HR becomes a strategic player.

Strategic HRM (SHRM) links HR policies and practices to the organisation's strategic goals. Instead of running HR activities in isolation, HR asks what the business is trying to achieve and designs recruitment, development, performance and reward so that people deliver it. HR becomes a partner in strategy, not just an executor.

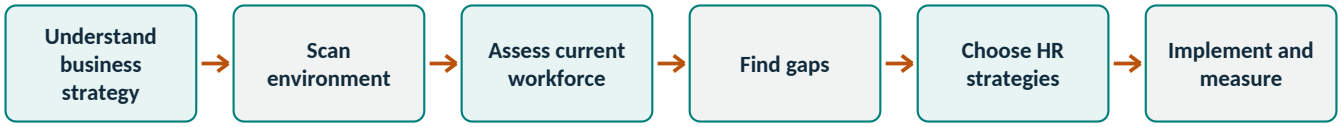
1. Strategic HRM

Traditional HR	Strategic HR
• Responds to requests	• Shapes and supports strategy
• Activity-focused: hires, trains, pays	• Outcome-focused: capability, productivity
• Measures inputs (number trained)	• Measures impact on business
• Separate from strategy	• Part of the top team

Approaches: the **best-fit** (contingency) approach says HR should fit the business strategy (Schuler and Jackson linked HR practices to cost-leadership, quality and innovation strategies); the **best-practice** approach says some practices (selective hiring, training, performance pay, teams, job security) raise performance everywhere (Pfeffer); and the **resource-based view** (Barney) says people and capabilities that are valuable, rare, hard to imitate and well organised (VRIO) give sustained advantage.

Type of fit	Meaning
Vertical (external)	HR strategy fits the business strategy
Horizontal (internal)	HR practices support each other (hiring, training and pay point the same way)
Environmental	HR fits the external context: labour market, law, technology

2. Formulating and executing HR strategy



HR strategy formulation and execution.

Execution needs: leadership sponsorship; line managers trained to deliver; an HR budget; HR systems (HRMS) and data; clear metrics (time to hire, training effectiveness, attrition, productivity); and regular review against business results.

3. Creating business value through HR

- **Productivity**: business per employee, profit per employee.
- **Quality and risk**: fewer errors, frauds and compliance lapses through training and controls.
- **Customer outcomes**: engaged employees create satisfied customers (the service-profit chain).

- **Innovation**: skills and culture that adopt digital change.
- **Cost**: right-sizing, centralisation, redeployment instead of new hiring.

Measurement tools: the **HR scorecard** (Becker, Huselid and Ulrich) adapts Kaplan and Norton's balanced scorecard to HR; **human capital ROI**; and **HR audit** (see B02).

4. Factor analysis in HRM

Factor analysis is a statistical technique that reduces many observed variables to a few underlying factors. In HRM it is used to: find the main drivers of engagement or satisfaction from a long survey; validate tests and competency models; and group job attributes for job evaluation. Example: 40 survey questions may reduce to five factors such as supervisor support, growth, pay fairness, workload and recognition.

5. Aligning HR systems with decision frameworks

HR systems should support how decisions are made: delegation of financial powers needs matching skills and accountability; performance systems should reward the decisions the strategy wants (quality growth, not volume alone); and HR data should feed management dashboards. Decision frameworks such as SWOT, PESTLE, the balanced scorecard and risk appetite statements should all have an HR line.

Worked case

> **Situation.** The board wants to double MSME lending in three years. What should the HR strategy contain?
>
> **How to work it.** Workforce plan: number of MSME credit officers and processing staff needed by region. Sources: internal reskilling plus lateral hires of credit specialists. Development: an MSME credit certification and mentoring. Performance: KRAs that weigh quality (SMA and NPA levels) with volume. Reward: incentives paid on good performing loans. Measure: time to sanction, officer productivity and portfolio quality, reviewed every quarter.

Key facts to remember

Fact	Detail
SHRM	HR aligned to business strategy
Best fit vs best practice	Contingency vs universal practices (Pfeffer)
RBV / VRIO	Barney: valuable, rare, inimitable, organised
HR scorecard	Becker, Huselid and Ulrich
Factor analysis	Reduces many variables to a few factors

Quick revision

Remember	In one line
SHRM	HR designed to deliver strategy.
Vertical fit	HR fits business strategy.
Horizontal fit	HR practices reinforce each other.
RBV	People as hard-to-copy resource.
Factor analysis	Finds underlying factors from many variables.
HR scorecard	Balanced scorecard for HR.

Practice with explanations

01. HR practices that support each other show:

A. Vertical fit	**B.** Horizontal fit
C. External fit	**D.** Market fit

Answer B. Horizontal (internal) fit.

02. A statistical technique to reduce many survey items to a few underlying drivers is:

A. Regression	**B.** Factor analysis
C. Time series	**D.** Sampling

Answer B. Factor analysis.

03. The resource-based view of the firm is associated with:

A. Barney	**B.** Maslow
C. Taylor	**D.** Fayol

Answer A. Jay Barney, VRIO framework.

04. The best-practice approach to HRM holds that:

A. HR must fit each strategy	**B.** Some practices improve performance everywhere
C. HR has no strategic role	**D.** Only pay matters

Answer B. Universal practices, as argued by Pfeffer.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module B).
- J. Barney, Firm resources and sustained competitive advantage, 1991.
- B. Becker, M. Huselid and D. Ulrich, The HR Scorecard, 2001.
- J. Pfeffer, Competitive Advantage through People, 1994.

MODULE B: BUILDING AN HR STRATEGY

B02 CEO and the Top Team: Talent, Succession and HR Audit

Talent
attract, develop, deploy, retain

9-box
performance x potential grid

Job family
related jobs grouped for careers and pay

HR audit
systematic review of HR policies and results

Start with the decision. Three of your bank's eight general managers retire within 18 months. There is no named successor for any of them. How should the CEO and HR build a leadership pipeline, and how would an HR audit have flagged the risk earlier?

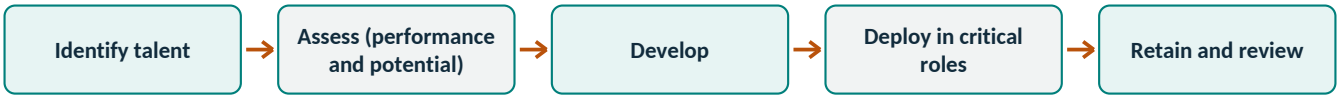
The **CEO** sets direction, builds the top team and shapes culture. In people matters the CEO is the chief talent officer: choosing leaders, ensuring succession and holding managers accountable for developing people. HR supports the CEO with talent management systems, job architecture and audits.

1. Roles and responsibilities of the CEO

- Set vision, strategy and values; communicate them.
- Build and lead the top management team.
- Allocate resources and manage risk within board-approved appetite.
- Shape culture and ethics by example.
- Own talent and succession for key roles, reporting to the board's nomination and remuneration committee.
- Represent the bank to regulators, investors and the public.

Executives translate strategy into plans for their function or region. **Line managers** (branch heads, department heads) run daily operations and manage people directly: setting goals, coaching, appraising and handling discipline. Most HR policy succeeds or fails at line-manager level.

2. Talent management



The talent management cycle.

Talent management is the systematic attraction, identification, development, engagement, retention and deployment of people who are of particular value to the organisation. The **9-box grid** plots performance against potential: high performers with high potential ("stars") get accelerated development; low performers with low potential need action.

	Low performance	Moderate performance	High performance
High potential	Enigma / rough diamond	Growth employee	Future leader (star)
Moderate potential	Dilemma	Core player	High-impact performer
Low potential	Under-performer	Effective	Trusted professional

Check before use. Labels in the 9-box grid vary from firm to firm. The idea, not the labels, is examinable.

3. Succession planning

Succession planning identifies and develops people to fill key positions when they fall vacant. Steps: identify critical roles; define competencies; assess internal candidates; create development plans (job rotation, stretch assignments, leadership programmes, mentoring); maintain "ready now" and "ready in 1-2 years" lists; and review annually. Replacement planning names a substitute; succession planning develops a pool.

4. The Job Family model

A **job family** is a group of jobs with similar work, skills and career paths, for example credit, operations, treasury, IT or HR. The job family model organises roles into families and levels, so that each family has clear career ladders, competency profiles and pay bands. Benefits: transparent careers, specialist growth without forcing people into general management, and easier workforce planning.

5. HR audit

An **HR audit** is a systematic review of HR policies, practices, systems and results to check compliance, effectiveness and alignment with strategy. Approaches: compliance audit (law and rules), best-practice audit (benchmarking), strategic audit (fit with goals), and function-specific audits (recruitment, training, pay). Outputs: findings, gaps and an action plan.

Area	Sample audit question
Planning	Is there a three-year workforce plan by cadre and skill?
Succession	Are successors named for every critical role?
Training	Is training linked to skill gaps and measured for impact?
Compliance	Are POSH, labour code and service-rule obligations met?
Records	Are personnel records complete, secure and up to date?

Worked case

Situation. Three general managers retire within 18 months and no successors are named. What should the CEO and HR do now?

How to work it. List the critical roles; assess deputy general managers on performance and potential; shortlist two or three per role; give them stretch assignments and executive coaching; review progress with the nomination committee each quarter; and add "successor coverage of critical roles" as a measure in the next HR audit.

Key facts to remember

Fact	Detail
9-box grid	Performance x potential
Succession planning	Develops a pool for key roles
Job family	Similar jobs grouped with career ladders and pay bands
HR audit	Systematic review of HR policies, practices and results

Quick revision

Remember	In one line
CEO talent role	Chief talent officer; owns succession.
Talent management	Attract, develop, deploy and retain key people.
9-box	Performance against potential.
Succession vs replacement	Develop a pool vs name a substitute.
Job family	Grouped jobs with career path and pay band.
HR audit	Check HR compliance, effectiveness and fit.

Practice with explanations

01. A grid that plots employee performance against potential is the:

A. Johari window	**B.** 9-box grid
C. Managerial grid	**D.** BCG matrix

Answer B. The 9-box grid.

02. Grouping jobs with similar work and skills into career ladders is called:

A. Job enlargement	**B.** Job family model
C. Job rotation	**D.** Job sharing

Answer B. The job family model.

03. A systematic review of HR policies, practices and results is:

A. Social audit	**B.** HR audit
C. Statutory audit	**D.** Concurrent audit

Answer B. HR audit.

04. Succession planning differs from replacement planning because it:

A. Names one substitute	**B.** Develops a pool of candidates
C. Covers only clerks	**D.** Is done only after a vacancy

Answer B. It develops people in advance.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module B).
- RBI guidance on board committees (nomination and remuneration) for banks.

MODULE B: BUILDING AN HR STRATEGY

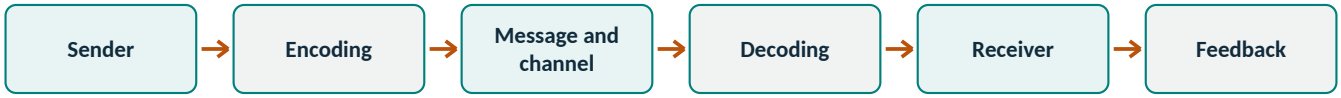
B03 Organisational Communication

7	55-38-7	4	1949
elements of the communication process	Mehrabian: body, tone, words (feelings only)	Johari window panes	Shannon-Weaver model

Start with the decision. A circular on a new KYC rule reaches 4,000 branches. A month later, half of them are still applying the old rule. The circular was correct, so what went wrong? Usually, communication: the channel, the clarity, the feedback loop. This chapter explains how communication works in organisations and how HR can make it effective.

Communication is the transfer of information and understanding from one person to another. In organisations it coordinates work, builds relationships, carries decisions and shapes culture. In banks, poor communication shows up as compliance lapses, customer complaints and low morale.

1. The communication process



The communication process. Noise can disturb any stage.

The **Shannon-Weaver model** (1949), first designed for telephone signals, describes an information source, transmitter, channel, receiver and destination, with **noise** as anything that distorts the message. It is called the "mother of all models". It is linear: it has no feedback loop. Later models (Schramm, Berlo's SMCR: Source, Message, Channel, Receiver) added feedback, shared fields of experience and the communicator's skills and attitudes.

2. Types of communication

Basis	Types
Direction	Downward (circulars, instructions), upward (reports, suggestions), horizontal/lateral (between peers), diagonal (across levels and departments)
Formality	Formal (through official channels) and informal (the grapevine)
Mode	Verbal (oral, written) and non-verbal (body language, tone, space, appearance)
Scope	Internal and external (customers, regulators, media)

The **grapevine** is fast and often partly accurate, but spreads rumour; managers should not suppress it but feed it with accurate information. Keith Davis found the most common grapevine pattern is the **cluster chain**.

Body language (kinesics) includes posture, gestures, facial expression and eye contact. **Proxemics** is the use of personal space; **paralanguage** is tone, pitch and pace. Albert Mehrabian's research found that when feelings and attitudes are being communicated and words conflict with tone or expression, listeners rely on body language (55%), tone (38%) and words (7%). It does not mean that words carry only 7% of every message.

3. Barriers to communication

Barrier	Example
Semantic	Jargon such as "SMA-2" used with a customer
Physical	Noise in the banking hall, poor network
Psychological	Prejudice, distrust, emotions, selective perception
Organisational	Too many layers, rigid hierarchy, information overload

Barrier	Example
Cultural	Different language or norms
Filtering	Sender passes on only what the boss wants to hear

4. The Johari window

Joseph Luft and Harrington Ingham (1955) described self-awareness in four panes. Communication improves as the open area grows through **feedback** (reduces the blind area) and **self-disclosure** (reduces the hidden area).

	Known to self	Not known to self
Known to others	Open (arena)	Blind
Not known to others	Hidden (facade)	Unknown

5. Steps for effective communication and HR's role

- Know the purpose and the audience.
- Keep the message clear, concise and complete (the 7 Cs: clear, concise, concrete, correct, coherent, complete, courteous).
- Choose the right channel: urgent and complex matters need two-way channels.
- Listen actively: attend, paraphrase, ask questions.
- Seek feedback and check understanding.
- Follow up and repeat key messages through several channels.

HR's role: design the internal communication system (intranet, town halls, newsletters, HR helpdesk); train managers in communication; communicate policies and changes; run surveys and feedback channels; and handle sensitive communication (restructuring, discipline) with care.

Worked case

Situation. A KYC circular is ignored by half the branches. How would you fix the communication?

How to work it. Send a one-page summary with the key change at the top; use a short video or webinar; ask controllers to confirm in a branch meeting; add a system prompt at the point of account opening; and check understanding with a five-question quiz on the learning portal. Track compliance after two weeks and follow up only where needed.

Key facts to remember

Fact	Detail
Shannon-Weaver	1949; linear; source, transmitter, channel, receiver, destination; noise
Berlo	SMCR model
Grapevine	Informal; cluster chain most common (Keith Davis)
Mehrabian	55% body, 38% tone, 7% words (for feelings, when signals conflict)
Johari window	Open, blind, hidden, unknown (Luft and Ingham, 1955)

Quick revision

Remember	In one line
Noise	Anything that distorts the message.
Downward	Superior to subordinate.
Diagonal	Across levels and departments.
Grapevine	Informal network.
Johari blind area	Known to others, not to self.
Feedback	Completes the loop; shrinks the blind area.

Remember	In one line
Kinesics	Body language.
Proxemics	Use of personal space.

Practice with explanations

01. The Shannon-Weaver model is mainly:

A. Circular	**B.** Linear
C. Interactive	**D.** Transactional

Answer B. It is linear and has no feedback loop.

