

## **Research on Employee Training of State-owned Commercial Banks---Industrial and Commercial Bank of China as an Example**

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### **Abstract**

*The update of bank business is speeding up and customer financial needs are growing. The four state-owned commercial banks in China could never ignore the obstacles caused by lacking of effective human resources management. There are many reality problems, such as the employee training is far behind the business development, personnel quality is relatively backward and so on. Therefore, how to organize employee training, improve employees' comprehensive quality, have become the urgent issues for the state-owned commercial banks. This article summarized the current situation of employee training of ICBC in Henan, and designed the survey with six dimensions. It concludes that the staff training problems, gives advices on constructing the framework of employee training and provides reference for other state-owned commercial Banks.*

**Keyword:** state-owned commercial Bank, employee training; human resources management

### **Introduction**

ICBC, BOC, ABC and CCB, the four state-owned commercial banks are the main forces of China's banking industry. They are in a pivotal position no matter in asset size, business scopes and networks, number of employees, or social influences. Therefore, the state-owned commercial banks competitive level will ultimately affect the operation and development of China's banking sector and the whole economy.

In recent years, China's state-owned commercial banks have become listed companies one after another and entered the critical period ---from the traditional to all-international financial institutions, with their scope and asset size greatly expanded. The personnel reservation and training seem particularly insufficient, inflexible and less innovational compared to foreign banks and small joint-stock banks. However, at present, managers of state-owned commercial banks still only pay attention to business development and risk prevention, lacking in an awareness of human resource development. Thus, resulting in staff training has lagged far behind in business development. Besides, the consequence caused by low quality of personnel gradually loomed. As a result, how to arrange employee training, enhance the overall quality of staff is the question the state-owned banks have to pond over.

This paper selected the state-owned Industrial and Commercial Bank of China, Henan Province as a representative of commercial banks .By analyzing the current situation of Henan ICBC staff training, and using questionnaires to extract some of the staff in the province to carry out the investigation .The survey results and statistical analysis elaborate on the reasons for the problem. What's more , this paper innovate and build up overall framework of staff training in ICBC, Henan ,and make suggestions ,hoping to provide help for other state-owned commercial banks .

## ***1. The Status of State-Owned Commercial Banks and The Issue of Staff Training***

### **1.1 Status of Training**

For a long time, the state-owned commercial banks lack of human resources management intensive research and effective incentive and restraint mechanisms, tend to focus only on how to reduce and control labor costs, while ignoring how to improve their human resource preservation and appreciation of all the features. Management concepts of human resource management department has not fundamentally changed, the management team and staff of state-owned commercial banks, there are still "official position", such as seniority and egalitarian ideology, such as the use of talent and management caused a huge negative affected <sup>[1]</sup>. After the joint-stock reform, in the modern corporate governance, national commercial banks on the basis of the existing human resource management model, based on the assessment, remuneration and other parts of the human resource management module carried out a bold reform.

Currently, the four state-owned commercial banks invested a lot of financial and material resources, and also achieved some success. ICBC is also increasing investment in employee education and training efforts, such as promoting the base library, teachers, teaching materials, cases, test libraries, archives "Six Gallery", and continuously enrich the whole line training resources.

### **1.2 The Main Problems**

From the point of view of training organizers – the Bank, the first question for senior managers is still insufficient attention on training. Although the knowledge level and training of human resources play an important role on the business skills, but the training effect has the characteristics of uncertainty and long-term. In contrast to quick, effect investments, bank managers pay more attention to the latter <sup>[2]</sup>. Secondly, lack of effective long-term planning of training. It leads to lag training with respect to business development. Currently, each bank with its strategic objective, have developed a ten-year plan. However, the plan is too empty, weak in operability and guidance, and has little link with business development, and no specific implementation plan and assessment criteria. Third, the training methods are out of date, focus on short-term lectures. Fourth, training styles are simple and a narrow coverage is still the question. High-level, special training are only open to some senior executives and professionals. Finally, the lack of post-training assessment evaluation, the effectiveness of the training cannot be reasonably determined.

From the view of participants -- staff, due to the existing problems of state-owned commercial banks over many issues of staff training, most treat it informally and casually. On one hand, the bank did not set some prizes to stimulate the employees' ability. On the other hand, some of the staff spent time and energy in it. Therefore, affecting their basic wage, which in turn cause some resentment of training.

