The Modern Drift: Significance of Adversity Quotient and Challenges faced by the Indian Banking Sector

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Abstract

Banking and finance is one among the industries that require high intellect, is growing faster than ever before. The overall industrial and economic development has changed its usual mode of functioning by finding their ways through various banking and finance institutions for a large number of reasons. It is the hub of all the commercial activities and is the basis of every business. Organizations have to cater to the demands of this challenging and interesting vast sector. In today’s scenario, 97% of employers prefer skill set in the people they hire and look for employees with high resiliency as they generally tend to perform better and work more effectively thereby showing tenacity, agility, intention to earn more and win promotion quickly by turning themselves as efficient employees whom the organization wants to retain. This paper aims to introduce the significance of Adversity Quotient in employees and understand the prevailing challenges faced by Indian Banking Sector with regard to modernization.

Keywords: Adversity Quotient, Challenges, Banks, Employees, Opportunities, Modernization

Introduction

Adversity Quotient or AQ is the science of human resilience, people who successfully apply AQ perform optimally in the face of adversity the challenges big and small that confront us each day. Dr. Paul Stoltz, has introduced the concept of Adversity Quotient. According to him Adversity Quotient or AQ is the ability to handle adverse situations. He states, AQ, measures a person’s ability to prevail in face of adversity and this AQ can be increased thereby giving a permanent boost for your ability to survive in crisis and finally succeed. In fact, one not only learns from these challenges but they also respond to them better and faster. According to Stoltz, “AQ is about, what it takes to get things done in highly demanding times. Adversity Quotient is a scientifically grounded theory that describes measures and strengthens, how people respond to the full range of adversities that now comprise a typical day”. Drawing from three major sciences: Cognitive Psychology,
Psychoneuroimmunology and Neurophysiology, Adversity Quotient embodies two essential components of any practical concept scientific theory and real world application. The work done on AQ builds upon the landmark research of dozens of top scholars and more than 500 studies from around the world. As a result of 19 years of research and 10 years of application, AQ is a major breakthrough in understanding of what it takes to succeed. Thus, according to Stoltz, success in work and in life is largely determined by adversity Quotient. AQ takes three forms say First, AQ is a new conceptual framework for understanding and enhancing all facets of success based on research it offers a practical, new combination of knowledge that redefines what it takes to succeed. Second, AQ is a measure of how one responds to adversity it provides to measure, understand and change one’s response to adversity. Finally, AQ is a scientifically grounded set of tools for improving how one responds to adversity.

AQ is comprised of four CO2RE dimensions. CO2RE is an acronym for the four dimensions of AQ. They can be described as follows:

**C**: C stands for ‘control’. It is the perception of the degree of control one has over an adverse event. Control begins with the perception that something, anything can be done.

**O2**: O2 stands for ‘origin and ownership’. It is the extent to which a person holds himself or herself accountable for improving a situation.

**R**: R stands for ‘reach’. It is the perception of how large or far reaching events will be.

**E**: E stands for ‘endurance’. It is the perception of time over which good or bad events and their consequences will last or endure. These four dimensions determine one’s overall AQ.

**Review of Literature**

A hermeneutic phenomenological study investigating the possible relationship or impact that adversity, obstacle and challenges had on shaping and development of prominent leaders was conducted by Haller (2005). He discovered that prior to becoming prominent leaders of the nine chosen primary respondents they have experienced various degrees of adversities in their youth and adult lives. The study revealed that adversity in the early lives of the participants was not the most important factor in shaping a leader but how they viewed obstacles or events in adult lives as opportunities disguised as challenges. Several qualities of a leader emerged relative to what most shaped the participants as leaders and becoming successful and these were the adversity in the participants early lives was not the most important influence, they viewed the obstacles in their adult lives as disguised challenges, overcoming these challenges strengthens leaders, mentors were very important in their lives and help become a better leader, religious faith and families were key to success and share concepts of leadership including honesty, integrity, caring deeply about people, communicating clearly, knowing the business well and being humble servant-leader.

A study conducted by Johnson (2005) determined the relationship between explanatory styles and AQ. This further examined the existence of correlations between each of the construct and performance in a high adversity occupation, sales. A total of 112 western area sales region of a leading Fortune 500 company in the computer hardware industry were the respondents. The study utilized the Attribution Style Questionnaire of Peterson et al, the Adversity Response Profile of Stoltz and a demographic data sheet to collect data. The results appear that the AQ model provide a more complete and consistent framework for identifying who is empowered and who is helpless. This provides evidence for the relationship among working professionals like sales personnel who work in a very demanding environment. An article in the Philippine Daily Inquirer about Adversity Quotient by
Velasco (2002) struck the attention of the researcher and started her interest to make a study on AQ. There was no local study found in the Philippines during that time.