02. In the Johari window, information known to others but not to self is the:

A. Open area	**B.** Hidden area
C. Blind area	**D.** Unknown area

Answer C. The blind area.

03. Communication between a branch manager and the regional IT officer of a different department is:

A. Downward	**B.** Upward
C. Diagonal	**D.** Horizontal

Answer C. Across levels and departments is diagonal.

04. Using jargon with a customer is a:

A. Physical barrier	**B.** Semantic barrier
C. Psychological barrier	**D.** Cultural barrier

Answer B. Words not understood: semantic barrier.

05. The study of body movements and gestures is:

A. Proxemics	**B.** Kinesics
C. Paralanguage	**D.** Chronemics

Answer B. Kinesics.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module B).
- C. Shannon and W. Weaver, The Mathematical Theory of Communication, 1949.
- J. Luft and H. Ingham, The Johari window, 1955.
- A. Mehrabian, Silent Messages, 1971.

MODULE B: BUILDING AN HR STRATEGY

B04 HR Functions: Planning, Hiring, Pay and Retention

3
steps: forecast demand, forecast supply, close the

2
sources of hiring: internal and external

Fixed + variable
modern bank pay

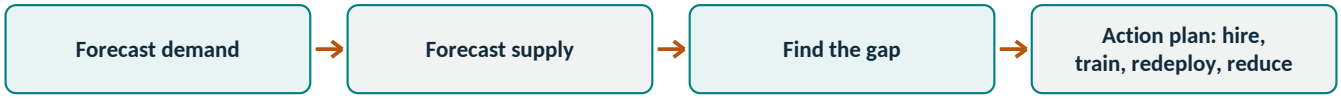
Attrition
leavers / average headcount

Start with the decision. Your bank expects 1,200 officers to retire and 400 to resign next year, while new branches need 600 more. How many should you hire, from where, at what pay, and how do you stop good people from leaving? These are the core HR functions.

This chapter covers the operational heart of HR: **human resource planning**, **recruitment and selection**, the impact of **technology** and **social media**, **compensation** and **incentive-based pay**, **attrition management**, and **employee risk assessment** in banks.

1. Human resource planning

HR planning (manpower planning) ensures the right number of people with the right skills are in the right place at the right time. It has three steps:



The HR planning process.

Activity	Methods
Demand forecasting	Managerial judgement, Delphi technique, work-study (workload analysis), ratio-trend analysis, regression
Supply forecasting	Skills inventory, succession charts, Markov analysis (movement probabilities), attrition and retirement data
External factors affecting demand	Economy, competition, technology, regulation, new business lines, mergers
Internal factors	Budget, expansion plans, productivity, organisation structure

2. Recruitment and selection

Recruitment is searching for and attracting candidates; it is positive (increases applicants). **Selection** is choosing the best candidate; it is negative (rejects most).

Internal recruitment

- Promotion, transfer, internal job posting, referrals
- Motivates staff, cheaper, known performance
- Limits new ideas
- May cause inbreeding and jealousy

External recruitment

- Advertisements, campus, IBPS, agencies, portals
- New skills and ideas, wider choice
- Costlier and slower
- May demotivate internal staff; higher risk of misfit



Typical selection steps.

3. Technology and social media

Technology has changed HR: e-recruitment and applicant tracking systems, online tests, video interviews, HRMS with employee self-service, e-learning, digital appraisal and HR analytics. A **social media policy** sets rules for staff: do not disclose customer or bank information, do not speak for the bank unless authorised, respect colleagues, avoid conflicts of interest, and report misuse. Banks also use social media for employer branding and recruitment.

4. Compensation and incentive-based pay

Compensation includes base pay, allowances, variable pay, benefits (medical, leave, housing, pension) and non-monetary rewards. Principles: internal equity (job evaluation), external competitiveness (market surveys), individual equity (performance) and legal compliance (Code on Wages, 2019).

Incentive-based pay links part of pay to performance: individual incentives, team incentives, profit sharing, ESOPs (in private banks), and performance-linked incentives (PLI) introduced in public sector banks under recent wage settlements. RBI's compensation guidelines for private and foreign banks require variable pay to be balanced with risk, part of it deferred, with malus and clawback for whole-time directors, CEOs and material risk takers.

5. Attrition management

Attrition rate = number of leavers in a period / average number of employees x 100. Some attrition is healthy; losing high performers is costly. **Zero attrition** is neither realistic nor always desirable: it can mean stagnation.

- Find causes: exit interviews, stay interviews, engagement surveys.
- Fix the basics: fair pay, good managers, career paths, recognition.
- Target critical talent: retention bonuses, faster growth, specialist tracks.
- Flexibility: transfers near home, hybrid work where possible.

6. Employee risk assessment in banks

People cause operational risk: frauds, errors, mis-selling, data leaks and key-person dependency. Controls: background verification, **staff rotation** and **mandatory leave** for sensitive posts (so hidden frauds surface), maker-checker, delegation limits, staff accountability frameworks, monitoring of staff accounts, and training on conduct.

Worked case

Situation. Retirements of 1,200, resignations of 400 and new branch needs of 600 are forecast. What is the hiring need and plan?

How to work it. Gross need = 1,200 + 400 + 600 = 2,200. Subtract internal supply: promotion from clerical cadre (say 500) and redeployment from centralised functions (say 200). External hiring = 1,500, through IBPS for generalists and lateral hiring for specialists. Add a retention plan for the 400 expected resignations, since every resignation avoided reduces the hiring need.

Key facts to remember

Fact	Detail
HR planning steps	Forecast demand, forecast supply, close the gap
Delphi	Expert consensus through rounds of anonymous opinion
Markov analysis	Probability of moving between jobs
Recruitment vs selection	Positive (attract) vs negative (reject)
Attrition rate	Leavers / average headcount x 100
Mandatory leave	Control for staff in sensitive posts

Quick revision

Remember	In one line
HR planning	Right number, right skills, right place, right time.
Delphi	Anonymous expert rounds.
Internal recruitment	Motivates; limits new ideas.
External recruitment	New talent; costlier.
Incentive pay	Pay linked to performance; balanced with risk.
Zero attrition	Unrealistic and can mean stagnation.

Practice with explanations

01. Recruitment is called a positive process because it:

A. Rejects candidates **B.** Attracts more applicants
C. Fixes pay **D.** Trains staff

Answer B. It increases the pool of applicants.

02. Which is NOT an advantage of external recruitment?

A. New ideas **B.** Wider choice
C. Higher morale of existing staff **D.** New skills

Answer C. External hiring can demotivate existing staff.

03. Which is an external factor affecting demand forecasting?

A. Retirement age **B.** Competition and technology
C. Skills inventory **D.** Promotion policy

Answer B. Economy, competition, technology and regulation are external.

04. A forecasting method using rounds of anonymous expert opinion is:

A. Markov **B.** Delphi
C. Regression **D.** Work study

Answer B. The Delphi technique.

05. Mandatory leave for staff in sensitive posts is mainly a:

A. Welfare measure **B.** Fraud-risk control
C. Training tool **D.** Pay benefit

Answer B. Hidden irregularities surface when the person is away.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module B).
- RBI, Guidelines on Compensation of Whole Time Directors / CEOs / Material Risk Takers, 2019 and updates.
- Code on Wages, 2019.

MODULE B: BUILDING AN HR STRATEGY

B05 Performance Management

PMS
plan, monitor, review, reward

360°
feedback from all directions

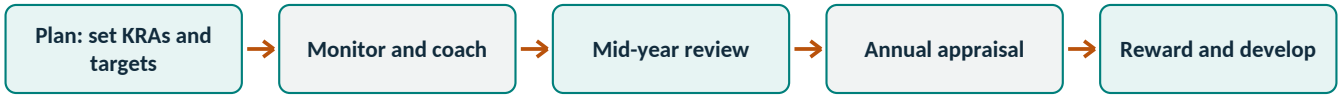
KRA
key result areas

Competency
knowledge, skills, attitudes, behaviours

Start with the decision. Two branch managers both meet their deposit target. One built a sound book; the other did it with bulk deposits at the last week of March and three mis-sold insurance policies. A good performance management system must tell them apart. This chapter explains how.

Performance management is a continuous process of setting goals, monitoring, coaching, reviewing and rewarding performance, aligned with organisational objectives. **Performance appraisal** is one part of it: the periodic, formal evaluation. Many banks have moved from confidential reports to open, KRA-based appraisal with self-appraisal and review.

1. Performance management system (PMS)



The performance management cycle.

Performance appraisal	Performance management
• Periodic (annual)	• Continuous
• Backward-looking	• Forward-looking
• Rating and ranking	• Development and alignment
• Often HR-driven	• Manager-driven with HR support

2. Appraisal methods

Method	How it works
Ranking / paired comparison	Employees ranked or compared pair by pair
Forced distribution	Fixed percentages in each rating band (bell curve)
Graphic rating scale	Traits or results rated on a scale
Critical incident	Record of notable good and bad incidents
BARS	Behaviourally anchored rating scales: ratings tied to described behaviours
Management by objectives (MBO)	Goals set jointly; appraisal against them (Peter Drucker, 1954)
Assessment centre	Exercises and simulations observed by trained assessors, mainly for potential
360-degree feedback	Feedback from boss, peers, subordinates, customers and self

3. Errors in appraisal

Error	Meaning
Halo effect	One good trait raises all ratings
Horns effect	One bad trait lowers all ratings
Central tendency	Rating everyone average

Error	Meaning
Leniency / strictness	Rating everyone too high or too low
Recency effect	Only recent events count
Similar-to-me bias	Rating people like oneself higher

4. 360-degree appraisal

360-degree feedback collects views from the supervisor, peers, subordinates, internal and external customers, and the employee (self). It works best for **development**, especially of leadership behaviour, and needs anonymity, trained raters, a trusting culture and follow-up coaching. Risks: popularity contests, rater bias and survey fatigue.

5. Competency mapping

A **competency** is an underlying characteristic (knowledge, skill, attitude, behaviour, motive) that leads to effective performance (Boyatzis). Lyle and Signe Spencer's **iceberg model** shows knowledge and skills above the surface (easy to develop) and self-concept, traits and motives below (harder to change).

Type	Example in a bank
Functional (technical)	Credit appraisal, forex rules, KYC/AML knowledge
Behavioural	Customer orientation, teamwork, integrity
Managerial / leadership	Planning, decision-making, developing people

A **functional competency** is the job-specific knowledge and skill needed to perform a role. Competency mapping steps: identify roles; define required competencies and levels; assess incumbents (tests, assessment centres, 360°); find gaps; use the map for selection, training, career and succession decisions.

6. Key result areas

KRAs are the few areas in which a role must deliver results; **KPIs** measure them. Good KRAs are SMART: specific, measurable, achievable, relevant and time-bound. A branch manager's KRAs may cover business growth, asset quality, profitability, customer service, compliance and people development, with weights for each.

Worked case

> **Situation.** Two branch managers both hit their deposit target, but one did it through year-end bulk deposits and mis-selling. How should the PMS treat them?
>
> **How to work it.** Use balanced KRAs: deposit growth measured on average balances, not year-end figures; weights for asset quality, complaints and audit observations; and a conduct gate (mis-selling findings cap the rating). The first manager rates higher; the second gets a lower rating and a development plan, and the incentive is withheld under the bank's policy.

Key facts to remember

Fact	Detail
MBO	Peter Drucker, 1954
360°	Boss, peers, subordinates, customers, self
Iceberg model	Spencer and Spencer, 1993
Functional competency	Job-specific knowledge and skill
SMART	Specific, measurable, achievable, relevant, time-bound

Quick revision

Remember	In one line
PMS	Continuous goal-setting, coaching, review, reward.
Forced distribution	Fixed share in each band.
BARS	Ratings anchored to behaviours.
Central tendency	Rating everyone average.
360°	Multi-rater feedback for development.
Competency	Knowledge, skill, attitude, behaviour leading to performance.
KRA	Area where results are expected.

Practice with explanations

01. Management by objectives was introduced by:

A. Peter Drucker **B.** Maslow
C. Herzberg **D.** Likert

Answer A. Drucker, The Practice of Management, 1954.

02. Rating all employees as average is the:

A. Halo effect **B.** Central tendency error
C. Recency error **D.** Horns effect

Answer B. Central tendency.

03. 360-degree appraisal is most useful for:

A. Fixing pay **B.** Development of behaviour
C. Disciplinary action **D.** Promotion by seniority

Answer B. It is best used for development.

04. A job-specific knowledge or skill is a:

A. Behavioural competency **B.** Functional competency
C. Core value **D.** Trait

Answer B. Functional (technical) competency.

05. In the iceberg model, the hardest to develop are:

A. Knowledge **B.** Skills
C. Motives and traits **D.** Procedures

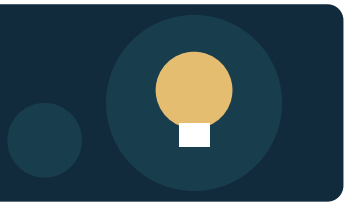
Answer C. Below-the-surface characteristics.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module B).
- P. Drucker, The Practice of Management, 1954.
- L. Spencer and S. Spencer, Competence at Work, 1993.
- R. Boyatzis, The Competent Manager, 1982.

MODULE C: MOTIVATION, TRAINING AND SKILL DEVELOPMENT

C01 The Learning Process



3	4	Pavlov	Skinner
domains of learning: cognitive, affective,	Kolb stages and learning styles	classical conditioning	operant conditioning

Start with the decision. A bank trains 500 staff on a new trade-finance system in a two-day classroom course. Three months later, most still call the helpdesk for basic steps. Why did learning not stick? The answer lies in how adults learn.

Learning is a relatively permanent change in behaviour that occurs as a result of experience or practice. Organisations depend on learning: every new product, rule or system needs people to learn. Understanding learning theories helps HR design training that changes behaviour, not just attendance records.

1. Human implications of organisations

Organisations are systems of people, not just structures. Work design, supervision, rewards and culture shape how people feel and behave. Classical management (Taylor, Fayol, Weber) saw people as parts of a machine; the **Hawthorne studies** (Elton Mayo, 1924-32) showed that attention, group norms and social needs affect productivity, giving rise to the human relations movement. Douglas McGregor's **Theory X** (people dislike work and must be controlled) and **Theory Y** (people seek responsibility and can direct themselves) show how managers' assumptions shape behaviour.

2. Learning theories

Theory	Key idea	Key name
Classical conditioning	A neutral stimulus, paired with one that causes a response, comes to cause it on its own (bell and salivation)	Ivan Pavlov
Operant conditioning	Behaviour followed by reward is repeated; behaviour followed by punishment or no reward fades	B.F. Skinner
Social learning	People learn by observing and imitating models	Albert Bandura
Cognitive learning	Learning is mental processing: insight, understanding, problem-solving	Kohler, Tolman
Experiential learning	Learning cycle from concrete experience to reflection, concept and experiment	David Kolb
Adult learning (andragogy)	Adults are self-directed, use experience, want relevance and problem-centred learning	Malcolm Knowles

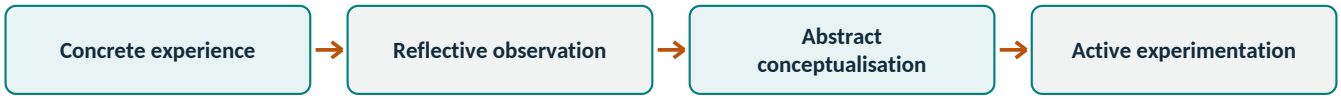
Reinforcement in operant conditioning: **positive reinforcement** (add something pleasant), **negative reinforcement** (remove something unpleasant), **punishment** (add something unpleasant) and **extinction** (no response, so behaviour fades). Schedules: continuous or intermittent (fixed or variable, interval or ratio).