## ***2. ICBC and its Staff Structure***

### **2.1 The Basic Situation of ICBC**

ICBC is China's largest commercial bank in assets, and have business in six continents. At the end of 2012, its overseas network extends to 39 countries and regions, owning 17,125 domestic institutions, 383 foreign institutions and 1,771 a correspondent as well as online banking, telephone banking and self-service banking and other distribution channels, 427,356 employees, It provides financial products and services to 438 million corporate clients and 393 million individual customers. Compared to other small banks, foreign banks, the difficulty of human resource management is undoubtedly much greater.

Industrial and Commercial Bank of China Henan Branch is authorized to operate, owning a sales department, 17 secondary branches, and more than 800 branches <sup>[5]</sup>. Adhere to customer-centric, market-oriented, it innovates and improves service actively, and gradually formed business systems of more than 3000 kinds of products, including corporate banking, personal banking, institutional banking, bank cards, electronic banking, international business, greatly promoting economic development in Henan, and meeting the financial services needs of Henan residents.

### **3. Human Resource of Industrial and Commercial Bank of China, Henan Province**

#### **3.1 Age Structure of the Staff**

As vividly depicted in the picture, by December 31, 2013, ICBC of Henan Province employs 43,145 members, of which 3020 are under 25 years ,about 7%; 12,944 employees at the age of 25 -35 (inclusive) , about 30%; 15,964 employees 35 -45 years old (inclusive), about 37%; 11,218 employees over the age of 45, about 26%. The age structure of the bank employees in the proportion of young people is too low, the aging phenomenon is more serious.

#### **3.2 Education Degree of ICBC**

The existing staff of the ICBC Henan are overall low educated. Full-time undergraduate degree and non-college educated employees working part-time study accounting for the vast majority. Full-time undergraduate and graduate employees, account for only 21%, with the proportion of financial and economic professional and academic background even smaller.

#### **3.3 Duty Structure**

Among the existing staff of the ICBC in Henan Province, 28,044 are at G1-G5 levels, accounting for 65%; 9923 at G6-G7-level, accounting for about 23%; 5177 above the G8 level, about 12 %. (Note: G1-G5 represents clerk to the organizers; G6-G7 are deputy head and head of the department; G8-G12 are the ones from primary branch president to president of Henan Branch) Thus, the duty structure of staff in ICBC, Henan Province, is relatively reasonable, with the majority concentrated in the frontline and a smaller proportion of the management.

### **4. Employee Training System and Content**

Currently, training schools and the HR Department have almost completed the work within the scope of the province, such as pre-employment training. The training school generally organizes large-scale training two to three times a year, one of which is a fixed project – newly employed staff training. In addition, it will arrange the trainees and training contexts according to the development needs. It almost acts as a place to provide facilities. Thus, training plays a very limited role. Most of the training is self-organized in all branches, and a sophisticated training system at all levels has not formed in ICBC, Henan.

First of all, there is no complete training system. Training program includes sponsoring department, training project name, trainees, training methods, the number of trainees, training time and others likewise<sup>[4]</sup>. Sponsored training department focused on personal finance department, electronic banking, corporate business unit and international business department and other business units, trainees are usually professionals, rarely managers are treated as internal training objects. Training methods are mainly organized in class, and the number of trainees and the training time varies greatly.

Secondly, the curriculum has no validation. Training courses are the soul of the training system. Currently, training in ICBC, Henan is only taught at any time according to the needs of business development, so there is no scientific planning of training content and methods. Training courseware is arranged by the teacher only, and there is no specific validation and assessment

Third, there is no specific internal full-time system. Training sponsored by various departments often employs elites in the bank or part-time lectures, there is no selection and incentive systems and is short in supervision.

Fourth, there is no post-training evaluation process. Training itself is not included in the comprehensive evaluation systems, and for individual training activities, there is no assessment afterwards, still remain in the traditional form of summary reporting.

To fully understand the current situation staff training and look for drawbacks, analyze the reasons. In this paper, we use questionnaire and make a detailed analysis of the main problems existed for innovation of the overall training framework and lay the foundation for it.