Two years after, Lazaro (2004) conducted and presented her study on adversity quotient and performance level in the 5th Asian Regional Congress of Industrial Relations Association (IIRA) held in Korea. She studied the missing factors of success and excellent performance among selected middle managers. The capacity of each employee is the basis of organizational capacity where the manager handles the smallest unit. These managers handled multifaceted tasks being exposed to different people of various organizational levels creating demands greater speed, capacity and capabilities. A multi-source assessment or 360-degree feedback process was used in determining the performance of a middle manager. This instrument viewed performance accurately by getting input of supervisors, peers or colleagues, subordinates, and clients from all angles. The study employed the descriptive, co relational method of research to determine the relationship of adversity quotient and performance level of middle managers using the 360-degree feedback system. The selected middle managers of the different departments of the City of Manila showed a high correlation between AQ and performance level of the respondents as revealed by the 360-degree feedback system.

Villaver (2005) focused her study on the adversity quotient levels of female grade school teachers of a public and a private school in Rizal Province. She applied the Adversity Response Profile 7.0 of Dr. Paul Stoltz (1997). Her respondents were female grade school teachers (105) of public school and female private school (31) in the province of Rizal. The z-test statistical method was used to determine the significant difference between adversity quotient levels of the teacher respondents. The findings on AQ and demographic profiles indicated that early adulthood stage category possessed moderate AQ while older counter parts moderately low AQ. Single status had found to have moderate and moderate low AQ compared with their married respondents. Teaching experience of ten years or lower had moderate AQ while those with higher than eleven years has moderately low AQ. In terms of socio-economic status, the lower class had moderate AQ, while the middle class had moderately low AQ. She discovered that there were no significant differences between the AQ of public and private school teachers since both had moderate AQ levels.

Structure of Indian Banking Industry

Banking industry has a huge canvas of history as it has been through a long journey. The IT revolution has had a great impact on the Indian banking system, due to the vigorous use of computers which has led to the innovation of online banking in India. This sort of revolutionary use of technology in the banking sector in India has increased many folds after the LPG of 1991 and the country's banking sector has been exposed to the global market. Indian banks were previously lacking behind upgraded technology and were finding it difficult to compete with the foreign banks in terms of speedy customer service, accurate output without the use of information technology. Banking industry in India has achieved a new height with the changing times and has brought a revolution in the working style of the present banks. However, the fundamental aspects of banking still stands to be the same that is on the basis of trust and the confidence of the people on the banks remain the same secret recipe in holding loyal customers and gaining confidence of the stakeholders irrespective of any sort of risk exposure.
Critical HR Challenges faced by the Banking Sector in India

The banking industry has begun the process of refining its products and services, providing alternative delivery channels, improving the flexibility of such delivery by redefining its entire boundary just to cater to all the financial services needs of its customers. The success of the banking industry will depend on how it addresses to the following challenges:-

a) Skilled workforce:

Today’s workforce are called as knowledgeable workers, hence sufficient training has to be provided to the staffs to upgrade their skills to go in pace with the sweeping changes of the technology front that are taking place in Indian banks. HR strategies include building committed human capital, focus on team work and managing change/ only such practices will improve the quality of service to the customers. Hence, justified investments are essential on training employees on new technology.
b) Acquiring the right people

Banks are busy developing online application forms and online tests to recruit its people but the question is if they are heading in the right direction to attract and acquire the right kind of talent pool. Banks, financial institutions, telecom, insurance and other industries are on fast growth track in search of talented manpower from the same limited talent pool available. Banks often end up in choosing brilliant people but who are incapable of delivering the tasks assigned to them. Banks have to focus on lateral recruitment by which it can look for specialists at various levels with the desired skill sets and desired pay packets have to be offered to them.

c) HR planning

Banks need to prepare a steady, carefully calibrated recruitment program which will suitably realign their existing human resource and readjust the staffing pattern in a computerized environment. As rapid technological changes transform business it requires continuous skill up gradation and mobility of staff and reassignment of job duties is essential to improve organizational efficiency and productivity. Job re designing and role structuring is desired as banking is a team work and it requires cultural adjustments hence looks at change management. Banks while planning has to focus on employer brand that is to attract, engage and retain talented candidates as a defining moment is being presented before the nationalized banks to transform as huge retirement waits in near future. Manpower planning should follow a lifecycle approach that is from the time of recruitment of an employee to his retirement.

d) Talent management:

The term human resource signifies potentials, behavior, abilities, capacities, and skills, which can be developed through continuous interaction in an organizational setting. Organizational productivity, economic development, growth of companies is to a larger extent dependent upon the effective utilization of human capacities. The interactions, interrelationships, and activities performed all contribute in some way or other to the development of human resource and it is essential for an organizational to take steps for effective utilization of these resources. Banks have an excellent pool of competent personnel in all the cadres and such personnel need to be identified, motivated, and nurtured through a systematic organizational plan in order to enable them to accept challenging roles early in the career as HR undoubtedly plays the most important part in the functioning of an organization.

e) Performance management:

The present HR system in banks are unable to discriminate between performers and non performers, HR managers often consider this area as the foundation on which employees appraisals will stand by so they pay more attention to this sector. Most of the HR systems would have failed to appreciate performers hence we notice poor employee morale or attrition prevailing in the system for which job descriptions and job roles have to be redefined and overhauled. It is essential for banks to have a fair, transparent, and objective oriented performance management system for future succession planning.

f) Training and development:

The strength of an organization lies in its people who work as a team and transform themselves as building blocks of an organization. Training is a fundamental and an ongoing process in any organization. The RBI has made efforts to establish a number of epic level training centres to cater to the needs of its employees. Its focus is on IT adaptation and IT skills for bank employees. The private...
Training is a continuous learning process, which helps employees in improving managerial, interpersonal skills, the effectiveness of people, increases motivation and helps them in achieving corporate and personal goals. Dynamic organizations that are growth oriented always provide prime importance to training and development programs in rapidly changing social and economic environment and concerns issues relating to techno driven competitive advantage to sustain in the market.

g) Re-skilling:

In technology dominant era, banking business requires massive re-skilling for its existing workforce by continuous skill upgradation. The in-house coursework’s should facilitate skill development on IT/Electronic platforms and no discrimination should be made as who has to attend the development program. The best development program is through empowerment at all levels in the organization, for which equal opportunity should be provided by having a bias free environment where all can learn and equip themselves with desired skill sets.

h) Performance assessment:

The new generation banks are depending on various factors like performance evaluation skills rating and competency assessment. The traditional banks have to reorient themselves to assess the contribution of training systems and learning infrastructure for the bottom line of the bank.

i) Communication:

Communication is considered as the life blood of an organization and plays a vital part of the HR process as it plays a key role in bringing transparency in the system, as it is important to effectively communicate the policies, objectives to the employees in a non discriminatory fashion hence, the board while dealing with people should be very careful in devising appropriate means and modes of communication for its people. All forms of modern communication channels like intranet, office outlook, video conferencing, corporate emails can be adopted to reach out to employees. Banks generally have a participative approach so just practicing it will enhance the system efficiency thereby imparting credibility to the employees.

j) Increasing efficiency:

Increased competitiveness has made banks to look for efficiencies in their business. Deregulation has made the banking sector more competitive with greater autonomy, liberalized norms for foreign exchange, decontrolled interest rate and increased operational flexibility. Therefore banks are facing pricing pressure squeeze on spending and pressure to give push on retail assets.

k) Facing competition:

To be potential leaders of the industry a series of strategical and tactical initiatives have to be embarked in order to sustain leadership. So various initiatives like investing in state of the art technology to ensure reliable service delivery, leveraging the branch network, implementing organization wide initiatives including people, process and technology to reduce the fixed costs and the cost per transaction, also to operate on sales structure to mobilize low cost for current and savings deposits.
l) Technology up-gradation:

Today's updated technology ensures banks to provide better services to its customers and emphasizes that branches are not necessarily the only delivery point of banking services. New technology brings in fundamental changes not just in product differentiation and product delivery but it also influences productivity, profitability, increased efficiency with reduced errors.

m) Response to competition:

Today most banks eye the metro, urban markets and the corporate sector for generating business as they want their share in the market. Technology, new products and services and customer friendly approach are the differentiating factors to ensure success and profitability of the bank. Core banking solutions is an umbrella which provides products and services of various banks under a single roof where cost alone will be the determining factor in cut throat competitive world where competition is inevitable.

n) Retaining customer loyalty:

Customers react positively and favorably to any value added services. Customers have also become more demanding and their loyalties are diffused and don’t stick to one bank, with the ease of operation in carrying out various transactions they switch to different service providers. So bank employees need to operate with a more customer centric approach in their work related activities.

o) Customer centric:

Customers are the key players of any business and if banks provide a high level of customer interface by understanding customer requirements and evolving themselves as customer centric business strategists should be the prime focus of banks and they should realize customers are no longer investors or buyers of financial solutions.

p) Transparency/Accountability:

The management will be accountable to the board and its stakeholders, hence has to adopt the best practices of reporting accounting norms. A transparent disclosure norm ensures openness in bank management for classification of assets, provision for loss and income recognition. With the introduction of financial norms banking industries are pushed to achieve international standards. It also ensures banks to work on self regulatory requirements with corporate social responsibility.

q) Transforming the mindset:

To survive one has to adapt to various challenges of the changing conditions, there would always be resistance towards change and the employees and seller market mindset which is coupled with fear of uncertainty and control orientation has to be looked upon and acceptance of technology and utilization would be slow and not maximized.
Conclusion

The more resilient you are the more effectively and constructively one can respond to life’s difficulties and the more fulfilling life becomes. Even without knowing one’s AQ score, one can begin to improve, the thumb rule is the one with the stronger AQ, will effectively respond to adversity and any sort of life’s events will not make an impact over the individuals energy, performance, health, and outlook. If one possesses a weaker AQ, the more difficult it can be to maintain the energy, optimism, and fortitude required to optimize their talents and their life events. The AQ technique helps you to hire the most resilient people for banking sector. Banks can use it immediately to identify those who will deliver their best every day, even in the most demanding circumstances and it helps in overcoming most of the HR Challenges faced by today's bank employees. Banks can find out employees who will be proactive, self directed, accountable, motivated, creative, innovative and effective. The employees with right attitude contribute to the company’s growth, success, stability and Prosperity. It is evident that AQ has helped many companies improve employee’s customer service and sales, strengthen employee morale, develop resilient leaders, create high performing teams and hire high performing people.

References