3. Domains and principles of learning

Domain	Concerns	Example
Cognitive	Knowledge and thinking (Bloom: remember, understand, apply, analyse, evaluate, create)	Understanding a KYC rule
Affective	Attitudes, values, feelings	Valuing courtesy to customers
Psychomotor	Physical skills: coordination, manipulation, speed and precision	Using a cash-counting machine, keyboard speed

Thorndike's laws and principles of learning: readiness (learners must be ready), exercise (practice strengthens), effect (pleasant results strengthen learning). Later additions: primacy (first impressions last), recency (what is learned last is remembered best) and intensity (vivid, exciting learning is remembered better).

4. The learning process and Kolb's cycle



Kolb's experiential learning cycle (1984).

Honey and Mumford named four **learning styles** that map onto the cycle: **activists** (learn by doing), **reflectors** (observe and think), **theorists** (want models and logic) and **pragmatists** (want practical application). Employees and managers can be classified in these four categories; good training mixes methods for all four.

Characteristics of adult learning (Knowles): self-concept (self-directed), experience (a resource), readiness (linked to life tasks), orientation (problem-centred) and motivation (internal). Adults do **not** learn best from passive lectures that ignore their experience.

5. Perception and employee behaviour

Perception is the process by which people select, organise and interpret sensory information to give meaning to their environment. Two people can see the same event differently. Factors: the perceiver (attitudes, motives, experience), the target (novelty, size, background) and the situation (time, setting). **Attribution theory** (Kelley) explains how we decide whether behaviour is caused internally or externally, using distinctiveness, consensus and consistency. The **fundamental attribution error** is blaming people and ignoring situations.

Augmented learning is learning in which the environment adapts to the learner; in e-learning, the learner interacts with the content (for example, explanations that expand on demand).

Worked case

Situation. Staff trained for two days in a classroom still cannot use the new trade-finance system. How would you redesign the learning?

How to work it. Start with a short concept session (theorists), then hands-on practice in a test system with real cases (activists, psychomotor skill), followed by reflection on common errors (reflectors) and job aids at the workstation (pragmatists). Space practice over weeks (law of exercise), give quick feedback and recognition (reinforcement), and use champions in each region for observation learning.

Key facts to remember

Fact	Detail
Learning	Relatively permanent change in behaviour from experience
Domains	Cognitive, affective, psychomotor (Bloom and colleagues)
Thorndike	Readiness, exercise, effect; plus primacy, recency, intensity
Kolb	Experience, reflection, conceptualisation, experimentation
Honey and Mumford	Activist, reflector, theorist, pragmatist
Pavlov / Skinner	Classical / operant conditioning

Quick revision

Remember	In one line
Classical conditioning	Pavlov: learning by association.
Operant conditioning	Skinner: learning by consequences.
Social learning	Bandura: learning by observing.
Psychomotor	Physical skill domain.
Andragogy	Adult learning (Knowles).
Perception	Selecting, organising, interpreting information.
Hawthorne studies	Social factors affect productivity (Mayo).

Practice with explanations

01. The three domains of learning are:

A. Cognitive, affective, psychomotor
B. Visual, auditory, kinaesthetic
C. Know, do, feel
D. Theory, practice, test

Answer A. Bloom's three domains.

02. Learning to salivate at a bell is an example of:

A. Operant conditioning
B. Classical conditioning
C. Social learning
D. Cognitive learning

Answer B. Pavlov's classical conditioning.

03. Which is a principle of learning?

A. Readiness
B. Seniority
C. Hierarchy
D. Span of control

Answer A. Readiness, exercise, effect, primacy, recency, intensity.

04. Honey and Mumford classify learners as:

A. Introvert and extrovert
B. Activist, reflector, theorist, pragmatist
C. Type A and B
D. X and Y

Answer B. Four learning styles.

05. Which is NOT a feature of adult learning?

A. Self-directed
B. Problem-centred
C. Uses experience
D. Prefers passive rote learning

Answer D. Adults want relevant, active, problem-based learning.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module C).
- D. Kolb, Experiential Learning, 1984.
- P. Honey and A. Mumford, Manual of Learning Styles, 1982.
- M. Knowles, The Adult Learner, 1973.

MODULE C: MOTIVATION, TRAINING AND SKILL DEVELOPMENT

C02 Employee Motivation

5	2	3	16
Maslow need levels	Herzberg factors: hygiene and motivators	ERG needs: existence, relatedness, growth	Reiss basic desires

Start with the decision. A branch pays its staff well and on time, yet they show little interest in the new digital-adoption drive. A higher incentive is proposed. Will it work? Motivation theory says it depends on what is missing.

Motivation is the set of forces that initiate, direct and sustain behaviour towards a goal. It has three elements: **intensity** (how hard), **direction** (towards what) and **persistence** (how long). Motivation can be **intrinsic** (from the work itself: interest, achievement) or **extrinsic** (from outside: pay, praise, promotion); some texts also distinguish positive (reward) and negative (fear) motivation.

1. Content theories: what motivates



Maslow's hierarchy of needs (1943). The lowest need is physiological.

Theory	Key points
Herzberg two-factor (1959)	Hygiene factors (pay, policy, supervision, working conditions, job security, relations) prevent dissatisfaction but do not motivate. Motivators (achievement, recognition, the work itself, responsibility, advancement, growth) create satisfaction.
Alderfer ERG (1969)	Existence, Relatedness, Growth. Several needs can act at once; frustration-regression: if growth is blocked, people fall back on relatedness.
McClelland acquired needs	Need for achievement (nAch), affiliation (nAff) and power (nPow). High nAch people like moderate risk and quick feedback.
McGregor X and Y	Managers' assumptions about people shape how they motivate.
Reiss (16 basic desires)	Power, independence, curiosity, acceptance, order, saving, honour, idealism, social contact, family, status, vengeance, romance, eating, physical activity, tranquility. Status = the need for social standing and importance.

Exam tip

Recognition is a motivator, not a hygiene factor. Salary is a hygiene factor in Herzberg, even though it is a physiological need in Maslow.

2. Process theories: how motivation works

Theory	Key points
Vroom expectancy (1964)	Motivation = Expectancy (effort leads to performance) x Instrumentality (performance leads to reward) x Valence (value of the reward). If any is zero, motivation is zero.
Adams equity (1963)	People compare their output/input ratio with others; perceived inequity causes tension and changed behaviour.
Locke goal-setting (1968)	Specific, difficult but accepted goals with feedback raise performance. Goal efficiency depends on specificity, difficulty and proximity (how near in time).
Skinner reinforcement	Behaviour that is rewarded is repeated.
Porter-Lawler	Extends Vroom: performance leads to rewards, and perceived equity of rewards leads to satisfaction.

3. Attitude development

An attitude has three components: **cognitive** (belief), **affective** (feeling) and **behavioural** (intention to act). Attitudes form through experience, family, peers and culture. Leon Festinger's **cognitive dissonance** theory says people feel discomfort when attitudes and behaviour conflict and try to reduce it. Important job attitudes: job satisfaction, job involvement and organisational commitment.

4. Job design for motivation

Technique	Meaning	Example
Job rotation	Moving people across jobs at the same level	Clerk rotates between cash, clearing and accounts
Job enlargement	Adding more tasks at the same level (horizontal loading)	Officer handles both deposits and loans enquiries
Job enrichment	Adding responsibility, autonomy and control (vertical loading); Herzberg	Officer gets sanctioning powers for small loans

Hackman and Oldham's **job characteristics model** lists five core dimensions: skill variety, task identity, task significance, autonomy and feedback.

5. Job satisfaction

Job satisfaction is a positive feeling about one's job from an evaluation of its characteristics. It depends on the work itself, pay, promotion, supervision, co-workers and conditions. Satisfied employees tend to have lower absenteeism and attrition and better customer service; the link with productivity is positive but moderate.

Worked case

Situation. Staff are well paid but uninterested in the digital-adoption drive. Will a bigger incentive help?

How to work it. Probably not much. Pay is a hygiene factor; it is already adequate. Use motivators: explain the purpose (task significance), set specific near-term goals with feedback (Locke), recognise branch champions publicly, give them autonomy to run local campaigns (enrichment), and make sure the effort-performance link is clear by fixing system issues first (Vroom's expectancy).

Key facts to remember

Fact	Detail
Maslow	1943; physiological, safety, social, esteem, self-actualisation
Herzberg	1959; hygiene vs motivators
ERG	Alderfer, 1969
Vroom	E x I x V

Fact	Detail
Locke	Goal specificity, difficulty, proximity
Reiss	16 basic desires; status = social standing

Quick revision

Remember	In one line
Motivation	Intensity, direction and persistence of effort.
Lowest Maslow need	Physiological.
Hygiene factors	Prevent dissatisfaction; do not motivate.
ERG	Existence, relatedness, growth.
Expectancy	Effort will lead to performance.
Equity	Comparison of output/input ratios.
Job enrichment	Vertical loading: more responsibility.
Job enlargement	Horizontal loading: more tasks.

Practice with explanations

01. The lowest need in Maslow's hierarchy is:

A. Safety	**B.** Physiological
C. Social	**D.** Esteem

Answer B. Physiological needs come first.

02. Which is NOT a hygiene factor?

A. Salary	**B.** Company policy
C. Recognition	**D.** Working conditions

Answer C. Recognition is a motivator.

03. ERG theory was given by:

A. Maslow	**B.** Alderfer
C. McClelland	**D.** Vroom

Answer B. Clayton Alderfer, 1969.

04. According to Steven Reiss, the number of basic desires is:

A. 5	**B.** 10
C. 16	**D.** 24

Answer C. Sixteen basic desires.

05. Adding responsibility and autonomy to a job is:

A. Job rotation	**B.** Job enlargement
C. Job enrichment	**D.** Job sharing

Answer C. Vertical loading is enrichment.

06. Goal efficiency, in goal-setting theory, is affected by:

A. Age, gender and grade	**B.** Specificity, difficulty and proximity
C. Pay, perks and promotion	**D.** Rules, roles and rewards

Answer B. Specific, difficult and near goals work best.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module C).
- A. Maslow, A theory of human motivation, 1943.
- F. Herzberg, The Motivation to Work, 1959.
- V. Vroom, Work and Motivation, 1964.
- S. Reiss, Who Am I? The 16 Basic Desires, 2000.

MODULE C: MOTIVATION, TRAINING AND SKILL DEVELOPMENT

C03 Employee Development

3
levels of training needs analysis

4
Kirkpatrick evaluation levels

IIBF
professional qualifications for bankers

70-20-10
experience, others, courses

Start with the decision. Your bank has a training budget of ₹40 crore. The training college proposes the same calendar as last year. How do you decide who needs what training, and how do you show the board that the money changed anything?

Training improves skills for the present job; **development** prepares people for future roles and growth; **learning** is the change within the person that both aim for. Employee development is how a bank builds the capability its strategy needs.

1. Objectives of training

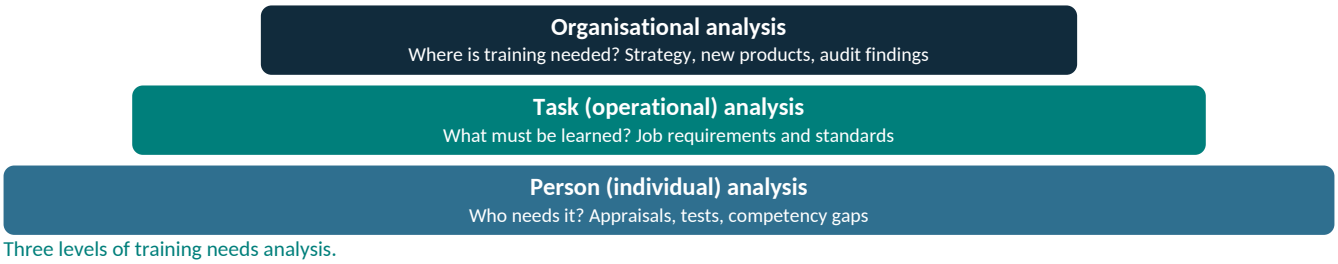
- Improve job knowledge and skills; reduce errors and frauds.
- Prepare staff for new products, rules and technology.
- Build customer service and sales skills.
- Develop leaders and specialists for the future.
- Support compliance (KYC, AML, cyber, POSH).
- Raise morale, confidence and career growth.

2. Training, development and learning

Basis	Training	Development	Learning
Focus	Current job	Future roles, growth	Change in the person
Time frame	Short term	Long term	Continuous
Initiated by	Organisation	Organisation and individual	Individual
Example	Course on a new loan system	Leadership programme	Applying feedback on the job

3. Identifying training needs

Training needs analysis (TNA) finds the gap between required and actual performance and decides whether training is the answer (it may be a process, tool or motivation problem). McGehee and Thayer (1961) set out three levels:

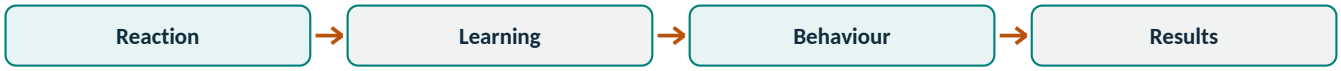


Three levels of training needs analysis.

Sources of TNA data: performance appraisals, competency maps, audit and inspection reports, customer complaints, error and fraud data, surveys and interviews, and new regulations.

4. Role and impact of training

Training changes outcomes only when it is relevant, well delivered and supported back on the job. Donald Kirkpatrick's four levels are the standard way to evaluate impact:



Kirkpatrick's four levels of evaluation (1959). Phillips added a fifth level: ROI.

Transfer of training depends on the trainee (motivation, ability), the training design (realistic practice) and the work environment (manager support, chance to use the skill). The **70-20-10** model says most learning comes from experience on the job (70%), from others (20%) and from formal courses (10%).

5. The future of banking education in India

Banking education in India is offered by IIBF (JAIIB, CAIIB, certificate and diploma courses), the National Institute of Bank Management (NIBM, Pune), the Reserve Bank's College of Agricultural Banking and staff colleges of banks. Trends: mandatory certifications for specialised roles (credit, treasury, risk, compliance, KYC/AML), digital and mobile learning, micro-learning, simulations and AI-based personalised learning paths, and closer links with universities. IIBF qualifications are linked to increments and promotion eligibility in many banks.

Worked case

Situation. The training college wants to repeat last year's calendar. What should HR do instead?

How to work it. Run a TNA: organisational (new strategy on MSME and digital, audit findings on KYC), task (what credit officers must do differently) and person (appraisal and test gaps). Build programmes for the top five gaps, use blended delivery, and evaluate at Kirkpatrick levels 3 and 4 (behaviour change and business results), reporting a few results to the board.

Key facts to remember

Fact	Detail
TNA levels	Organisational, task, person (McGehee and Thayer, 1961)
Kirkpatrick	Reaction, learning, behaviour, results
Phillips	Level 5: ROI
70-20-10	On the job, from others, formal training
Training vs development	Present job vs future roles

Quick revision

Remember	In one line
Training	Skills for the present job.
Development	Growth for future roles.
TNA	Find the gap before choosing training.
Kirkpatrick level 3	Behaviour on the job.
Transfer of training	Using learning at work.
70-20-10	Most learning happens on the job.

Practice with explanations

01. The three levels of training needs analysis are:

A. Reaction, learning, results
B. Organisational, task, person
C. Plan, do, check
D. Know, show, do

Answer B. McGehee and Thayer.

02. In Kirkpatrick's model, change in on-the-job behaviour is level:

A. 1
B. 2
C. 3
D. 4

Answer C. Level 3: behaviour.