### **5. Questionnaire Design**

The questionnaire mainly includes the following six dimensions: scientificities of the training programs, software and hardware conditions and system security, effectiveness of resource management, normative of the process management, rationality of the main content , effect of implementation the major training projects , contains a total of 16 question items<sup>[8]</sup>. Index system in the following table:

## 5.1 Release and Recovery of the Questionnaire

The total 809 questionnaires released were returned 778 copies, of which 765 valid questionnaires; response rate reached 96.15%, the effective recovery rate of 94.62% questionnaires. 778 questionnaires were sent by e-mail inner system of ICBC, Henan.

## 5.2 Statistical analysis of the survey results

1. The study sample and overall comparative analysis. From the gender, age, job, education, job title of the surveyed employees and contrasts of employees across the province in all aspects, it can be seen that distributions are close and the deviation is small, thus ensuring the representativeness of the surveyed employees.
2. Statistical analysis results of the survey. The options of the questionnaire are set from the bad to the good arrangement. From the 765 valid questionnaires collected, it shows that the current training effect could not make the majority of employee satisfaction.

## 5.3 Conclusions of Questionnaire

### 5.3.1 A Lack of Scientific Training Program

76.59% of respondents believe that the branch had never implemented training plan, 14.59% believe training programs lack systematic organizations, 94.42% believe the training plan did not take strategy development, business development and career development into consideration, or only as a small part.

The ultimate goal of commercial bank staff training programs is to improve employee performance, but its present staff training did not get rid of the thinking and working methods of the old system. Although certain training programs were developed, the majority of the current staff training is superficial, lack of long-term vision<sup>[5]</sup>, only think of the functions carried out by staff training after the emergence of blank period when new business generated.

### 5.3.2 Imperfect Institution-Building Training Organization

93.20% respondents do not have specialized training department or full-time trainers in their branches and 80.23% point a lack of clear institutional basis for implementation of training

### 5.3.3 The Training Process is Not Standardized

95.23% of respondents never or rarely were solicited training needs before training. 96.04% cannot get guaranteed budgets. 85.10% never got assessment after training on the training effect.

### 5.3.4 The Existing Training Content and Methods Cannot Meet the Training Needs of Staff

89.15% respondents stated they were not satisfied to the existing main training methods, 79.69% believe online teaching could meet their needs of "anytime, anywhere" learning. 98.47% think the current quality of training is generally low, 92.39% are not satisfied with the existing training curricula and content. A systematic arrangement of training content and methods will directly affect the effectiveness of the implementation of training.

Faced with the overall low academic qualifications of staff, ICBC should focus on strengthening the learning of basic economic theory in order to improve the overall quality of the staff. In determining the content of the training, more emphasizes were put on improving business skills, lacking in training on basic economic theory and sense of responsibility. Meanwhile, the training doesn't consider the real needs of employees participating in the training, resulting in training pertinence.

## 6. The Main Reasons

### (1). Binding post system is not strong

The state-owned commercial banks have no strictly qualitative and quantitative criteria for the quality of its staffs, resulting in a weak binding post and poor job training incentive effects in the current system. Henan ICBC system still does not have a standardized requirement, senior managers basically rely on higher administrative delegation and poor in modern commercial bank management, resulting in lacking incentives of taking part in the training<sup>[6]</sup>. Besides, the existing business job evaluation mechanism is almost useless. Henan Province has not yet fully promoted competition regime and many staffs to don't require much of themselves.

(2). The managers paid insufficient attention to long-term management

Traditional planned economy makes the state-owned enterprises lay more emphasis on short-term interest rather than long-term development in the daily management. In face of the increasingly competitive market, state-owned commercial banks put performance and profits in priority, the profitability of the business as key indicators of evaluation in the branch, and neglect its staff training<sup>[7]</sup>. Senior managers are in a blind pursuit of profit and performance, etc, and neglect of human resource management and staff training. The successive decline of training cost during the last three years also reflects the senior managers overlook it. As for the trainees, they regard it as a time to rest. The whole ICBC Henan hasn't formed a scientific concept of human resource management and employee training system, resulting in difficulties and poor training effect.

