INDIAN BANKS: BUILDING RESILIENCE THROUGH ADVERSITY QUOTIENT IN THE
GLOBAL BEST HR PRACTICES

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ABSTRACT

The old-fashioned Indian banking system has its roots penetrated right from the nineteenth century. The character and structure of the system changed substantially ever since the major banks were nationalized in 1969. Banking was concentrated in urban areas, prior to nationalization it gave a clear picturesque view that a better banking system was very much needed to promote the economic goals of the country. The banking sector in India is an integral part of country’s financial services industry and they have started realizing the need for a strong human resource orientation for their survival in the face of the rapid changing global environment and competition. After nationalization, there was a new change seen in the recruitment policy as the banks opened their doors to everyone no matter what educational background, gender, family status, community, caste, or religion the candidates belonged too. Recruitment was more planned on a systematic basis, where candidates merit was assessed by aptitude tests conducted by an external agency in a relatively impartial manner. Both the private and public sectors majorly rely on pre-employment tests which have aptitude and personality tests as the most effective method to measure candidates right fit or match for a position they have applied for. Finding the best person for a job in the banking sector is difficult, especially in today’s economy. Hiring superior employees with desired skill sets ensures that your organization has the talent on board that it needs to succeed in accomplishing the organization’s mission and vision, and
attaining long term profitability. The Adversity Quotient Profile one of the HR Practice helps to hire the most resilient people for Indian Banks. It is used immediately to identify those who will and can deliver their best every day, even in the most demanding circumstances. It helps in finding out who will be effective, accountable, proactive, self-directed, creative, self motivated and innovative when put under tremendous work pressure. This Paper Aims to edify about AQ and bring out the highlights of AQ as a best HR Global Practice as there is a pressing need to develop work practices which encourage efficiency of Banking Sector.

**Keywords:** HR Practice, Adversity Quotient, Resilience, Strategy, Hiring, Indian Banks.

**Introduction**

Indian Banking Industry in India works under the umbrella of RBI, who is the prime regulatory body, the Apex Central Bank. Banking Industry has two major categories Commercial Banks and Co-operative Banks. The commercial banking setup primarily consists of the Scheduled Commercial Banks and the Unscheduled Bank. Under the Scheduled commercial Banks only those banks are included who satisfy the criteria laid down vide section 42 (60) of the Second Schedule of Reserve Bank of India (RBI) Act, 1934. There are some exceptional co-operative banks which are also scheduled commercial banks. There are benefits by being a part of the second schedule like access to accommodation by RBI during the times of liquidity constraints and also certain conditions and obligations has to be fulfilled by banks towards the reserve regulations of RBI. The RBI categorizes the banks for the very purpose of assessment of their performances into public sector banks, old and new private sector banks and foreign banks.

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Nationalized Banks</th>
<th>Old Private Sector Banks</th>
<th>New Private Sector Banks</th>
<th>Foreign Banks</th>
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<tr>
<td>1</td>
<td>Allahabad Bank</td>
<td>Catholic Syrian Bank</td>
<td>Axis Bank</td>
<td>Abu Dhabi Commercial Bank</td>
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<td>2</td>
<td>Andhra Bank</td>
<td>City Union Bank</td>
<td>Development Credit Bank</td>
<td>American Express Bank</td>
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<td>3</td>
<td>Bank of Baroda</td>
<td>Dhanalakshmi Bank</td>
<td>HDFC Bank</td>
<td>Bank International Indonesia</td>
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<td>4</td>
<td>Bank of India</td>
<td>Federal Bank</td>
<td>ICICI Bank</td>
<td>Bank of America NA</td>
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<td>5</td>
<td>Bank of Maharashtra</td>
<td>ING Vysya Bank</td>
<td>IndusInd</td>
<td>Bank of Ceylon</td>
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<td>7</td>
<td>Central Bank of India</td>
<td>Karnataka Bank</td>
<td>Yes Bank</td>
<td>Bank of Tokyo Mitsubishi UFJ</td>
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<td>8</td>
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<td>9</td>
<td>Den Bank</td>
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<td>Nainital Bank</td>
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<td>Indian Bank</td>
<td>Ratnakar Bank</td>
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<td>Chinatrust Commercial Bank</td>
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<td>Indian Overseas Bank</td>
<td>SBI Commercial and International</td>
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<td>Citibank N A</td>
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<td>13</td>
<td>Oriental Bank of Commerce</td>
<td>South Indian Bank</td>
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<td>DBS Bank</td>
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<td>14</td>
<td>Punjab and Sind Bank</td>
<td>Tamilnadu Mercantile Bank</td>
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<td>Deutsche Bank AG</td>
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<td>15</td>
<td>Punjab National Bank</td>
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<td>HSBC</td>
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<tr>
<td>16</td>
<td>Syndicate Bank</td>
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<td>JPMorgan Chase Bank</td>
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Source: http://finance.indiamart.com/investment_in India/scheduled commercial_banks.html

