



## **Development of Human Resources in Commercial Banks in Thai Nguyen Province**

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### **Abstract**

The research collects information, analyzes the situation of human resource development in commercial banks in Thai Nguyen province, and shows the remaining aspects of this work. The management of human resource training and development in commercial banks in Thai Nguyen province is still inadequate.

**Keywords:** development, human resources, commercial banks, quality, training



## Introduction

Similar to the current state of human resources in the banking industry, the labor force in commercial banks in Thai Nguyen province is currently lacking and weak. In addition to the lack of knowledge of economics and banking, the communication of banking staff is still limited and the supplement skills (including computer, foreign language) of staff are not high. Many bank branches lack executive management, professional leadership, and the abilities to analyze and independently deal with practical issues. Qualifications and strategic vision of the management board do not meet the requirements of competition and integration. Therefore, an urgent requirement for branches of commercial banks in the province is to build qualified human resources to meet the development requirements of the banking system and international integration.

## 2. Method and evaluation criteria

### 2.1. Method

- Secondary data: books, newspapers, magazines, research programs, research results published by research institutions and scientists, as well as documents on the Internet. Data has been released about human resource development. These are quantitative data, which are exploited from the sources of: State Bank branch in Thai Nguyen province, commercial banks in Thai Nguyen province.

- Primary data: collected from two sources, managers and employees at commercial banks. The survey was carried out with 340 interviewees and distributed equally to branches, accounting for 26.5% of the total number of staff working at the branches.

### 2.2. Evaluation criteria

Human resource development in Thai Nguyen commercial banks has been approved by the following criteria:

- Human resource development
- Human resource development plan
- Recruitment of human resources
- Arranging and using human resources

## 3. Situation of human resources development in Thai Nguyen commercial banks

### 3.1. Current situation of human resources in commercial banks

In contrast to the general fluctuations of the banking sector, the number of employees working at commercial banks in Thai Nguyen province has not changed much. This is due to the participation into the Thai Nguyen market of some new commercial banks. However, the number of employees working in existing commercial banks in Thai Nguyen has decreased even though the number of employees working at commercial banks in Thai Nguyen province increased in 2014. Specifically, in 2014, the total number of employees working in commercial banks in the province was 1,733 people which increased by 3.46% compared to 2013; in 2015, this figure was 1,807 – an increase by 4.27% compared to 2014; in 2016, the number was 1,892 people which increased by 4.7% compared to 2015.

**Table 1: Number of employees working at commercial banks in the province of Thai Nguyen**

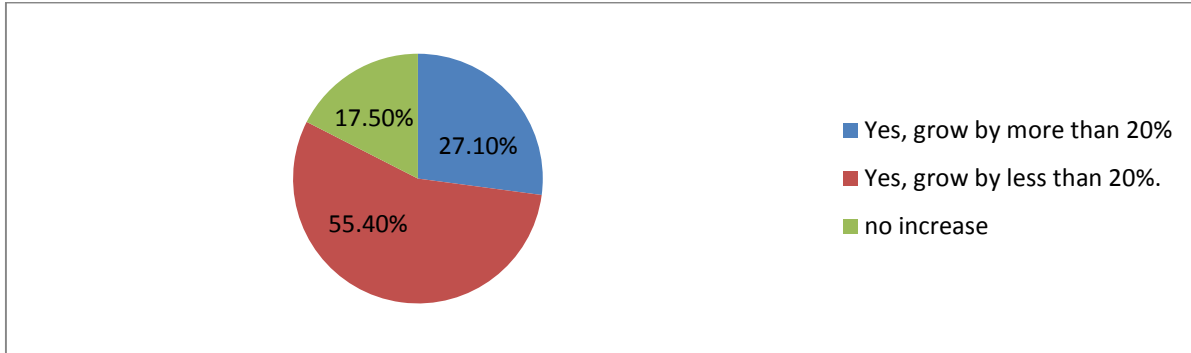
	Year 2014		Year 2015		Year 2016	
	Amount	Change	Amount	Change	Amount	Change



	(people)	(%)	(people)	(%)	(people)	(%)
<b>Total</b>	1,733	3.46	1,807	4.27	1,892	4.70

(Source: Compiled from the annual personnel report of the bank branches)