(3) Lack of preventive measures to control the risk of brain drain

The brain drain of state-owned commercial banks is great, the fundamental reason is the lack of risk prevention measures. While foreign banks or small joint-stock commercial banks use high welfare, high salaries to poach talents from the state-owned commercial banks, state-owned commercial banks do not have any measures to retain and restrict brain drain. Under normal circumstances, people being lured are always lost after being well-trained to become the backbone of business or management personnel. Besides, they will take a lot of resources when entering new financial companies, which is not conducive to the development of the bank<sup>[8]</sup>. This gives the illusion to senior managers that staff training exacerbate the brain drain phenomenon, so when considering their investment in staff training, they will first take into account the risk of loss, even unwilling to dare to invest huge sums of money to carry out staff training

(4) Staff training started late, the objective conditions restricted

ICBC didn't establish a staff training school until 2005, a separate functional department responsible for the implementation of training programs, and most secondary branches currently still do not own separate training departments and full-time training staffs. Such institutions will inevitably result in lack of cooperation between organizational status and secondary branch line and impact the effect of training programs. On the one hand, most trainers are not full-time staff, lacking in human resource management knowledge and training and undertake other daily tedious work, making training mission not effectively implemented. On the other hand, in recent years, the provincial branch of Bank support for secondary training most in facilities and lack the necessary training to carry out scientific operational guidance<sup>[9]</sup>. Although with increased investment, training hardware facilities around the city continue to improve, it has been poor in implementation effect because of the mismanagement of organizers, lack of guidance and other reasons.

## 7. Innovation on the Basic Structure

(1). Innovative training system in concept and scientific staff training system is effective on the implementation of staff training programs. For ICBC Henan branch staff training system framework, the idea to build the content should include the following four aspects:

Firstly, innovative employee training management system should be based on the Bank's strategy guidelines. Only under the guidance of the Bank's overall strategy, staff training activities will not deviate from the main goal, staff training systems is able to achieve the targeted building and sustainability.

Secondly, innovative employee training management system should be to serve the needs of our core target systems, staff training system science is a long process, should be based on long-term development and understanding of our core needs, combined with our trends of human resources, in-depth analysis, scientific judgment, advance training for personnel support our long-term development.

Thirdly, innovative employee training management system should be set on the self-development of staffs. Fully consider the needs of their employees to help them achieve self-development in order to retain talent as much as possible, to achieve our ultimate goal of sustainable development.

## 8. Perfect the management structure and institution

(1). Improve and perfect the operational processes of existing training programs

Operational processes and training programs and more single and backward, no needs analysis, there is no effective assessment after the implementation, it is difficult to achieve the desired training effect<sup>[10]</sup>.

In the future operation of process management, training program should be in accordance with the "ISO10015 international training standards" requirement, distinguish the differences and different standards between the operating points of training stages. In general, scientific and systematic training program operating procedures consist of the following four stages: training needs analysis---- training program development ---- the implementation of training programs----effective assessment of training

(2). Strengthen the management of existing training resources

a. Strengthen the system of teacher training and create a dynamic curriculum development system based on the Bank's management and strategy -driven development, and gradually establish different levels, different classes, different positions in staff training job training curriculum <sup>[20]</sup>.

b. Improve the quality of part-time trainers Firstly, cultivate good business management expert and lecturer talent and encourage provincial branches, secondary branches senior management and operational backbone perform in-line lectures and establish a part-time teacher training resource library ; Secondly, subdivide the existing teachers according to the business category of the existing classification of part-time trainers , so that " industry specializing in surgery " ; Thirdly, we should help each secondary branches gradually establish part-time training teachers based on its actual situation and regularly carry out teacher training improve their abilities.

(3) Make use of training resources outside the system

Line outside training resources can effectively supplement quality of inline part-time trainer team, ICBC should fully exploit the use of the system and external training resources to enhance the depth and breadth of cooperation with external training resources to provide better services to their staff.

