

Dr. S. Bharathi Vasu published a case study titled “**A Case Study of Janata Bank's Evolution into a Diversified Financial Services Company**”. This case study is used for second year MBA students for Human Resource Management course.

## **CASE STUDY 12**

Janata Bank, founded in 1979 and headquartered in Mumbai, is a financial services company that experienced significant transformations in the banking industry due to deregulation and relaxation of interest rate ceilings. These changes in the business environment led to a shift in the flow of funds from banks' deposits to money markets, compelling them to diversify their funding sources. Furthermore, competition from money center banks prompted Janata Bank, initially a small regional bank, to transition from a product-oriented strategy to a market-directed one.

Under the previous product-oriented approach, Janata Bank developed products and then sought markets to sell them. However, in response to the changing landscape, the bank restructured itself into a diversified financial services company, expanding to 139 branches and offering fully integrated banking services along with a presence in stock trading on the Internet. Recognizing the need for new organizational structures to accommodate these changes, Janata Bank decentralized its operations, eliminated hierarchical levels, and formed strategic business units within a matrix structure. Additionally, new senior vice-presidencies were established to align with the bank's evolving strategy.

Consequently, Janata Bank conducted a study to identify the skills and organizational requirements needed for the new strategy. As a result of the audit, significant changes were implemented, including a revision of the performance appraisal system. The updated system emphasized goal-setting, linked individual goal achievement and rewards with the bank's objectives, and placed greater emphasis on marketing and sales performance appraisal.

Moreover, human resource planning was fully integrated with the strategic planning process by synchronizing scanning processes with the bank's overall environmental scanning process. This integration ensured that human resource planning aligned with the bank's overarching strategic goals and adapted to the dynamic business environment.

## **QUESTIONS**

1. Based on the descriptions of the experience of Janata Bank, what is the unifying theme of the role played by human resource management?
2. What were the environmental influences stimulating the actions described for Janata Bank?
3. What managerial trends are indicated in the experience of Janata Bank