03. Training differs from development because training is:

A. Long term	**B.** Focused on the present job
C. Initiated by the individual	**D.** Unrelated to skills

Answer B. Training is for the present job.

04. ROI as a fifth level of training evaluation was added by:

A. Kirkpatrick	**B.** Jack Phillips
C. Kolb	**D.** Knowles

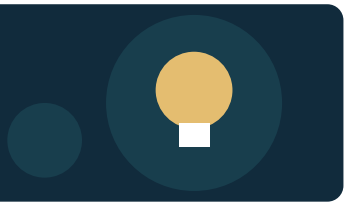
Answer B. Jack Phillips.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module C).
- W. McGehee and P. Thayer, Training in Business and Industry, 1961.
- D. Kirkpatrick, Evaluating Training Programs, 1959 onwards.
- J. Phillips, Return on Investment in Training, 1997.

MODULE C: MOTIVATION, TRAINING AND SKILL DEVELOPMENT

C04 Training Methodology



5	2	ROI	Blended
Senge disciplines of a learning organisation	method groups: on-the-job and off-the-job	(benefits - costs) / costs x 100	classroom + digital + on-the-job

Start with the decision. A bank wants to train 30,000 staff on cyber hygiene in six weeks, and also prepare 200 high-potential officers for branch head roles. One method cannot serve both. Which methods fit which need, and how will you know the money was well spent?

Training methodology is the choice of how people learn: the method, the medium, the trainer and the setting. The right choice depends on what must be learned (knowledge, skill or attitude), who the learners are, how many there are, and the budget and time available.

1. Learning organisations

Peter Senge (The Fifth Discipline, 1990) described a **learning organisation** as one where people continually expand their capacity to create the results they truly desire. It rests on five disciplines:

Discipline	Meaning
Personal mastery	Continuous personal learning and growth
Mental models	Examining the assumptions that shape how we see things
Shared vision	A common picture of the future
Team learning	Learning together through dialogue
Systems thinking (the fifth discipline)	Seeing the whole and how parts interact

2. Training methods

On-the-job methods

- Job instruction training
- Coaching and mentoring
- Job rotation
- Understudy and apprenticeship
- Committee assignments

Off-the-job methods

- Lectures and conferences
- Case studies and role play
- Simulations and business games
- Vestibule training (replica workplace)
- E-learning and virtual classrooms

Method	Best for
Lecture	Knowledge to many people at low cost
Case study (Harvard)	Analysis and decision skills
Role play	Interpersonal skills: customer handling, negotiation
In-basket exercise	Prioritising and decision-making under time pressure
Sensitivity (T-group) training	Self-awareness and interpersonal sensitivity
Simulation	Complex skills without real-world risk (treasury dealing, systems)
Vestibule	Skills on equipment in a replica setting
Mentoring / coaching	Development of individuals over time

Method	Best for
E-learning / micro-learning	Large numbers, flexible timing, refreshers

3. Current trends

- Blended learning: mix of digital and classroom.
- Micro-learning: short modules on mobile.
- Gamification and simulations.
- Virtual reality and AI tutors.
- Learning management systems with analytics.
- Certification-linked learning paths (IIBF, NISM).
- Peer learning and communities of practice.

4. Types and benefits of training; training and careers

Types: induction (orientation), job-specific, refresher, compliance, safety and security, soft skills, leadership and remedial. Benefits: better performance, fewer errors and frauds, higher customer satisfaction, adaptability, morale and retention. Training supports **career development** by preparing people for the next role; career paths, job families and succession plans show what training each step needs.

Soft skills include communication, teamwork, customer orientation, problem-solving, time management, emotional intelligence and negotiation. In banks they drive customer experience and sales.

5. Challenges, infrastructure and talent

Challenges in banks: releasing staff from branches, large and dispersed workforce, varied learner profiles, measuring impact, keeping content current with frequent regulatory change. Infrastructure: apex staff colleges, regional training centres, e-learning platforms, virtual classrooms, simulation labs and partnerships with IIBF, NIBM and CAB. Training for **talent management** and **leadership** uses assessment centres, executive programmes, action learning projects, coaching and rotations.

Training the new generation (Gen Y and Gen Z): content should be short, mobile, interactive and entertaining, allow freedom to explore, give instant feedback and connect to purpose and career.

6. Measuring success: ROI

Training ROI (Phillips) = (monetary benefits - training costs) / training costs x 100. Costs include design, delivery, trainer and participant time, travel and venue. Benefits are isolated from other causes and converted to money (for example, fewer errors, faster processing, more sales).

Worked case

> **Situation.** A programme cost ₹10 lakh and produced measured benefits of ₹16 lakh in the year. What is the ROI?
>
> **How to work it.** ROI = (16 - 10) / 10 x 100 = 60%. The benefit-cost ratio is 16 / 10 = 1.6. For the 30,000-staff cyber drive, use e-learning micro-modules with a test and simulated phishing; for 200 future branch heads, use an assessment centre, a leadership programme with action projects, and mentoring.

Key facts to remember

Fact	Detail
Senge	Five disciplines; systems thinking is the fifth
Vestibule training	Replica of the workplace
In-basket	Prioritising decisions
ROI	(Benefits - costs) / costs x 100
New generation training	Short, mobile, interactive, freedom to explore

Quick revision

Remember	In one line
Learning organisation	Continuously expands capacity to create results (Senge).
Fifth discipline	Systems thinking.
Role play	Interpersonal skills.
Vestibule	Off-the-job replica setting.
Blended learning	Classroom plus digital.
Training ROI	Net benefit over cost, in %.

Practice with explanations

01. The "fifth discipline" in Senge's model is:

A. Personal mastery
B. Systems thinking
C. Shared vision
D. Team learning

Answer B. Systems thinking integrates the other four.

02. Training on equipment in a replica of the workplace is:

A. Apprenticeship
B. Vestibule training
C. Coaching
D. Sensitivity training

Answer B. Vestibule training.

03. A course costs ₹5 lakh and yields benefits of ₹8 lakh. The ROI is:

A. 37.5%
B. 60%
C. 160%
D. 62.5%

Answer B. (8 - 5) / 5 x 100 = 60%.

04. Training for the new generation should be:

A. Long and lecture-based
B. Short, interactive and allow freedom
C. Only classroom
D. Without feedback

Answer B. Short, engaging and flexible.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module C).
- P. Senge, The Fifth Discipline, 1990.
- J. Phillips, Return on Investment in Training, 1997.

MODULE D: PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS

D01 Industrial Relations, Part A: Personnel Function and Labour Laws



29	4	21 Nov 2025	14 days
central labour laws merged	labour codes in force	date the codes took effect	strike notice waiting period

Start with the decision. A union at a bank's cash-processing centre gives notice of a strike. Is notice required? Which law governs it now that the old Industrial Disputes Act has gone? This chapter covers the personnel function and the legal framework of work in India, including the four labour codes in force from 21 November 2025.

The **personnel function** deals with employment administration: hiring, records, pay, leave, welfare, discipline and compliance with labour law. India's labour laws were consolidated into **four labour codes**: the Code on Wages, 2019; the Industrial Relations Code, 2020; the Code on Social Security, 2020; and the Occupational Safety, Health and Working Conditions Code, 2020. Together they replace 29 central laws and took effect on **21 November 2025**, with some provisions operationalised in phases.

1. The personnel function and its legal aspects

Personnel work must respect the Constitution (equality, Articles 14-16; Directive Principles on living wage and worker participation, Articles 39, 42, 43, 43A), central and state labour laws, and, in banks, service regulations, bipartite settlements and joint notes. Labour is in the **Concurrent List**, so both Parliament and states legislate.

2. The four labour codes

Code	Main laws it replaced	Key points
Code on Wages, 2019	Payment of Wages, Minimum Wages, Payment of Bonus, Equal Remuneration Acts	Universal minimum wage; national floor wage; uniform definition of wages; timely payment; no gender discrimination
Industrial Relations Code, 2020	Trade Unions Act 1926, Industrial Employment (Standing Orders) Act 1946, Industrial Disputes Act 1947	Unions, standing orders, disputes, strikes, lay-off, retrenchment, closure; fixed-term employment
Code on Social Security, 2020	9 laws incl. EPF, ESI, Maternity Benefit, Payment of Gratuity, Employees' Compensation	Extends coverage to gig and platform workers; social security fund
OSH Code, 2020	13 laws incl. Factories Act, Contract Labour Act, Mines Act	Safety, health, working hours, welfare, women at night with safeguards

3. Industrial Relations Code, 2020: points often asked

Provision	Rule
Strike and lockout notice	No strike or lockout in any industrial establishment without notice within 60 days before it, and not within 14 days of the notice; not during conciliation or adjudication
Mass casual leave	Concerted casual leave by 50% or more workers on a day is treated as a strike
Negotiating union	A union with 51% or more of the workers is the sole negotiating union; otherwise a negotiating council of unions with at least 20% each
Standing orders	Required for establishments with 300 or more workers
Lay-off, retrenchment, closure	Prior government permission needed for establishments with 300 or more workers (earlier 100)
Grievance Redressal Committee	Establishments with 20 or more workers; up to 10 members, equal employer and worker representatives

Provision	Rule
Re-skilling fund	Employer contributes 15 days' last wages for each retrenched worker
Fixed-term employment	Same wages and benefits as permanent workers; gratuity after one year
Industrial tribunals	Two-member tribunals (judicial and administrative member)

4. Working conditions, wages and social security

Older legislation on **working conditions** included the Factories Act 1948, Shops and Establishments Acts (state laws), Contract Labour (Regulation and Abolition) Act 1970 and Mines Act 1952. On **wages**: Payment of Wages Act 1936, Minimum Wages Act 1948, Payment of Bonus Act 1965 and Equal Remuneration Act 1976. On **social security**: Employees' Compensation Act 1923, ESI Act 1948, EPF and MP Act 1952, Maternity Benefit Act 1961 (26 weeks after the 2017 amendment) and Payment of Gratuity Act 1972 (15 days' wages per completed year; ceiling ₹20 lakh). These are now part of the codes. Bank employees are mainly covered by bank pension or NPS, gratuity and leave rules under settlements and service regulations.



Exam tip

Questions on "which is not a social security law" or "which is a working-conditions law" use these lists. The Trade Unions Act and the Industrial Disputes Act are IR laws, not social security laws.

5. The changing scenario

- Consolidation and digital compliance: single registration, licence and return.
- Wider coverage: gig and platform workers, fixed-term workers.
- Flexibility: higher thresholds for standing orders and retrenchment permission.
- Stricter strike procedure across all establishments.
- Rise of contract, outsourced and specialist hiring in banks.
- Some codes' provisions and state rules still being operationalised: check current notifications.

Worked case

Situation. A union at a bank's currency chest gives a strike notice on 1 March for a strike on 10 March. Is it valid?

How to work it. No. Under the IR Code, a strike can take place only after 14 days from the notice and within 60 days of it. A strike on 10 March is within 14 days and is illegal. Also, once conciliation begins, no strike can take place during it. Management should inform the conciliation officer and continue talks.

Key facts to remember

Fact	Detail
Labour codes in force	21 November 2025
Laws consolidated	29 central laws into 4 codes
Strike notice	Within 60 days before; not within 14 days of notice
Negotiating union	51%; council if none (20% each)
Standing orders / retrenchment permission	300 or more workers
Grievance Redressal Committee	20+ workers; up to 10 members
Gratuity ceiling	₹20 lakh

Quick revision

Remember	In one line
Four codes	Wages, IR, Social Security, OSH.
IR Code merges	TU Act, Standing Orders Act, ID Act.
Strike notice	14 days waiting; within 60 days.
Mass casual leave	50%+ workers = strike.
Labour	Concurrent List subject.
Re-skilling fund	15 days' wages per retrenched worker.

Practice with explanations

01. The four labour codes took effect on:

A. 1 April 2025 **B.** 21 November 2025

C. 1 July 2024 **D.** 26 January 2026

Answer B. All four codes became effective on 21 November 2025.

02. Under the IR Code, the minimum period between strike notice and strike is:

A. 7 days **B.** 14 days

C. 21 days **D.** 42 days

Answer B. 14 days after notice, within 60 days.

03. Which is NOT a social security law?

A. ESI Act **B.** Payment of Gratuity Act

C. Trade Unions Act **D.** Maternity Benefit Act

Answer C. The Trade Unions Act is an industrial relations law.

04. A union becomes the sole negotiating union under the IR Code with support of at least:

A. 30% **B.** 40%

C. 51% **D.** 66%

Answer C. 51% of workers.

05. Prior permission for retrenchment is needed under the IR Code for establishments with at least:

A. 50 workers **B.** 100 workers

C. 300 workers **D.** 500 workers

Answer C. The threshold was raised from 100 to 300.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module D).
- Industrial Relations Code, 2020; Code on Wages, 2019; Code on Social Security, 2020; OSH Code, 2020.
- Ministry of Labour and Employment notifications, 21 November 2025.

MODULE D: PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS

D02 Industrial Relations, Part B: Trade Unions and Collective Bargaining

1926
Trade Unions Act (now in IR Code)

1946
AIBEA, first all-India bank union

1966
first bipartite settlement in banking

12th
bipartite settlement, 2024

Start with the decision. The IBA and bank unions are negotiating the next wage revision. A one-day all-India strike call has been given. How did bank unions develop, how does collective bargaining work, and what is the role of a branch head when a strike is called?

A **trade union** is an association of workers formed to protect and promote their interests through collective action. **Industrial relations (IR)** is the relationship between employers, employees and their unions, and the state. **Collective bargaining** is negotiation between employers and unions on wages and working conditions.

1. History of trade unions in India



Milestones in Indian trade unionism.

The Madras Labour Union (1918, B.P. Wadia) is regarded as the first organised trade union. AITUC (1920) was the first central trade union organisation; others include INTUC (1947), HMS (1948), CITU (1970) and BMS (1955). Registration under the Trade Unions Act, 1926 (now the IR Code) gives a union **legal status** as a body corporate, with immunity from certain civil and criminal liability for lawful trade union activity. At least 7 members are needed to apply, and at least 10% of workers or 100 workers, whichever is less.

2. Unions in banks

Organisation	Represents
AIBEA (All India Bank Employees' Association, 1946)	Award staff (clerks and subordinate staff); the oldest
NCBE (National Confederation of Bank Employees)	Award staff
BEFI, INBEF, NOBW	Award staff
AIBOC (All India Bank Officers' Confederation)	Officers
AIBOA, INBOC, NOBO	Officers
UFBU (United Forum of Bank Unions)	Umbrella of nine unions and associations for joint action

Wages and service conditions of award staff are settled industry-wide by **bipartite settlements** between IBA and the unions; officers' pay by **joint notes**. The first bipartite settlement was signed in 1966. The **12th bipartite settlement** and joint note were signed on 8 March 2024, giving a 17% increase in the wage bill, effective from 1 November 2022.

3. Industrial relations

Approaches: unitary (common goals, conflict is abnormal), pluralist (different interests, conflict is natural and managed through institutions) and Marxist (conflict built into capitalism). Good IR needs strong and responsible unions, fair management, mutual trust, effective grievance machinery, and collective bargaining. Dispute settlement under the IR Code: bipartite talks,

conciliation, voluntary arbitration and adjudication by industrial tribunals.

Industrial democracy means workers have a voice in decisions that affect them: through unions, collective bargaining, works committees and participation in management (see D04).

4. Collective bargaining



The collective bargaining process.

Type	Meaning
Distributive	Win-lose bargaining over a fixed pie (wages)
Integrative	Win-win problem-solving
Attitudinal structuring	Shaping attitudes and trust between parties
Intra-organisational	Building consensus within each side

Levels: plant/branch, enterprise (bank), industry (IBA with unions) and national. Banking uses industry-level bargaining through IBA, which gives uniformity but less flexibility for individual banks.