Table 1: List of Scheduled Commercial Banks Operating in India

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<th>Name</th>
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<tr>
<td>17</td>
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<td>Krung Thai Bank</td>
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<td>Union Bank of India</td>
<td>Mashreq Bank PSC</td>
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<td>United Bank of India</td>
<td>Mizuho Corporate Bank</td>
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<tr>
<td>20</td>
<td>Vijaya Bank</td>
<td>Royal Bank of Scotland</td>
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<tr>
<td>21</td>
<td>State Bank of Bikaner and Jaipur</td>
<td>Shinhan Bank</td>
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<tr>
<td>22</td>
<td>State Bank of Hyderabad</td>
<td>Societe Generale</td>
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<td>State Bank of Mumbai</td>
<td>Sonali Bank</td>
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<td>24</td>
<td>State Bank of Mysore</td>
<td>Standard Chartered Bank</td>
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<td>State Bank of Patiyala</td>
<td>State Bank of Mauritius</td>
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<td>State Bank of Travancore</td>
<td>UBS</td>
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<tr>
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<td></td>
<td>VTB</td>
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Review of Literature

The first book Adversity Quotient: Turning Obstacles into Opportunities elaborates the concepts of adversity response and adversity quotient as well as its dimensions. The theories on which AQ is based are explained and an analogy with mountaineers facing severe physical and naturally caused adversity on mountains is explained in great detail. All of these form the background on which this research is based. The book provides a version of the tool prepared to measure AQ along with a user’s manual and an interpretation of scores on total AQ and its four CORE dimensions. The last part of the book provides a sequence of strategies (The LEAD sequence) which can be practiced to improve one’s AQ level and move from quitting to camping to climbing. The sequence can also be used to help others improve their AQ and in creating a climbing culture in an organization. The steps in the LEAD sequence include Listening to your adversity response, Exploring all origins of the adversity and establishing ownership and responsibility for finding a solution to the problem, Analysing the evidence to understand your own reactions with respect to the dimensions and Doing something to gain control, limit the reach of the adversity and how long you allow it to endure. The author recommends doing this every time one faces an adversity, so that by force of habit one is led to continuously improve AQ.

Siebert (2005) defines resiliency as the ability to adapt to life’s changes & crises. It is the key to a healthy and productive life. Siebert believes that there is a science of resiliency and his research explains how and why some people are more resilient than others & how resilience can be learnt at any age. Siebert’s book The Resiliency Advantage details five levels of resiliency and provides a programme of activities to increase resilience. The character traits at the two ends of the continuum that is resilience vs. vulnerability, such as resisting change vs. embracing change, acting morally vs. living morally, emotional stupidity vs. emotional intelligence, following role instructions vs. being an author of one’s life story etc., are listed and the path to bringing about that transformation is charted out. The author relies extensively on a reflective approach in the activities suggested.