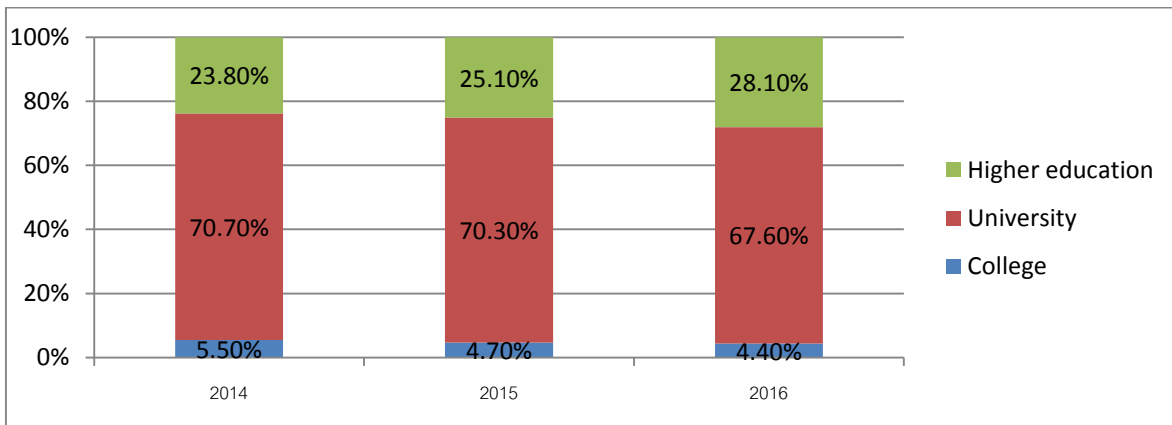
The results of the survey from 303 people interviewed show that: up to 82.51% respondents said that the bank had plans to increase staff in the next 3 years. Only 17.5% had no plans to increase personnel amount. Of this, 27.1% said their bank would grow by more than 20%, while 55.4% said their bank would grow by less than 20%.



**Figure 1. Human resource needs in the next 3 years**

(Source: Author's survey data)

Thus, the statistics show that the current number of human resources of commercial banks in Thai Nguyen province has not met the demand of human resources in the coming time. In terms of education, 95% of staff working in commercial banks in Thai Nguyen province have bachelor degrees or higher education. People with college degrees make up a very small percentage.



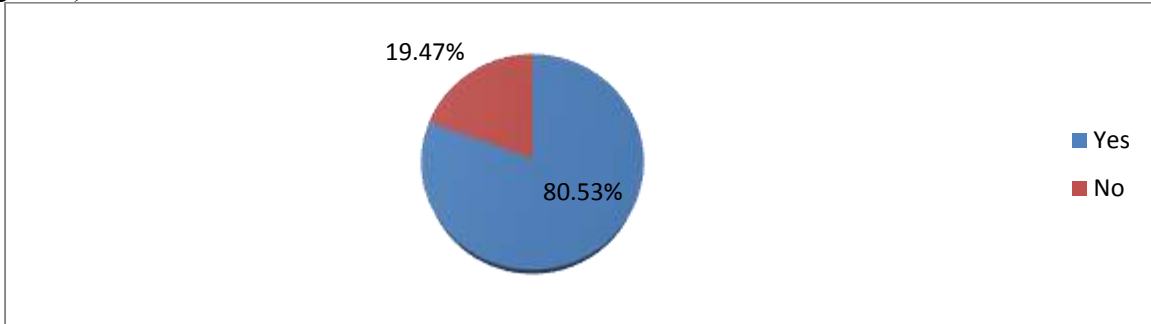
**Figure 2. Labor structure by educational level**

### 3.2. Situation of human resource development in terms of quantity and structure

#### 3.2.1. Human resource development

According to the survey results, only 59 respondents (accounting for 19.47%) indicated that their bank did not have a written human resource development strategy. The remaining 80.53% said that their branch had a written human resource development strategy

(Figure 3).



**Figure 3. Develop a written human resource development strategy**

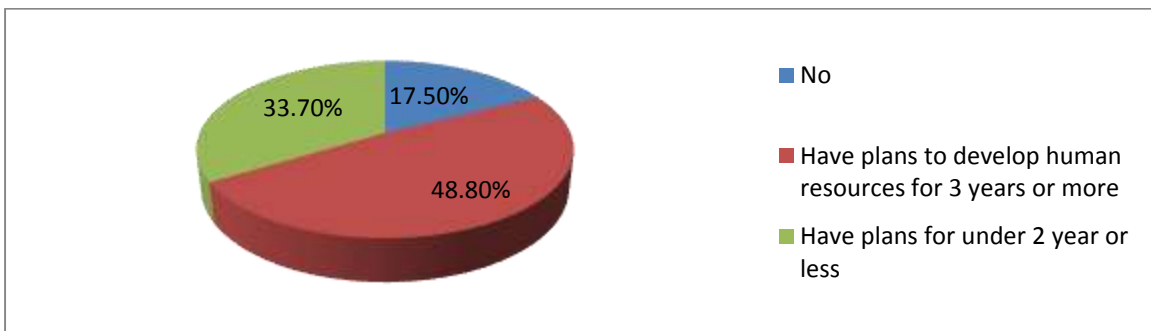
(Source: Author's survey data)