Worked case

Situation. An all-India bank strike is called for next Tuesday. What should a branch head do?

How to work it. Inform customers in advance through notices and messages; ensure ATMs are loaded and digital channels work; plan with non-striking staff for essential services as per the bank's instructions; record attendance accurately (wages are not paid for strike days under the settlements and rules); avoid confrontation; and report to the regional office.

Key facts to remember

Fact	Detail
First organised union	Madras Labour Union, 1918
AITUC	1920
Registration	7 members; 10% or 100 workers, whichever is less
AIBEA	1946
First bipartite settlement	1966
12th bipartite settlement	8 March 2024; 17% wage-bill increase from 1 November 2022

Quick revision

Remember	In one line
Trade union	Workers' association for collective protection.
Registration benefit	Legal status and immunities.
Bipartite settlement	IBA-union agreement for award staff.
Collective bargaining	Negotiation between employer and union.
Integrative bargaining	Win-win.
UFBU	Umbrella of nine bank unions.

Practice with explanations

01. The main purpose of registering a trade union is to:

A. Collect dues	**B.** Give it legal status
C. Avoid taxes	**D.** Hold elections

Answer B. Registration gives legal status and protections.

02. The oldest all-India bank employees' union is:

A. AIBOC	**B.** AIBEA
C. NOBW	**D.** INBEF

Answer B. AIBEA, formed in 1946.

03. Win-win collective bargaining is called:

A. Distributive	**B.** Integrative
C. Attitudinal	**D.** Concessionary

Answer B. Integrative bargaining.

04. The 12th bipartite settlement in banking was signed in:

A. 2020	**B.** 2022
C. 2024	**D.** 2025

Answer C. 8 March 2024.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module D).
- Industrial Relations Code, 2020.
- IBA, 12th Bipartite Settlement and 9th Joint Note, 8 March 2024.

MODULE D: PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS

D03 Grievance Redressal and Conflict Management

3	20+	5	Early
stages in a typical grievance procedure	workers: Grievance Redressal Committee needed	Thomas-Kilmann conflict modes	the best time to resolve a grievance

Start with the decision. A clerk says she has been denied a transfer near home for three years while juniors were moved. She has complained twice to the branch head and nothing happened. She now threatens to go to the union and social media. How should the bank handle grievances so that they do not grow into disputes?

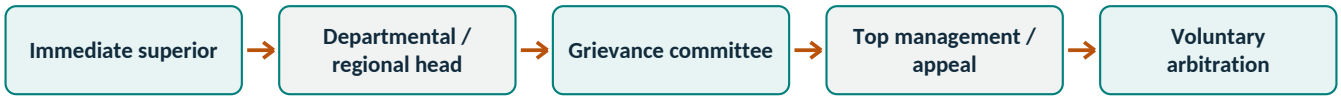
A **grievance** is any discontent or dissatisfaction, expressed or not, valid or not, arising out of anything connected with the organisation that an employee thinks is unfair or unjust (Dale Yoder; Keith Davis). Grievances left unresolved lower morale and productivity and can become industrial disputes.

1. Causes of grievances

Area	Examples
Pay and benefits	Wrong pay fixation, delayed arrears, denied allowances or reimbursement
Working conditions	Workload, safety, facilities
Supervision	Favouritism, harsh treatment, unfair assignments
Policies	Transfers, promotions, leave, discipline
Personal	Unmet expectations, misunderstanding

2. Grievance redressal mechanism

Principles: accessible, quick, fair, confidential, with time limits at each stage and a right of appeal. The **Model Grievance Procedure** (Indian Labour Conference, 1958) set out stages from the immediate supervisor up to a grievance committee and management. Banks have similar multi-level procedures, often under bipartite settlements.



A typical grievance procedure, with time limits at each stage.

Under the **IR Code, 2020**, every industrial establishment with **20 or more workers** must have a **Grievance Redressal Committee** of up to 10 members, with equal employer and worker representatives and a chairperson from each side by rotation; women are represented in proportion. Other channels: open-door policy, suggestion and complaint boxes, HR helpdesks and online grievance portals, and ombudsman schemes in some organisations.

3. Conflict and conflict management

Conflict is a process that begins when one party perceives that another has negatively affected, or is about to affect, something it cares about. Levels: intrapersonal, interpersonal, intragroup, intergroup and organisational. Traditional view: conflict is bad. Human relations view: conflict is natural. Interactionist view: some functional conflict is needed for performance; dysfunctional conflict hurts it.

Thomas-Kilmann mode	Assertive / cooperative	When useful
Competing	High / low	Emergencies, unpopular but necessary decisions
Collaborating	High / high	Important issues needing a win-win solution

Thomas-Kilmann mode	Assertive / cooperative	When useful
Compromising	Medium / medium	Temporary settlement, equal power
Avoiding	Low / low	Trivial issues, cooling-off
Accommodating	Low / high	Preserving relationships, issue matters more to the other side

4. Management dilemmas

Managers face dilemmas such as: discipline versus compassion; consistency versus individual circumstances; quick resolution versus due process; loyalty to the team versus fairness to the complainant; and union involvement versus direct dialogue. Good practice: listen fully, gather facts, apply policy consistently, record decisions with reasons, and communicate them.

Worked case

Situation. A clerk complains her transfer request has been ignored for three years while juniors moved. How should the regional HR officer act?

How to work it. Acknowledge in writing within the time limit; check the transfer policy and the record of requests and moves; if juniors moved out of turn, find out why. If she was wrongly bypassed, transfer her in the next cycle and fix the process; if not, explain the reasons in writing and tell her the next step and the appeal route. Close within the time limit.

Key facts to remember

Fact	Detail
Grievance	Any real or imagined dissatisfaction connected with work
Model Grievance Procedure	Indian Labour Conference, 1958
IR Code GRC	20+ workers; up to 10 members; equal representation
Thomas-Kilmann	Competing, collaborating, compromising, avoiding, accommodating

Quick revision

Remember	In one line
Grievance	Discontent about work, valid or not.
GRC	Required for 20+ workers under IR Code.
Collaborating	High assertive, high cooperative.
Avoiding	Low assertive, low cooperative.
Interactionist view	Some conflict is functional.
Best time	Resolve grievances early.

Practice with explanations

01. Under the IR Code, a Grievance Redressal Committee is required in establishments with at least:

A. 10 workers **B.** 20 workers
C. 50 workers **D.** 100 workers

Answer B. Twenty or more workers.

02. The conflict mode that is high on both assertiveness and cooperativeness is:

A. Compromising **B.** Competing
C. Collaborating **D.** Accommodating

Answer C. Collaborating.

03. The view that some conflict is necessary for performance is the:

A. Traditional view	**B.** Human relations view
C. Interactionist view	**D.** Classical view

Answer C. Interactionist view.

04. The first step in most grievance procedures is to approach the:

A. Union	**B.** Immediate superior
C. Labour court	**D.** CEO

Answer B. Grievances start with the immediate superior.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module D).
- Industrial Relations Code, 2020 (grievance redressal).
- K. Thomas and R. Kilmann, Conflict Mode Instrument, 1974.

MODULE D: PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS

D04 Workers' Participation in Management

Art. 43A
added by 42nd Amendment, 1976

5
levels of participation

2
employee directors on PSB boards

1975
first WPM scheme for industry

Start with the decision. Your bank wants staff ideas to cut account-opening time. Should it set up a joint committee with union representatives, a suggestion scheme, quality circles, or all three? Workers' participation in management (WPM) offers several forms, each with strengths and limits.

Workers' participation in management (WPM) means involving employees in decision-making at different levels of the organisation. It reflects industrial democracy: those affected by decisions should have a say. **Article 43A** of the Constitution, added by the 42nd Amendment in 1976, directs the state to take steps to secure the participation of workers in the management of undertakings.

1. Concept and objectives

- Raise productivity and commitment.
- Improve industrial relations and reduce conflict.
- Give workers dignity and a sense of ownership.
- Use workers' knowledge for better decisions.
- Develop leadership among workers.

2. Levels and types of participation



Levels of participation, from lowest (bottom) to highest (top).

Form	Example
Board-level participation	Workman and officer employee directors on boards of nationalised banks
Ownership participation	Employee stock options (ESOPs), employee share purchase schemes
Joint councils and committees	Shop councils, joint councils, works committees
Collective bargaining	Bipartite negotiation on wages and conditions
Suggestion schemes and quality circles	Ideas for process improvement
Job-level participation	Autonomous teams, empowerment

3. Methods and schemes in India



WPM schemes in India.

The Industrial Disputes Act, 1947 provided **works committees** in establishments with 100 or more workers. Joint management councils (1958) followed the Second Five-Year Plan. In 1975, under the 20-point programme, shop councils and joint councils were introduced in manufacturing and mining; in 1977 a scheme for commercial and service organisations (including banks) followed; and in 1983 a comprehensive scheme covered public sector undertakings. Many of these schemes had limited success.

4. The Indian banking experience

In nationalised banks, the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 and the Nationalised Banks (Management and Miscellaneous Provisions) Scheme provide for a **workman employee director** and an **officer employee director** on the board. Other forms: joint consultative committees, staff welfare committees, suggestion schemes, quality circles and bipartite forums. Limits: inter-union rivalry, mistrust, lack of training for representatives, and management reluctance to share information.

Worked case

Situation. The bank wants ideas from staff to cut account-opening time. Which participation form should it use?

How to work it. Combine forms: a branch-level quality circle or improvement team to map and test changes (job-level participation); a suggestion scheme with recognition for ideas from all staff; and information sharing with unions through the joint consultative forum so that changes in workload are agreed. Report back on which ideas were adopted.

Key facts to remember

Fact	Detail
Article 43A	42nd Amendment, 1976
Works committees	ID Act, 1947; 100+ workers
Schemes	Shop and joint councils 1975; commercial and service 1977; PSU board-level 1983
Banks	Workman and officer employee directors on PSB boards

Quick revision

Remember	In one line
WPM	Workers involved in decisions.
Article 43A	Directive Principle on WPM.
Co-determination	Joint decisions on major matters.
ESOP	Ownership participation.
Bank boards	Workman and officer employee directors.
Industrial democracy	Workers' voice in decisions.

Practice with explanations

01. Article 43A on workers' participation was added by the:

A. 24th Amendment	**B.** 42nd Amendment
C. 44th Amendment	**D.** 73rd Amendment

Answer B. 42nd Amendment, 1976.

02. ESOPs are an example of:

A. Board-level participation	**B.** Ownership participation
C. Consultative participation	**D.** Grievance participation

Answer B. Ownership participation.

03. The lowest level of participation is:

A. Co-determination	**B.** Self-management
C. Information sharing	**D.** Joint decision-making

Answer C. Information sharing.

04. In nationalised banks, board-level participation is through:

A. Union presidents	**B.** Workman and officer employee directors
C. Quality circles	**D.** Works committees

Answer B. Employee directors on the board.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module D).
- Constitution of India, Article 43A.
- Ministry of Labour schemes on workers' participation, 1975, 1977, 1983.

MODULE D: PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS

D05 Discipline Management, Vigilance and POSH

2
types of penalty: minor and major

CVC
apex vigilance body, CVC Act 2003

10+
employees: Internal Committee under POSH

90 days
POSH inquiry time limit

Start with the decision. An officer sanctioned 12 loans above his delegated power, and two turned bad. A clerk is charged with misappropriating a customer's cash. A woman officer complains about remarks by her senior. Each needs a different process. This chapter covers workplace discipline, domestic enquiries, vigilance and the POSH Act.

Discipline means orderly conduct according to rules. Positive discipline builds self-control through clear rules, training and fair treatment; negative discipline uses penalties. The **hot stove rule** (Douglas McGregor) says discipline should be immediate, with warning, consistent and impersonal, like touching a hot stove.

1. Disciplinary rules in banks

Award staff (clerks and subordinate staff) are governed by the disciplinary provisions of the bipartite settlements, which list gross misconduct and minor misconduct. Officers in nationalised banks are governed by the **Officer Employees' (Discipline and Appeal) Regulations, 1976** (and equivalents in SBI and other banks), which list minor and major penalties.

Minor penalties (officers)	Major penalties (officers)
Censure	Reduction to a lower grade or post, or lower stage in pay
Withholding of increments	Compulsory retirement
Withholding of promotion	Removal from service (not a bar to future employment)
Recovery of loss caused to the bank	Dismissal (normally a bar to future employment)
Reduction to a lower stage in pay for up to 3 years without cumulative effect	

2. Domestic enquiry and natural justice



Steps in a disciplinary proceeding for a major penalty.

Principles of natural justice: **audi alteram partem** (hear the other side) and **nemo judex in causa sua** (no one should judge his own cause). The charged employee must get the charges and documents, a chance to cross-examine witnesses and present a defence, and may be assisted by a defence representative as rules allow. Findings must rest on evidence; the standard of proof is preponderance of probability, not proof beyond reasonable doubt. Suspension pending enquiry is not a penalty; subsistence allowance is paid.

3. Frauds and delegated financial powers

Common staff-related fraud risks: misuse of customer accounts, fake loans, cash misappropriation, collusion with borrowers, sharing passwords, and exceeding delegated powers. Delegated financial powers allow quick decisions but carry risk if used beyond limits or without due diligence. Banks use a **staff accountability** framework to examine lapses in NPAs and frauds, distinguishing bona fide decisions from negligence or mala fide action. RBI's Master Directions on fraud risk management require timely reporting and examination of staff role.

4. The vigilance department

Vigilance aims at preventive, punitive and participative vigilance. The **Central Vigilance Commission** (statutory under the CVC Act, 2003) supervises vigilance in public sector banks through **Chief Vigilance Officers** (CVOs). Preventive vigilance includes job rotation, mandatory leave, system audits, simplifying procedures and transparency. Vigilance Awareness Week is observed every year around 31 October (Sardar Patel's birth anniversary). The **Advisory Board for Banking Frauds** examines large fraud cases involving senior officials of public sector banks before reference to investigating agencies.

5. Diversity, gender and the POSH Act, 2013

Diversity and inclusion mean fair treatment and equal opportunity across gender, caste, religion, region, disability and age; banks follow reservation rules and the Rights of Persons with Disabilities Act, 2016. The **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)** builds on the Supreme Court's Vishaka guidelines (1997).

POSH provision	Rule
Internal Committee (IC)	Every workplace with 10 or more employees; presiding officer a senior woman employee; at least half the members women; one external member from an NGO or with relevant expertise
Local Committee	At district level, for workplaces with fewer than 10 employees or where the complaint is against the employer
Complaint	In writing within 3 months of the incident (extendable by 3 months)
Conciliation	Possible at the woman's request; no monetary settlement
Inquiry	Complete within 90 days; report within 10 days after; employer acts within 60 days
Penalty on employer	Up to ₹50,000 for non-compliance; higher on repeat
Confidentiality	Identity and proceedings are confidential

Worked case

Situation. An officer sanctioned 12 loans above his delegated power; two turned NPA. What should the bank do?

How to work it. Conduct a staff accountability examination: were the loans beyond powers, was due diligence done, was there any mala fide intent? Exceeding powers is misconduct even if the loans are performing. If a major penalty is proposed, issue a charge sheet and hold a domestic enquiry with natural justice. Strengthen system controls so that sanction beyond limits is blocked in the loan system.