The second of Stoltz’s books Adversity Quotient @ Work is a take-off from the first. It is more specific to the application of the concepts of AQ to the work place. A basic change is in the definition
of the second dimension. Where earlier it was defined as Origin and ownership and written as O the two are now combined and it is referred to merely as ownership. The definition is now changed to the extent to which you take it upon yourself to improve the situation at hand regardless of the cause. This is the definition adopted in this research. The author provides a tool to measure the adversity quotient of an individual as well as of his team. This provides a picture of the organizational operating system and gives an idea of how the team and organization is handling adversity. The author then relates this to the quitters, campers and climbers in the mountain analogy explained in the first book. The tool Adversity Response Profile and its interpretation along with examples of real people with high and low adversity quotient and their reactions to adversity. He contends that persons with low AQ may be able to perform with a certain measure of success, but in the face of severe adversity the price they pay is too high. A higher AQ would help them weather the inevitable storms more easily. He makes a case for an intervention programme to develop AQ. The author then provides a more thorough explanation of high and low scores on each of the dimensions and how the limitations can be overcome. The author recommends a continuous programme to improve one’s response ability and suggests entering a climbing school. The focus of the climbing school is to improve one’s AQ, one’s response ability and the overall culture of the organization. It emphasizes improving the CORE dimensions through use of an abbreviated version of the LEAD sequence and some newer methods and strategies. The climbing school operates at two levels. The first level aims at bringing about an awareness of the CORE dimensions. The second level uses the LEAD sequence as its strategy. Finally, it suggests how this sequence can be used by organizations to help nurture climbing and climbers. The book concludes by explaining how the concepts can be used at various levels and in various tasks within organizations.

Viscott (1996) in his book on Emotional Resilience deals with the bouncing back from an emotional setback. While one’s work and career may take up most of one’s time, it is relationships that take up most of one’s life. Interpersonal relations and the emotions attached to them can have the deepest influence and endure for the longest when they disturb a person’s emotional equilibrium. What one then needs is emotional resilience. The book guides one through the process of natural therapy so that one can deal better with the adversity. On the face of it the book appears to be meant for psychotherapists.

The fact however that is any adversity affects one’s emotions as every adversity has a feeling component and it is this effect which lasts for a long time in the form of anxiety, causing dysfunctionality when it diffuses to other areas of his life. Thus, when emotional resilience is taken care off then general resilience will automatically improve as well. The book is a detailed account of how one can help oneself out of an emotional trauma and back to emotional mental health. Reivich and Shatte (2002) (vice-presidents for research and development at Adaptive Learning Systems which offers Resilience Training) in their book The Resiliency Factor -7 Keys to Finding your Inner Strength and Overcoming Life’s Hurdles based on their research over fifteen years, outline the seven skills required, to becoming resilient. They emphasize that it is not what happens to a person but how he reacts to it that affects the trajectory of their life. This book provides information of a test to measure RQ (Resilience Quotient) and reaffirms that RQ can be increased.

The seven skills for resilience, according to Reivisch and Shatte are:

1. Emotion regulation
2. Impulse control
3. Causal analysis
4. Optimism
5. Empathy
6. Self efficacy
7. Reaching out
This book acts as a guide to master and measure these seven skills. It provides exercises for practice and opportunities for reflection, to hone these skills. The authors help one understand one’s own thinking style and propose that resilience can be increased by learning to circumvent a faulty thinking style and become more realistic in assessing what the adversity is does to one. Wolin and Wolin in their book *The Resilient Self* (1993) give a description of resilient individuals and resilient. Resilient Individuals (Those who survived childhood adversities) shows:

1. Insight (awareness of dysfunction)
2. Independence (distancing self from troubles)
3. Relationships (supportive connections with others)
4. Initiative (self/other-help actions)
5. Creativity (self-expression, transformation)
6. Humor (re-framing in a less threatening key) and
7. Morality (justice and compassion rather than revenge).

Resilient Families (Families that cope well under stress) exhibit

1. Commitment
2. Cohesion
3. Adaptability
4. Communication
5. Spirituality
6. Conceitedness
7. Effective Resource Management and
8. Coherence

They create a climate of optimism, resourcefulness and nurturing which parallels the traits of resilient individuals.