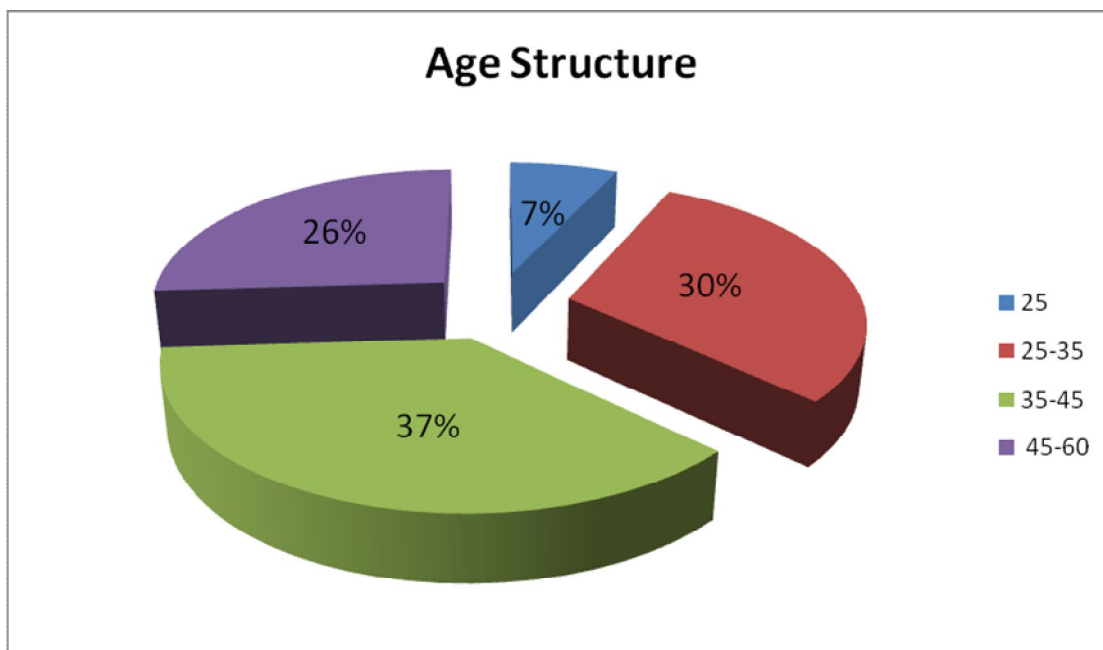
(4) Specification on training facilities management