Key facts to remember

Fact	Detail
Hot stove rule	Immediate, warned, consistent, impersonal
Officers' discipline	Officer Employees' (Discipline and Appeal) Regulations, 1976
Natural justice	Hear the other side; no one judges own cause
CVC	Statutory under CVC Act, 2003
POSH	2013; IC for 10+ employees; complaint within 3 months; inquiry 90 days
Vishaka	Supreme Court guidelines, 1997

Quick revision

Remember	In one line
Positive discipline	Self-control through rules and fairness.
Suspension	Not a penalty; subsistence allowance paid.
Dismissal	Usually bars future employment.
Preventive vigilance	Rotation, leave, audits, simpler systems.
POSH IC	Senior woman presides; half women; external member.

Remember	In one line
Standard of proof	Preponderance of probability.

Practice with explanations

01. Under the POSH Act, an Internal Committee is required in every workplace with at least:

A. 5 employees	**B.** 10 employees
C. 20 employees	**D.** 50 employees

Answer B. Ten or more employees.

02. A POSH complaint should normally be made within:

A. 1 month	**B.** 3 months
C. 6 months	**D.** 1 year

Answer B. Three months, extendable by three more.

03. Which is a minor penalty for bank officers?

A. Dismissal	**B.** Compulsory retirement
C. Censure	**D.** Removal

Answer C. Censure is a minor penalty.

04. "Audi alteram partem" means:

A. No one is a judge in his own cause	**B.** Hear the other side
C. Let the buyer beware	**D.** The act speaks for itself

Answer B. Hear the other side.

05. The Central Vigilance Commission became statutory under the:

A. CVC Act, 2003	**B.** Prevention of Corruption Act, 1988
C. Banking Regulation Act	**D.** IR Code

Answer A. CVC Act, 2003.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module D).
- Sexual Harassment of Women at Workplace Act, 2013 and Rules.
- Central Vigilance Commission Act, 2003.
- Officer Employees' (Discipline and Appeal) Regulations, 1976 (nationalised banks).
- RBI Master Directions on Fraud Risk Management, 2024.

MODULE E: EMERGING SCENARIO IN HRM

E01 Employee Engagement and New Work Models



3	Gen Y	Hybrid	Gig
Kahn: physical, cognitive, emotional engagement	born about 1981-1996	office + remote mix	workers recognised in the Social Security Code

Start with the decision. An engagement survey in your bank shows young officers rate "growth" and "flexibility" lowest, and 30% say they may leave within two years. Can a bank with branch-based work offer hybrid models? What drives engagement, and what does the law say about new forms of work?

Employee engagement is the emotional and intellectual commitment an employee has to the organisation and its goals, shown in discretionary effort. William Kahn (1990) defined it as harnessing oneself to one's work role physically, cognitively and emotionally. Engaged employees stay longer, serve customers better and make fewer errors.

1. Concepts and drivers of engagement

Driver	What it means
Meaningful work	Seeing how one's work helps customers and the bank
Good manager	Recognition, feedback, support, fairness
Growth	Learning, career paths, new challenges
Voice	Being heard and involved in decisions
Recognition and reward	Fair pay and timely appreciation
Well-being	Workload, flexibility, health
Trust in leadership	Clear vision and integrity

Measurement: engagement surveys (for example, Gallup's Q12), pulse surveys, eNPS (employee net promoter score), and behavioural indicators such as attrition and absence. Engagement differs from satisfaction (contentment) and commitment (attachment); it is about energy and involvement.

2. Engaging Generation Y and Z

Generation Y (millennials, born roughly 1981 to 1996) and Gen Z (roughly 1997 to 2012) are digital natives who value purpose, growth, feedback, flexibility and work-life balance. **Generation C** ("connected") describes people of any age who live online, create and share content, and expect connectivity. Engage them with: frequent feedback and recognition, mobile learning, quick career moves and rotations, mentoring (including reverse mentoring), purpose-driven work and flexible arrangements.

3. Work from home and hybrid models

Benefits	Challenges
• Saves commuting time and cost	• Data security and confidentiality
• Wider talent pool	• Supervision and performance measurement
• Better work-life balance	• Isolation and blurred boundaries
• Lower office cost	• Not possible for customer-facing branch roles

Banks use hybrid models mainly for back-office, IT, analytics, contact centre and some head-office roles, with controls on data access, devices and secure networks. Branch roles remain largely on-site, though flexible shifts and rotational arrangements help.

4. New employment models

Model	Meaning
Fixed-term employment	Contract for a fixed period; same benefits as permanent staff under the IR Code
Gig work	Task-based work outside a traditional employer-employee relationship
Platform work	Gig work through an online platform (for example, delivery, ride-hailing)
Contract / outsourced staff	Engaged through an agency (security, housekeeping, BC network)
Part-time and job sharing	Reduced hours; two people share one role
Freelancers and consultants	Specialists hired for projects

5. Legal framework for new work models

The **Code on Social Security, 2020** recognises **gig workers** and **platform workers** and provides for schemes for them, funded partly by contributions from aggregators of 1-2% of annual turnover (capped at 5% of amounts paid to such workers). The **IR Code** recognises fixed-term employment. The OSH Code covers working hours and contract labour. Remote work is governed by contracts, company policy and data-protection law (DPDP Act, 2023); some states have rules for IT establishments. Check current rules and notifications.

Worked case

Situation. Young officers rate growth and flexibility lowest. What could the bank do?

How to work it. Publish clear career paths with fast-track tests; offer rotations across functions; run a mentoring programme; allow hybrid work in eligible head-office roles and flexible shifts in branches where possible; recognise good work monthly; and measure engagement again in six months, tracking attrition of young officers.

Key facts to remember

Fact	Detail
Kahn (1990)	Physical, cognitive, emotional engagement
Gallup Q12	12-question engagement survey
Generation C	Connected, any age
Gig and platform workers	Recognised in Code on Social Security, 2020
Aggregator contribution	1-2% of turnover, capped at 5% of payments to workers

Quick revision

Remember	In one line
Engagement	Discretionary effort and commitment.
Gen Y	Millennials, purpose and growth.
Generation C	Connected generation.
Hybrid	Mix of office and remote.
Gig worker	Task-based, outside traditional employment.
Fixed-term	Same benefits as permanent (IR Code).

Practice with explanations

01. Kahn described engagement as:

A. Only physical presence	**B.** Physical, cognitive and emotional involvement
C. Job satisfaction	**D.** Loyalty to union

Answer B. Three dimensions.

02. Gig and platform workers are recognised under the:

A. Code on Wages	**B.** Code on Social Security, 2020
C. IR Code	**D.** Factories Act

Answer B. Code on Social Security, 2020.

03. "Generation C" refers to:

A. People born after 2010	**B.** Connected people of any age
C. Contract workers	**D.** Corporate staff

Answer B. The connected generation.

04. Which role is least suited to work from home in a bank?

A. Data analyst	**B.** Teller at a branch
C. Software developer	**D.** Content writer

Answer B. Customer-facing branch roles need presence.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module E).
- W. Kahn, Psychological conditions of personal engagement, 1990.
- Code on Social Security, 2020.
- Industrial Relations Code, 2020.

MODULE E: EMERGING SCENARIO IN HRM

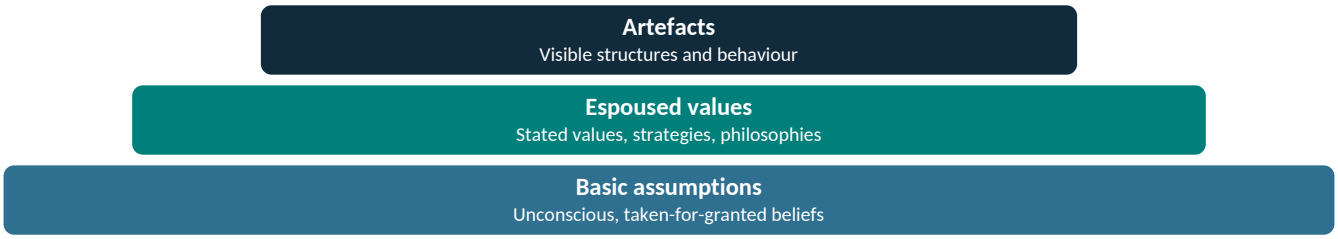
E02 Organisational Culture and Creativity

3	6	4	Idea → value
Schein levels of culture	Hofstede dimensions	Wallas stages of creativity	creativity vs innovation

Start with the decision. Two merged banks share products and systems, but one staff group calls the other "slow" and the other calls them "reckless". Culture, not systems, is now the problem. And the board wants more innovation. How do culture and creativity connect, and what can leaders do?

Organisational culture is the pattern of shared basic assumptions, values and beliefs that guide how members think and behave. Edgar Schein described three levels: **artefacts** (visible: dress, office layout, rituals), **espoused values** (stated strategies and goals) and **basic underlying assumptions** (taken-for-granted beliefs, the real source of culture).

1. Individual and organisational culture



Schein's three levels of culture (top: most visible).

Individual culture comes from national, regional and family background. Geert Hofstede's national culture dimensions: power distance, individualism vs collectivism, masculinity vs femininity, uncertainty avoidance, long-term orientation and indulgence vs restraint. India scores relatively high on power distance and long-term orientation.

Culture type (Cameron and Quinn)	Focus
Clan	Collaboration, family-like, mentoring
Adhocracy	Innovation, risk-taking, creativity
Market	Competition, results, targets
Hierarchy	Control, rules, efficiency

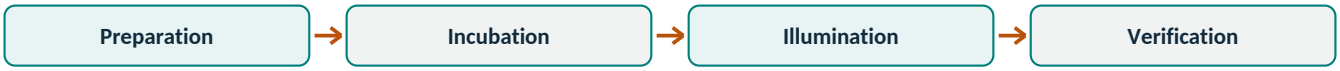
2. Creativity and innovation

Creativity

- Generating new and useful ideas
- Individual or team thinking
- Can exist without implementation
- Example: idea for voice banking in local languages

Innovation

- Turning ideas into products, processes or value
- Needs resources and execution
- Measured by adoption and results
- Example: launch of the voice banking service



Graham Wallas's four stages of the creative process (1926).

Techniques: brainstorming (Alex Osborn; no criticism, quantity first), lateral thinking and six thinking hats (Edward de Bono), mind-mapping, SCAMPER and design thinking (empathise, define, ideate, prototype, test). Teresa Amabile's componential

model says creativity needs expertise, creative-thinking skills and **intrinsic motivation**, supported by the work environment.

3. The culture-creativity link and creative leadership

Cultures that support creativity have psychological safety (Amy Edmondson), tolerance of failure, autonomy, diversity of views, time and resources to experiment, and recognition for ideas. Bureaucratic, fear-driven cultures suppress them. **Creative leadership** sets a challenging vision, protects experimenters, asks questions rather than giving answers, and connects people across silos. Banks use innovation labs, hackathons, idea portals and fintech partnerships.

4. Ethical culture

An ethical culture makes doing the right thing normal: leaders model integrity, codes of conduct are clear, staff can raise concerns safely (whistle-blower policy), incentives do not reward mis-selling, and misconduct is dealt with consistently. In banking, culture failures lead to mis-selling, frauds and loss of trust.

Worked case

> **Situation.** After a merger, staff of the two banks distrust each other. How should HR approach culture integration?
>
> **How to work it.** Run a culture diagnosis of both banks (surveys, focus groups); agree a small set of shared values with leaders from both sides; mix teams and leadership roles; align policies on credit authority and targets so that behaviour has the same rewards; communicate stories of joint success; and measure the culture again after a year.

Key facts to remember

Fact	Detail
Schein	Artefacts, espoused values, basic assumptions
Hofstede	Six dimensions of national culture
Wallas	Preparation, incubation, illumination, verification
Creativity vs innovation	Idea vs implemented value
Brainstorming	Alex Osborn
Six thinking hats	Edward de Bono

Quick revision

Remember	In one line
Culture	Shared assumptions, values and beliefs.
Basic assumptions	Deepest level of culture.
Innovation	Creativity put to use.
Incubation	Unconscious working on a problem.
Psychological safety	Freedom to speak up without fear.
Adhocracy culture	Innovation and risk-taking.

Practice with explanations

01. The deepest level of culture in Schein's model is:

A. Artefacts **B.** Espoused values
C. Basic underlying assumptions **D.** Rituals

Answer C. Basic assumptions.

02. Turning a new idea into a working product is:

A. Creativity **B.** Innovation
C. Invention only **D.** Imitation

Answer B. Innovation is implementation.

03. The stage when a solution suddenly appears is:

A. Preparation	**B.** Incubation
C. Illumination	**D.** Verification

Answer C. Illumination.

04. "Six thinking hats" was developed by:

A. Osborn	**B.** de Bono
C. Schein	**D.** Hofstede

Answer B. Edward de Bono.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module E).
- E. Schein, Organizational Culture and Leadership.
- G. Hofstede, Culture's Consequences.
- G. Wallas, The Art of Thought, 1926.

MODULE E: EMERGING SCENARIO IN HRM

E03 Corporate Sustainability and Green HRM

3	BRSR	Green HRM	2023
pillars: people, planet, profit	SEBI sustainability reporting	HR practices for environmental goals	RBI framework for green deposits

Start with the decision. Your bank has committed to reduce its carbon footprint and grow green finance. The CHRO is asked what HR will do. Is green HRM just paperless offices, or something more?

Sustainable HRM manages people so that the organisation meets present needs without harming its ability, or society's, to meet future needs. It looks at the long-term health of employees, communities and the environment, not only short-term efficiency. **Green HRM** is the part that uses HR policies to support environmental sustainability.

1. Evolution to sustainable HRM



From sustainability ideas to banking practice.

John Elkington's **triple bottom line** (people, planet, profit) widened the measure of success. HRM evolved from efficiency (personnel management) to strategic HRM and then to sustainable HRM, which balances economic, social and ecological outcomes. SEBI requires the top 1,000 listed companies to file a **Business Responsibility and Sustainability Report (BRSR)**, which includes employee well-being, diversity, training and health and safety indicators.

2. Forms of sustainable HRM

Form	Focus
Socially sustainable HRM	Employee health, well-being, fair work, diversity, work-life balance
Green HRM	Environmental goals through HR practices
Common-good HRM	Contribution to society and communities
Long-term capability	Regenerating skills and employability

3. Green HRM practices in banking

HR area	Green practice
Recruitment	Employer brand as a green bank; online hiring; attract people with sustainability skills
Induction and training	Climate risk, green finance, ESG awareness
Performance	Green KRAs: green lending, energy savings in offices
Rewards	Recognition for green ideas; incentives for green products
Work practices	Paperless processes, video meetings, e-learning, hybrid work, car-pooling
Engagement	Green teams, tree plantation, energy audits by staff

In banking, sustainability also covers **green finance** (renewable energy, energy efficiency, clean transport) and **climate risk**. RBI issued a framework for acceptance of green deposits in April 2023 and has consulted on climate-related financial risk disclosures. HR must build these skills in credit and risk teams.

4. The way forward

- Make sustainability part of strategy and leadership goals.
- Build green and climate skills through certification.
- Measure and report HR sustainability indicators (BRSR).
- Design well-being and diversity programmes as core, not optional.
- Engage employees as change agents for green practices.

Worked case

Situation. The CHRO must show what HR will contribute to the bank's sustainability goal. What should the plan include?

How to work it. Train all credit officers in green finance and climate risk; add green KRAs for business heads; move training and approvals to digital, cutting paper and travel; form green teams in offices; and report training hours, diversity and well-being indicators in the BRSR. Track energy use per employee year on year.

Key facts to remember

Fact	Detail
Triple bottom line	People, planet, profit (Elkington, 1994)
Brundtland Report	1987, Our Common Future
BRSR	SEBI; top 1,000 listed companies
Green deposits	RBI framework, April 2023
Green HRM	HR practices supporting environmental goals

Quick revision

Remember	In one line
Sustainable HRM	Long-term people, social and environmental outcomes.
Green HRM	HR practices for environmental goals.
TBL	People, planet, profit.
BRSR	SEBI sustainability report.
Green KRA	Environmental goal in performance plan.