**Dimensions of Adversity Quotient**

Adversity quotient encompasses four dimensions which exactly measures the AQ of an individual. They are control, origin and ownership, reach, and endurance embodied in the acronym CO2RE. C stands for control over an adverse event. People who respond to adversity as temporary, external and limited have optimistic explanatory styles and tend to enjoy life’s benefits. With perceived control, hope and action are turned to reality or learned helplessness shall pass. The more control one has, the more likely one has to take positive action. O2 denotes origin and ownership. The first O stands for origin and has something to do with blame. Blame has two functions which help one to learn from and adjust behavior causing improvement. This blame leads to guilt obliging one to search own soul and weigh the way one might have hurt others. The feeling of guilt is a powerful motivator when used properly for it can help heal real, perceived or potential damaged to an important relationship. Too much blame can be demoralizing and destructive which can destroy ones energy, hope, self worth and immune system leading one to decide to quit. It is indicative of the level to which one or an external entity is the origin of the event, and to what degree one owns the outcomes. Those with lower AQ scores tend to blame themselves.

Higher scores tend to properly place responsibility, and therefore also have high self-worth. An individual having low AQ blame oneself for bad events, but with higher AQ an individual learn one’s behavior to become smarter, better and more effective the next time similar situation is encountered. The other O means ownership that reflects accountability. This answers the degree of owning the outcomes of adversity whether good or bad. High AQ people enhance their accountability to control, empower and motivate action while low AQ people disown the problem causing failure to act, give-up,
point fingers, reduced performance and angers at others and many more negative actions. Owning the outcome reflects accountability for achieving a specific result in response to a problem. High scores tend to accept responsibility for creating a specific outcome regardless of the causes. R stands for reach evaluating how far the adversity gets into the areas of one’s life. Low AQ response allow adversity to affect other aspect of one’s life leading to financial panic, sleeplessness, bitterness, distancing self from others and poor decision making. But with high R-score one may limit the reach of the problem to the event at hand. A misunderstanding relationship is one misunderstanding although painful and not a sign that life is falling apart. E means endurance responding to the time adversities last. Attribution theory of Peterson & Seligman et al (1993) indicated that there is a dramatic difference between people who attribute adversity to something temporary versus something more permanent or enduring. Applying this theory, people who see their ability as the cause of failure (stable cause) are less likely to continue than people who attribute failure to their effort (a temporary cause).

AQ Instrument

The adversity quotient of an individual plays an ever greater role in reacting to adversities being dealt with greater uncertainty, demands, challenges, changes and complication. Individual’s AQ can be both measured and improved from these elements which can determines whether he/she can stand strong and true, continue to grow when faced with adversity or if he/she will be crippled or destroyed. AQ is the foundational factor of success that can determine the ‘how’, ‘if’, and ‘to what’ degree of attitudes, abilities and performance are manifested by a person. As posited by advocates of adversity quotient the above cited gap could be resolved by upgrading one’s capacity through strengthening one’s adversity quotient. When used properly AQ is a vital piece of any effort to strengthen leaders and their ability to thrive in this demanding work environment. Stoltz (1997) has developed an assessment instrument that is similar in form and format to the Myers Briggs Time Indicator (MBTI) and it assesses AQ. The AQ scores fall into three broad bands, with an expected normal distribution, Low AQ characteristics (low levels of motivation, energy, performance and persistence and the tendency to ‘catastrophize’ events), Moderate AQ characteristics (under utilization of potential, problems take a significant and unnecessary toll, making climbing difficult, and a sense of helplessness and despair arises from time to time), High AQ characteristics (able to withstand significant adversity, continue forward and upward progress and maintains appropriate perspective on events and responses to them).

The Building Blocks of AQ

One has to know the intricacies of AQ and what is the magic formula that helps employees to perform efficiently and effectively keeping all sorts of burn outs intact, the three factors are:-

- **Cognitive Psychology** - One’s ability to deal with adversity influences all aspects of performance and success
- **Neurophysiology** - The brain is equipped to form habits. Those habits can be changed or formed to overcome adversity
- **Psychoneuroimmunology** - There is a direct link with how we mentally deal with stress and our physical health and wellness