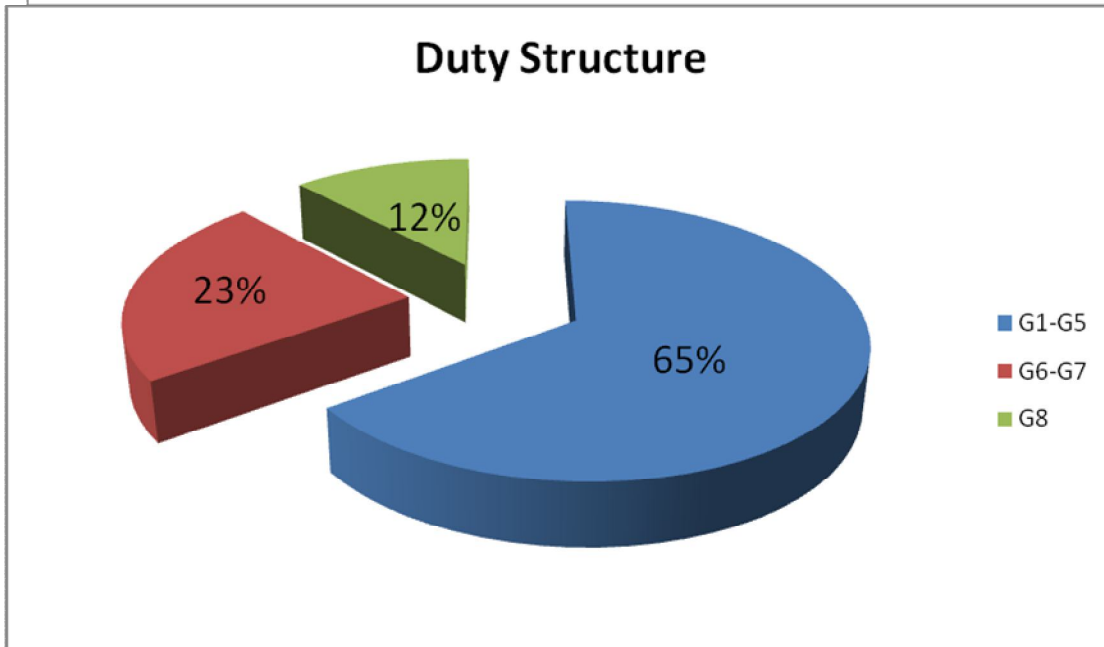
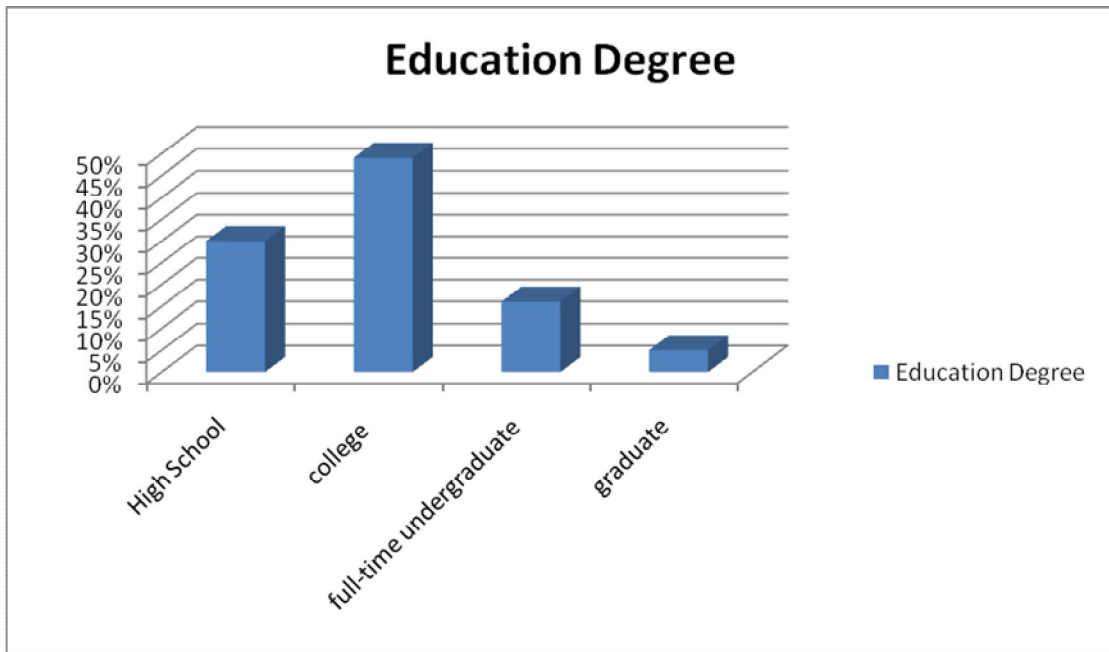
For the current status of training facilities management operations and staff training effect, the paper recommends the combination of the inner management and outsourcing the work carried out in the next administration.

Through the implementation of these measures above, the initial formation of the province's system of part-time training teachers with "business class" and "second branch" as a unit, to meet the training needs of the business.

**9. Conclusion**

Analysis results of ICBC show the urgent need for scientific and rational improvement for its current staff training. Only the timely transition of existing human resources management will give full play to the potential of staff cohesion and build advanced, rational, scientific human resources development and management system.





## Questionnaire index system

Scientific training plan	1. Does your affiliate develop through the system, complete staff training plans and annually?
	2 When your branch employees to develop training programs are taken into consideration the strategic development, business development and other aspects of career development?
Training implementation of software and hardware and system security	3. Does your branch set up specialized training departments and personnel?
	4. Do your training facilities make you satisfied?
	5. You've heard about your branch staff training related systems it?
Process Management Training Project normative	6. Do you have been asked about opinions?
	7. Enough funds in the training of implementing it?
	8. What do you do after it?
Reasonableness of the main ways of training and content	9. Primary method of training currently available (such as classroom teaching, scenario simulation, etc.) make you satisfied?
	10. Do you think banks are to promote e-learning courses can satisfy your "anytime, anywhere" learning needs?
	11. Currently existing training curriculum content and settings make you satisfied?
	12. general and that the quality of your training courses attended?
Effectiveness of resource management training	13. Do you think the line of ICBC Henan part-time trainer team qualified for the current staff training needs?
	14. Do you think ICBC Henan can effectively achieve the current staff and training resources between different provincial branches, secondary branches and sub-branches level sharing between the lines?
Effects of major training project implementation	15. Do you think the past year training program for your major branch employees can effectively promote the implementation of our strategic and business development?
	16. Do you think if job performance after training can be improved?

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