Practice with explanations

01. The "triple bottom line" refers to:

A. Cost, quality, time	**B.** People, planet, profit
C. Assets, liabilities, equity	**D.** Plan, do, check

Answer B. Elkington's three Ps.

02. Which is a green HRM practice?

A. Paper-based appraisal	**B.** E-learning and video meetings
C. More air travel for training	**D.** Printed circulars

Answer B. Digital practices reduce resource use.

03. The BRSR is required by:

A. RBI	**B.** SEBI
C. IBA	**D.** NABARD

Answer B. SEBI requires it for the top 1,000 listed companies.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module E).
- SEBI circular on BRSR, May 2021 and updates.
- RBI, Framework for Acceptance of Green Deposits, 11 April 2023.
- J. Elkington, 1994.

MODULE E: EMERGING SCENARIO IN HRM

E04 HR Analytics, HR Entrepreneurship and AI in HR

4
levels: descriptive, diagnostic, predictive,

Metric
what happened

Analytics
why, and what next

AI
screening, chatbots, learning, prediction

Start with the decision. Attrition among your bank's young IT officers is 22%. HR knows the number but not the reasons. Can data tell you who is likely to leave and why? And where should AI help, and where must humans decide?

HR metrics are measures of HR activity and results (attrition rate, time to hire, training hours). **HR analytics** (people analytics) applies statistical and data methods to HR and business data to find causes, predict outcomes and guide decisions.

1. HR analytics vs HR metrics

HR metrics

- Count and measure
- What happened
- Attrition 22%, time to hire 45 days
- Backward-looking

HR analytics

- Analyse and connect data
- Why it happened and what will happen
- Attrition driven by manager quality and pay gap; 60 at risk next quarter
- Forward-looking

Descriptive: what happened? → **Diagnostic: why?** → **Predictive: what will happen?** → **Prescriptive: what should we do?**

Levels of analytics.

Use	Example in a bank
Attrition prediction	Flag high-risk employees for stay interviews
Recruitment	Which sources produce the best performers
Training impact	Link training to sales and error rates
Workforce planning	Forecast retirements and skill gaps
Fraud risk	Patterns in staff behaviour and access logs
Engagement	Drivers from survey data (factor analysis)

2. Advantages and disadvantages

Advantages

- Evidence-based decisions
- Early warning on attrition and risk
- Better hiring and training ROI
- Shows HR's business impact

Disadvantages and risks

- Poor data quality
- Privacy and consent concerns (DPDP Act, 2023)
- Bias in data and models
- Over-reliance on numbers; skill gaps in HR

3. HR entrepreneurship

HR entrepreneurship means HR professionals acting like entrepreneurs: spotting opportunities, innovating HR products (new learning platforms, wellness services), running HR as a value-creating business unit, and also the growth of HR start-ups (HR tech, recruitment platforms, payroll and learning services). **Intrapreneurship** is entrepreneurial behaviour inside an organisation (Gifford Pinchot).

4. The role of AI in HR

HR area	AI application	Caution
Recruitment	Resume screening, chatbots for candidates, video interview analysis	Bias against groups; explainability
Onboarding and helpdesk	Chatbots answering policy queries	Accuracy of answers; escalation to humans
Learning	Personalised learning paths, AI tutors	Quality of content
Performance	Continuous feedback analysis	Surveillance concerns
Attrition and workforce planning	Predictive models	Use for support, not punishment

Good practice: humans make final decisions on hiring, promotion and discipline; models are tested for bias; employees are told how their data are used; and data are protected under the DPDP Act, 2023. RBI's FREE-AI framework (2025) sets principles for responsible AI use in the financial sector.

Worked case

Situation. Attrition among young IT officers is 22%. How can analytics help?

How to work it. Combine HR data (pay, grade, manager, transfers, training, appraisal) with exit interview themes. Find drivers with simple statistics (for example, attrition is three times higher where pay is below market and the manager scores low). Build a risk score, then act: pay corrections for critical skills, manager coaching and stay interviews. Measure attrition again after two quarters.

Key facts to remember

Fact	Detail
HR metrics	Measures of HR activity
HR analytics	Analysis to explain, predict and prescribe
Levels	Descriptive, diagnostic, predictive, prescriptive
Intrapreneurship	Gifford Pinchot
Data law	DPDP Act, 2023

Quick revision

Remember	In one line
Metric	What happened.
Predictive analytics	What will happen.
Prescriptive analytics	What to do.
HR entrepreneurship	Innovating HR as a business.
AI caution	Bias, privacy, human final decision.

Practice with explanations

01. Analytics that recommends the best action is:

A. Descriptive	**B.** Diagnostic
C. Predictive	**D.** Prescriptive

Answer D. Prescriptive analytics.

02. Attrition rate of 22% is an example of an HR:

A. Metric	**B.** Analytic model
C. Strategy	**D.** Policy

Answer A. It is a metric.

03. Entrepreneurial behaviour within an organisation is called:

A. Outsourcing	**B.** Intrapreneurship
C. Franchising	**D.** Delegation

Answer B. Intrapreneurship.

04. A key risk of AI in recruitment is:

A. Faster screening	**B.** Bias in data and models
C. Lower cost	**D.** Better candidate response

Answer B. Models can carry bias.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module E).
- Digital Personal Data Protection Act, 2023.
- RBI, Framework for Responsible and Ethical Enablement of AI (FREE-AI), August 2025.

MODULE E: EMERGING SCENARIO IN HRM

E05 Leading in VUCA and BANI Scenarios

VUCA
volatile, uncertain, complex, ambiguous

BANI
brittle, anxious, non-linear, incomprehensible

4
levels of uncertainty

3
phases: before, during, after a crisis

Start with the decision. A cyber attack shuts down your bank's digital channels for 18 hours. Customers crowd branches, social media is angry, and staff are anxious. Who leads, what does HR do, and how do you prepare for the next shock in a world that is not just uncertain but fragile?

A **crisis** is an unexpected event that threatens an organisation's people, operations, reputation or survival and needs urgent decisions. **Crisis management** is the process of preparing for, responding to and recovering from such events. VUCA and BANI are two lenses for understanding the environment leaders now face.

1. VUCA and BANI

VUCA (US Army War College, late 1980s)	Meaning	Leadership response (Bob Johansen's VUCA Prime)
Volatility	Rapid, large changes	Vision
Uncertainty	Future cannot be predicted	Understanding
Complexity	Many interconnected factors	Clarity
Ambiguity	Unclear meaning, mixed signals	Agility

BANI (Jamais Cascio, 2020)	Meaning	Response
Brittle	Systems look strong but break suddenly	Resilience and capacity
Anxious	People feel helpless and fearful	Empathy and mindfulness
Non-linear	Small causes have large effects	Context and adaptability
Incomprehensible	Events defy explanation	Transparency and intuition

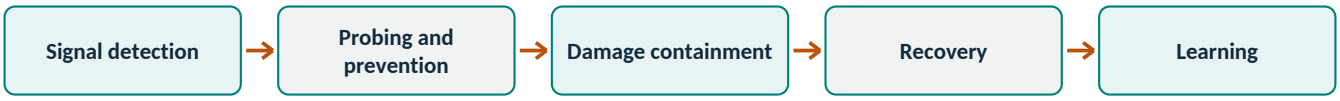
Exam tip

VUCA describes the environment; BANI adds the human and systemic fragility seen after events like the pandemic. VUCA is answered by vision, understanding, clarity and agility.

2. Four levels of uncertainty

Courtney, Kirkland and Viguerie (McKinsey, 1997) described four levels of residual uncertainty: **level 1**, a clear enough future (one forecast); **level 2**, alternative futures (a few discrete outcomes); **level 3**, a range of futures (outcomes along a continuum); and **level 4**, true ambiguity (no basis to forecast). Strategy moves from planning to scenarios to experiments as uncertainty rises.

3. Crisis management models



Mitroff's five-stage crisis management model.

Other models: the three-stage model (pre-crisis, crisis, post-crisis); Fink's four stages (prodromal, acute, chronic, resolution); and Coombs' situational crisis communication theory. Banks also follow business continuity planning (BCP) and RBI requirements on cyber security and incident reporting.

4. Roles of HR, leaders and employees

Who	Role in a crisis
Leaders	Take charge visibly, decide quickly, communicate honestly and often, show empathy, protect people first
HR	Employee safety and welfare, crisis communication to staff, flexible work and leave, counselling, staffing for critical functions, succession for key roles, learning review
Employees	Follow BCP, stay informed through official channels, support customers, raise risks early, look after each other

Crisis leadership qualities: calm, decisiveness with incomplete information, transparency, empathy, adaptability and the ability to learn quickly. Goleman's coercive (commanding) style can suit the first hours of a crisis, but should give way to authoritative and affiliative styles.

Worked case

Situation. Digital channels are down for 18 hours after a cyber attack. What should leaders and HR do?

How to work it. Activate the BCP and crisis team; give branches clear scripts and extended hours; deploy extra staff to busy branches; communicate with customers and staff every few hours; protect anxious staff from abuse and offer counselling; report the incident to RBI and CERT-In as required; and after recovery, run a lessons-learned review and update plans and training.

Key facts to remember

Fact	Detail
VUCA	Volatility, uncertainty, complexity, ambiguity; US Army War College
VUCA Prime	Vision, understanding, clarity, agility (Johansen)
BANI	Brittle, anxious, non-linear, incomprehensible (Cascio, 2020)
Four levels of uncertainty	Clear future, alternative futures, range of futures, true ambiguity
Mitroff	Five stages from signal detection to learning

Quick revision

Remember	In one line
VUCA	Volatile, uncertain, complex, ambiguous.
BANI	Brittle, anxious, non-linear, incomprehensible.
Level 4 uncertainty	True ambiguity.
Mitroff stage 1	Signal detection.
HR in crisis	Safety, communication, welfare, staffing.

Practice with explanations

01. In VUCA, "C" stands for:

A. Change	**B.** Complexity
C. Crisis	**D.** Control

Answer B. Complexity.

02. BANI was proposed by:

A. Bob Johansen	**B.** Jamais Cascio
C. Ian Mitroff	**D.** John Kotter

Answer B. Jamais Cascio, 2020.

03. The leadership answer to volatility in VUCA Prime is:

A. Agility	**B.** Vision
C. Clarity	**D.** Understanding

Answer B. Volatility is met by vision.

04. The first stage in Mitroff's crisis model is:

A. Recovery	**B.** Damage containment
C. Signal detection	**D.** Learning

Answer C. Signal detection.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module E).
- H. Courtney, J. Kirkland and P. Viguerie, Strategy under uncertainty, HBR, 1997.
- J. Cascio, Facing the Age of Chaos, 2020.
- B. Johansen, Leaders Make the Future, 2009.
- I. Mitroff, crisis management model.

MODULE E: EMERGING SCENARIO IN HRM

E06 Business Ethics, Corporate Governance and CSR

2%
CSR spend: average net profit of 3 years

Sec. 135
Companies Act, 2013

4
Carroll CSR layers

Board
independence, committees, disclosure

Start with the decision. A sales campaign offers branch staff a large bonus for insurance policies sold. Complaints of mis-selling to elderly customers rise. Is this an ethics problem, a governance problem or an HR problem? It is all three, and this chapter shows how they connect.

Business ethics applies moral principles to business decisions. **Corporate governance** is the system by which companies are directed and controlled (Cadbury Report, 1992). **Corporate social responsibility (CSR)** is a company's commitment to contribute to society beyond profit and legal duty.

1. Theories of business ethics

Theory	Test of a right action
Utilitarianism (Bentham, Mill)	Greatest good for the greatest number
Deontology (Kant)	Duty and rules; treat people as ends, not means
Virtue ethics (Aristotle)	What would a person of good character do?
Justice (Rawls)	Fairness; protect the least advantaged
Rights theory	Respect fundamental rights
Ethical relativism	Right and wrong depend on culture (criticised)

Areas of business ethics: HR (fair hiring, harassment, privacy), marketing (honest advertising, no mis-selling), finance (accurate accounts, insider trading), customers (fair treatment), environment and community. **Hedonism** holds that pleasure or happiness is the highest good; ethical egoism holds that people should act in their own interest. Characteristics of an ethical organisation: a clear code of conduct, leaders who model integrity, ethics training, safe reporting (whistle-blower policy), fair incentives and consistent enforcement.

2. Corporate governance

Best practice	Meaning
Board independence	Adequate independent directors; separate chair and CEO where possible
Board committees	Audit, nomination and remuneration, risk, stakeholders, CSR
Disclosure and transparency	Timely, accurate reporting to shareholders and regulators
Accountability	Management accountable to the board, board to shareholders
Fairness	Equal treatment of all shareholders, including minority
Risk management and internal control	Clear risk appetite, compliance and audit functions

Milestones: Cadbury Report (UK, 1992); Kumar Mangalam Birla Committee (SEBI, 1999, leading to Clause 49); Narayana Murthy Committee (2003); Companies Act, 2013; Uday Kotak Committee (2017); SEBI LODR Regulations, 2015. For banks, RBI's corporate governance directions cover board composition, committees, tenure of directors and CEO, and compensation. Ethical issues include conflicts of interest, related-party transactions, insider trading, window-dressing of accounts, and pressure to meet targets through mis-selling.

3. CSR models



Carroll's CSR pyramid (1991): economic at the base.

Other models: Friedman's view that the social responsibility of business is to increase profits within the rules (1970); stakeholder theory (Freeman, 1984); and creating shared value (Porter and Kramer, 2011), which links social progress to business strategy.

4. CSR in India

Section 135 of the Companies Act, 2013 applies to companies with net worth of ₹500 crore or more, or turnover of ₹1,000 crore or more, or net profit of ₹5 crore or more in the preceding financial year. They must form a CSR committee (or, where CSR spending obligation is up to ₹50 lakh, the board performs its functions) and spend at least **2% of average net profit of the preceding three financial years** on activities in Schedule VII (education, health, environment, rural development and others). Unspent amounts must be transferred to a Schedule VII fund or to an Unspent CSR Account for ongoing projects. Nationalised banks are not companies under the Act but carry out CSR under their own policies and government guidelines; private banks that are companies must comply with Section 135.

Worked case

Situation. Large bonuses for insurance sales led to mis-selling to elderly customers. How should the bank respond?

How to work it. Ethics: mis-selling breaches the duty of fair treatment. Governance: the board's risk and customer service committees should review incentive design and complaint data. HR: change incentives to include suitability checks and complaint ratios, claw back incentives on mis-sold policies, train staff on suitability, and take disciplinary action where rules were broken.

Key facts to remember

Fact	Detail
Corporate governance	Direction and control of companies (Cadbury, 1992)
CSR law	Section 135, Companies Act, 2013
CSR thresholds	₹500 cr net worth / ₹1,000 cr turnover / ₹5 cr net profit
CSR spend	2% of average net profit of preceding 3 years
Carroll pyramid	Economic, legal, ethical, philanthropic
Hedonism	Pleasure as the highest good

Quick revision

Remember	In one line
Utilitarianism	Greatest good of greatest number.
Deontology	Duty-based ethics (Kant).
Cadbury Report	1992, UK governance code.
CSR spend	2% of 3-year average net profit.
Carroll base	Economic responsibility.

Remember	In one line
Shared value	Porter and Kramer, 2011.

Practice with explanations

01. The minimum CSR spend under Section 135 is:

A. 1% of turnover	**B.** 2% of average net profit of the preceding three years
C. 5% of net worth	**D.** 2% of last year's revenue

Answer B. 2% of the three-year average net profit.