Significance of HRM in Banking

Human Resource Management is essential for banks because banking being a part of service industry and people business needs to focus on management of people and risks associated managing both determines the success of the banking business. As efficient risk management is impossible without competent manpower banks must try to discriminate themselves by creating their own niches or images with transparency which will lead to a high level of competitiveness. In coming days the very
survival of the banks would depend on high level of customer satisfaction and those who do not meet the customer expectations will fall out of competition. Banks must inculcate the core values in their HR policy so as to attract and retain customer segments. It should have definite values which are sound, reliable, cross cultural setup, innovative, Indian and international, closely knit, corporate social responsibility etc which need to be specified through concrete actions on the real ground and it would be the bank’s human resource that would deliver output. The common complaint among bank executives is that skilled manpower is becoming scarce both in quality and quantity and this resource which is in short supply needs to be properly managed for handling various HRM activities and for the overall benefit of society. The entire spectrum of HR practice needs revolutionary changes if the banks have to survive with positive discrimination when dealing with people as today maintaining and managing the people is the key challenge. Employment screening should be an integral part of banks HR policies, practices and procedures for the recruitment of employees. Robust employment screening tool like Adversity Quotient Profiling will ensure that processes are consistent, fair and efficient which maintain an organizations reputation and reduce the risk of business description or financial losses. It helps to decide on the levels of screening that are appropriate for different posts. To add on to it the other HR Practices can be promptly practiced to enhance the Indian banks productivity and efficiency altogether to be successful in today’s competitive scenario.

Figure 1: Indicates the Best Practices of Human Resources in Successful Organizations
Source: www.hainescentre.com

1. Acquiring a talented workforce

High potentials consistently and significantly outperform their peer groups in a variety of settings and circumstances. While achieving these superior levels of performance, they exhibit behaviors that reflect their company’s culture and values in an exemplary manner. Moreover, they show a strong capacity to grow and succeed throughout their careers within an organization more quickly and effectively than their peer groups do. Competence is the baseline quality for high performance and employees also need to prove their credibility by building trust and confidence among their colleagues and thereby influencing a wide array of stakeholders.
2. Engaging the workforce

It is the time to think holistically about company’s work environment and consider what you can do to create passion, engagement, and commitment. There are five elements which drive a highly engaged workforce:

- The work itself
- The management environment
- The flexibility and inclusion of the workplace
- People’s ability to learn and grow and
- Trust and meaning from leadership.

3. Building high performance teams

In this group of people with specific roles and complementary talents and skills, aligned with and committed to a common purpose that consistently show high levels of collaboration and innovation to produce superior results. The high performance team is regarded as tight-knit, focused on their goals where team members are so devoted to their purpose that they will surmount any barrier to achieve the team’s goals.

4. Creating a learning organization

Organization acquires knowledge and innovates fast enough to survive and thrive in a rapidly changing environment. Learning organizations create a culture that encourages and supports continuous employee learning, critical thinking, and risk taking with new ideas, allow mistakes, and value employee contributions, learn from experience and experiment, and disseminate the new knowledge throughout the organization for incorporation into day-to-day activities.

5. Creating cultural change

Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

6. Collaborating with stakeholders

Stakeholders must be able to work together as a group to create quality strategic plans and implement the plans effectively as they need to develop effective and open two-way communication channels with stakeholders as collaborative relationships work best when communications are clear, timely and meaningful.

Conclusions

AQ is exceptionally robust as it can be validly and reliably measured for a broad range of contexts and purpose. AQ is scientifically grounded and it is based on the landmark breakthroughs in eight foundational sciences, drawing from more than 1,500 studies over 37 years and from applications with more than 5,00,000 people worldwide. AQ can be permanently rewired and improved as we see groups that complete AQ programs improve their AQ’s 11 to 23 percent, on average a statistically significant gain and these gains stick over time. AQ is flexible because it can be easily adapted to a broad range of uses and enterprises. The AQ Profile is the most robust instrument in existence for
assessing resilience, the capacity to respond constructively to adversity and challenges of all sorts. AQ is the most scientifically robust and widely used method in the world for measuring and strengthening human resilience. Top leaders, industry leading companies, and governments worldwide use AQ to enhance or transform the following attributes to an increasing level like Performance, Productivity, Innovation, Agility, Change, Pace, Problem solving, Optimism, Engagement, Morale, Retention, Energy, Hiring, Development, Coaching, People, Leadership and Culture. Although we have seen the best HR practices required for banks AQ and Resilience through AQ stands as a Global best practice.

References