02. At the base of Carroll's CSR pyramid is:

A. Philanthropic	**B.** Ethical
C. Legal	**D.** Economic

Answer D. Economic responsibility is the foundation.

03. "Greatest good for the greatest number" is:

A. Deontology	**B.** Utilitarianism
C. Virtue ethics	**D.** Relativism

Answer B. Utilitarianism.

04. The Cadbury Report on corporate governance was published in:

A. 1987	**B.** 1992
C. 1999	**D.** 2003

Answer B. 1992.

05. Hedonism holds that the highest good is:

A. Duty	**B.** Pleasure or happiness
C. Justice	**D.** Virtue

Answer B. Pleasure or happiness.

Sources and dates used in this chapter

- IIBF, CAIIB Elective Rules and Syllabus 2026 (HRM, Module E).
- Companies Act, 2013, Section 135 and Schedule VII; Companies (CSR Policy) Rules, 2014 as amended.
- A. Carroll, The pyramid of CSR, 1991.
- Report of the Committee on the Financial Aspects of Corporate Governance (Cadbury), 1992.

APPENDIX: EXAM-REPEAT POINTS

APX 120 Exam-Repeat Points for HRM

120	5	90+	2026
one-line points to revise	modules covered	recalled topics checked	labour law position updated

Start with the decision. These are the points that keep returning in the CAIIB HRM paper. We checked candidate-recalled question lists from several sittings (older papers up to the 2025 cycle) and wrote one short, accurate point for each recurring topic. Read the list the evening before the exam.

How this list was made. Recalled-question lists published by coaching sites show the same themes again and again: Tuckman stages, Goleman's six styles, Kotter's eight steps, responsibility charting, tacit and explicit knowledge, Maslow, Herzberg, ERG, Reiss, goal-setting, domains and principles of learning, Honey and Mumford styles, training ROI, Shannon-Weaver, Johari window, body language, Six Sigma and quality circles, halo effect, talent management, zero attrition, trade union registration, social security and working-condition laws, strike notice, industrial democracy, VUCA, Generation C, green HRM and hedonism. Each point gives the current position and the chapter where it is explained.

Exam tip

Labour law questions now follow the four labour codes in force from 21 November 2025. If an option quotes an old Act, check whether it has been merged into a code.

Module A: Human resource management

No.	Point to remember	Ch.
1	HRM is broader than HRD; HRD is the capability-building part of HRM.	A01
2	Ulrich's four HR roles: strategic partner, change agent, employee champion, administrative expert.	A01
3	Operative HR functions: procurement, development, compensation, integration, maintenance.	A01
4	Organic structure: flat, flexible, decentralised, cross-functional teams. Mechanistic: rigid hierarchy and rules.	A02
5	Tuckman: forming, storming, norming, performing, adjourning. Norming = roles and rules agreed.	A02
6	Goleman's six styles: coercive, authoritative, affiliative, democratic, pacesetting, coaching.	A02
7	Authoritative (visionary) style has the most positive effect on climate; coercive and pacesetting the most negative when overused.	A02
8	Transformational leadership: idealised influence, inspirational motivation, intellectual stimulation, individualised consideration.	A02
9	Blake and Mouton 9,9 = team management; 1,9 = country club; 9,1 = task (authority-compliance).	A02
10	Halo effect: one good trait colours the whole judgement. Horns effect: one bad trait does.	A02
11	Six Sigma: 3.4 defects per million opportunities; Motorola 1986; DMAIC = define, measure, analyse, improve, control.	A02
12	Quality circle: small group of staff from the same work area meeting voluntarily to solve work problems (Ishikawa).	A02
13	TQM: organisation-wide continuous improvement and customer focus (Deming, Juran, Crosby).	A02
14	Groupthink (Janis): desire for agreement overrides critical thinking.	A02
15	Selye's General Adaptation Syndrome: alarm, resistance, exhaustion. Eustress is positive stress.	A02
16	Lewin: unfreeze, change, refreeze; force-field analysis of driving and restraining forces.	A03
17	Kotter's first step: establish a sense of urgency; last step: anchor the change in culture.	A03

No.	Point to remember	Ch.
18	Kotter's eight steps: urgency, coalition, vision, communicate, empower, short-term wins, consolidate, anchor.	A03
19	The chief insecurity of most staff in change management is change itself.	A03
20	Responsibility charting is the foundation for strong delegation (RACI: responsible, accountable, consulted, informed).	A03
21	In BPR, diagnosis means studying the existing process in depth to find problems and root causes before redesign.	A03
22	ADKAR: awareness, desire, knowledge, ability, reinforcement.	A03
23	Bank award staff wages are settled through bipartite settlements between IBA and unions; officers through joint notes.	A04
24	Khandelwal Committee (2010) on HR in public sector banks; FSIB replaced the Banks Board Bureau in 2022.	A04
25	Two types of knowledge: tacit (in people) and explicit (documented).	A05
26	SECI (Nonaka and Takeuchi): socialisation, externalisation, combination, internalisation.	A05
27	Online discussion forums, online conferencing and communities of practice are knowledge management tools.	A05
28	DIKW pyramid: data, information, knowledge, wisdom.	A05

Module B: Building an HR strategy

No.	Point to remember	Ch.
29	Strategic HRM aligns HR practices with business strategy (vertical fit); HR practices that support each other show horizontal fit.	B01
30	Factor analysis reduces many variables to a few underlying factors (e.g. drivers of engagement).	B01
31	Resource-based view (Barney): VRIO resources give lasting advantage.	B01
32	HR scorecard: Becker, Huselid and Ulrich.	B01
33	Talent management: attract, identify, develop, deploy and retain people of high value.	B02
34	9-box grid plots performance against potential.	B02
35	Succession planning develops a pool for key roles; replacement planning names a substitute.	B02
36	Job family model: similar jobs grouped with career ladders, competencies and pay bands.	B02
37	HR audit: systematic review of HR policies, practices and results.	B02
38	Shannon-Weaver (1949): linear model; source, transmitter, channel, receiver, destination; noise distorts.	B03
39	Berlo's model: SMCR (source, message, channel, receiver).	B03
40	Johari window: open, blind, hidden, unknown. Feedback reduces the blind area; self-disclosure reduces the hidden area.	B03
41	Body language = kinesics; personal space = proxemics; tone and pitch = paralanguage.	B03
42	Mehrabian: 55% body, 38% tone, 7% words, only when feelings are communicated and signals conflict.	B03
43	Grapevine is informal communication; the cluster chain is its most common pattern (Keith Davis).	B03
44	Diagonal communication crosses both levels and departments.	B03
45	HR planning: forecast demand, forecast supply, close the gap.	B04
46	External factors in demand forecasting: economy, competition, technology, regulation, new business.	B04
47	Delphi technique: rounds of anonymous expert opinion. Markov analysis: probabilities of moving between jobs.	B04
48	Recruitment is positive (attracts); selection is negative (rejects).	B04
49	External recruitment brings new ideas but can lower morale of existing staff; internal recruitment motivates but limits new ideas.	B04
50	Attrition rate = leavers / average headcount x 100. Zero attrition is unrealistic and may mean stagnation.	B04
51	Mandatory leave and staff rotation in sensitive posts are fraud-risk controls.	B04

No.	Point to remember	Ch.
52	MBO was introduced by Peter Drucker (1954).	B05
53	360-degree feedback: boss, peers, subordinates, customers and self; best for development.	B05
54	Central tendency error: rating everyone average.	B05
55	Functional competency: job-specific knowledge and skill. Iceberg model: motives and traits are below the surface.	B05
56	KRAs should be SMART: specific, measurable, achievable, relevant, time-bound.	B05

Module C: Motivation, training and skill development

No.	Point to remember	Ch.
57	Hawthorne studies (Elton Mayo): social factors and attention affect productivity.	C01
58	McGregor: Theory X (people avoid work) and Theory Y (people seek responsibility).	C01
59	Classical conditioning: Pavlov. Operant conditioning: Skinner. Social learning: Bandura.	C01
60	Three domains of learning: cognitive, affective, psychomotor.	C01
61	Psychomotor domain covers physical skills: coordination, manipulation, speed and precision.	C01
62	Principles of learning: readiness, exercise, effect, primacy, recency, intensity.	C01
63	Honey and Mumford: activist, reflector, theorist, pragmatist.	C01
64	Kolb's cycle: concrete experience, reflective observation, abstract conceptualisation, active experimentation.	C01
65	Adult learning (Knowles): self-directed, experience-based, problem-centred, internally motivated.	C01
66	Augmented learning: the learning environment adapts as the learner interacts with it.	C01
67	Perception: selecting, organising and interpreting information.	C01
68	Motivation can be intrinsic or extrinsic (also positive or negative).	C02
69	The lowest need in Maslow's hierarchy is physiological.	C02
70	Herzberg: recognition is a motivator, not a hygiene factor; salary and policy are hygiene factors.	C02
71	ERG (Alderfer): existence, relatedness, growth; frustration-regression.	C02
72	McClelland: needs for achievement, affiliation and power.	C02
73	Reiss: 16 basic desires. Status = the need for social standing and importance.	C02
74	Goal efficiency is affected by specificity, difficulty and proximity (Locke).	C02
75	Vroom: motivation = expectancy x instrumentality x valence.	C02
76	Adams: equity theory compares output/input ratios with others.	C02
77	Job enrichment = vertical loading; job enlargement = horizontal loading; job rotation = moving across jobs.	C02
78	Training needs analysis levels: organisational, task, person (McGehee and Thayer).	C03
79	Kirkpatrick: reaction, learning, behaviour, results. Phillips added ROI as level 5.	C03
80	Training is for the present job; development is for future roles.	C03
81	70-20-10: learning from experience, from others, from courses.	C03
82	Senge's five disciplines; systems thinking is the fifth discipline.	C04
83	Training ROI = (benefits - costs) / costs x 100.	C04
84	Training for the new generation should be short, entertaining and interactive, and allow freedom.	C04
85	Vestibule training uses a replica of the workplace; in-basket exercises test prioritising.	C04

Module D: Personnel management and industrial relations

No.	Point to remember	Ch.
86	Four labour codes in force from 21 November 2025, replacing 29 central laws.	D01
87	IR Code merges the Trade Unions Act 1926, Standing Orders Act 1946 and Industrial Disputes Act 1947.	D01
88	Strike notice: strike only after 14 days from notice and within 60 days; never during conciliation.	D01
89	Mass casual leave by 50% or more workers on a day is treated as a strike.	D01
90	Sole negotiating union needs 51% support; otherwise a negotiating council.	D01
91	Standing orders and retrenchment permission thresholds: 300 workers.	D01
92	Social security laws (now in the code): ESI, EPF, Maternity Benefit, Gratuity, Employees' Compensation. The Trade Unions Act is not one.	D01
93	Working-condition laws: Factories Act, Shops and Establishments Acts, Contract Labour Act, Mines Act (now mostly in the OSH Code).	D01
94	Gratuity: 15 days' wages per completed year of service; ceiling ₹20 lakh.	D01
95	Registration gives a trade union legal status and immunities. At least 7 members are needed to apply.	D02
96	First organised union: Madras Labour Union, 1918. AITUC: 1920.	D02
97	AIBEA (1946) is the oldest all-India bank employees' union; UFBU is the umbrella of nine bank unions.	D02
98	First bipartite settlement in banking: 1966. 12th bipartite settlement: 8 March 2024.	D02
99	Integrative bargaining is win-win; distributive bargaining is win-lose.	D02
100	Industrial democracy: workers' voice in decisions through unions, bargaining and participation.	D02
101	Grievance: any dissatisfaction, real or imagined, connected with work.	D03
102	IR Code Grievance Redressal Committee: establishments with 20+ workers; up to 10 members.	D03
103	Thomas-Kilmann: competing, collaborating, compromising, avoiding, accommodating.	D03
104	Article 43A (42nd Amendment, 1976) directs workers' participation in management.	D04
105	Lowest level of participation: information sharing; highest: self-management.	D04
106	Nationalised bank boards have a workman employee director and an officer employee director.	D04
107	Hot stove rule of discipline: immediate, warned, consistent, impersonal.	D05
108	Natural justice: audi alteram partem (hear the other side); nemo judex in causa sua.	D05
109	Suspension pending enquiry is not a penalty; subsistence allowance is paid.	D05
110	POSH Act, 2013: Internal Committee for 10+ employees; complaint within 3 months; inquiry in 90 days.	D05
111	POSH IC: presiding officer a senior woman; at least half women; one external member.	D05
112	CVC is statutory under the CVC Act, 2003; CVOs run vigilance in public sector banks.	D05

Module E: Emerging scenario in HRM

No.	Point to remember	Ch.
113	Engagement (Kahn): physical, cognitive and emotional involvement in work.	E01
114	Generation C = the connected generation, of any age. Gig and platform workers are recognised in the Code on Social Security, 2020.	E01
115	Creativity is generating ideas; innovation is implementing them. Wallas: preparation, incubation, illumination, verification.	E02
116	Schein's culture levels: artefacts, espoused values, basic assumptions.	E02
117	Green HRM: HR practices that support environmental goals; triple bottom line = people, planet, profit.	E03
118	Analytics levels: descriptive, diagnostic, predictive, prescriptive. A metric (like attrition rate) is not analytics by itself.	E04

No.	Point to remember	Ch.
119	VUCA: volatility, uncertainty, complexity, ambiguity; BANI: brittle, anxious, non-linear, incomprehensible.	E05
120	Hedonism: pleasure as the highest good. CSR: 2% of average net profit of the preceding 3 years (Section 135).	E06

Check before use. Legal positions change. Labour code rules are still being notified by states for some provisions. Bank-specific rules (bipartite settlements, discipline regulations) prevail for bank staff. For the exam, IIBF considers developments up to its published cut-off date for that sitting.

Quick revision

Remember	In one line
Most-asked areas	Leadership styles, group stages, motivation theories, learning, communication models, change, IR law.
Biggest recent change	Four labour codes in force from 21 November 2025.
Trap to avoid	Recognition is a motivator, not hygiene.

Practice with explanations

01. Which is NOT a hygiene factor?

A. Salary **B.** Recognition
C. Company policy **D.** Job security

Answer B. Recognition is a motivator.

02. In Tuckman's model, conflict over roles happens at:

A. Forming **B.** Storming
C. Norming **D.** Adjourning

Answer B. Storming.

03. The minimum waiting period after a strike notice under the IR Code is:

A. 7 days **B.** 14 days
C. 30 days **D.** 60 days

Answer B. 14 days.

04. The 16 basic desires theory is by:

A. Maslow **B.** Reiss
C. Herzberg **D.** Alderfer

Answer B. Steven Reiss.

05. Communities of practice are a tool of:

A. Grievance redressal **B.** Knowledge management
C. Collective bargaining **D.** Job evaluation

Answer B. Knowledge management.

Sources and dates used in this chapter

- Candidate-recalled topic lists: learningsessions.in (CAIIB HRM recollected questions); iibfadda4u.blogspot.com (CAIIB HRM recollected questions); Physics Wallah, CAIIB HRM exam analysis 2025.
- IIBF, CAIIB Elective Rules and Syllabus 2026.
- Each point: the sources listed at the end of the chapter shown in the last column.

Continue learning with Clerk2Officer

Revise the quick-revision tables, then attempt the practice questions again without looking at the answers.

Free JAIIB and CAIIB chapters, mock tests and banking updates: **www.clerk2officer.com**

Questions or corrections: **info@clerk2officer.com**

Clerk2Officer books are educational. They do not replace the labour codes and rules, the POSH Act, bipartite settlements, your bank's service regulations or its HR circulars. Figures and legal positions are as of the dates stated in each chapter.