The results of quick interviews with managers at local commercial banks show that most commercial banks now have specific human resource development strategies. For example, the personnel strategy for the period 2015 - 2018 of Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) consists of 8 main contents, but in Thai Nguyen branch, personnel strategy focuses on only 5 main objectives: 1. Planning resources and personnel structure; 2. Training; 3. Managing the work effectively; 4. Managing the talent; 5. Managing wages and benefits.

### 3.2.2. Human resource development plan

The plans for human resource development in commercial banks in the province are divided into two groups:

The first group is the plans to step by step implement large programs that have been planned for the long term. These types of plans focus on time-limited projects; often with the involvement of outside consultants as well as the direct sponsorship of a/ some senior manager(s). The second group is the functional plans such as recruitment plans, training plans or personnel usage plans.



**Figure 4. Types of human resources development plans of the branch**

(Source: Author's survey data)

According to the survey results, nearly 50% of commercial banks have plans to develop human resources for 3 years or more, while the remaining 33.7% have plans for under 2 year or less.

### 3.2.3. Recruitment of human resources



In the period 2014 - 2016, most of the commercial banks in the province had new recruitments. This shows that banks still have recruitment needs., the number of newly recruited staff at some commercial banks in the province in 2014 – 2016 was 47, 46 and 63, respectively (Table 2).

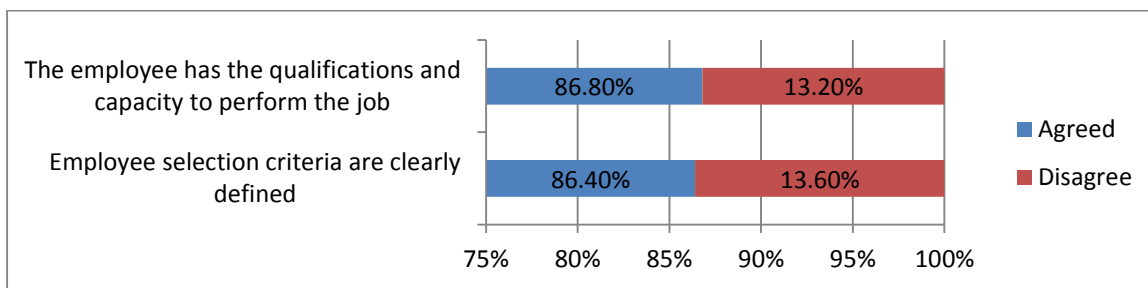
**Table 2. Number of newly recruited staff at some commercial banks**

Bank	Number of cadres Recruited new (Unit: person)			Total
	Year 2014	Year 2015	Year 2016	
Vietnam Joint Stock Commercial Bank for Industry and Trade – branch in Thai Nguyen	10	11	13	34
Vietnam Bank for Agriculture and Rural Development – branch in Thai Nguyen	11	9	13	33
Joint Stock Commercial Bank for Investment and Development of Vietnam – Thai Nguyen Branch	6	5	10	21
International Bank - Branch in Thai Nguyen	0	0	0	0
VP Bank - Branch in Thai Nguyen	1	2	4	7
Maritime Bank - Branch in Thai Nguyen	0	0	0	0
National Bank – Branch in Thai Nguyen	19	17	20	56
ACB Commercial Joint Stock Bank	0	2	3	5
<b>Total</b>	<b>47</b>	<b>46</b>	<b>63</b>	<b>161</b>

(Source: Consolidated Annual Branch Report)

- For large commercial banks such as Vietnam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Investment and Development of Vietnam, Vietnam Bank for Agriculture and Rural Development, recruiting activities are held regularly in batches. Meanwhile, at small commercial banks such as Asia Commercial Joint Stock Commercial Bank, Think Vuong Joint Stock Commercial Bank, recruiting activities are not regular, which often occur only when employees leave or when additional offices are opened.

According to the assessment of 303 staff working in commercial banks, the recruitment activities of the branches are now highly appreciated. Specifically, 86.4% of respondents agreed with the statement "employee selection criteria are clearly defined". The recruitment process also ensures accuracy, so "the employee has the qualifications and capacity to perform the job" (86.8% respondents agreed with this).



**Figure 5. Evaluation of personnel recruitment**

(Source: Author's survey data)



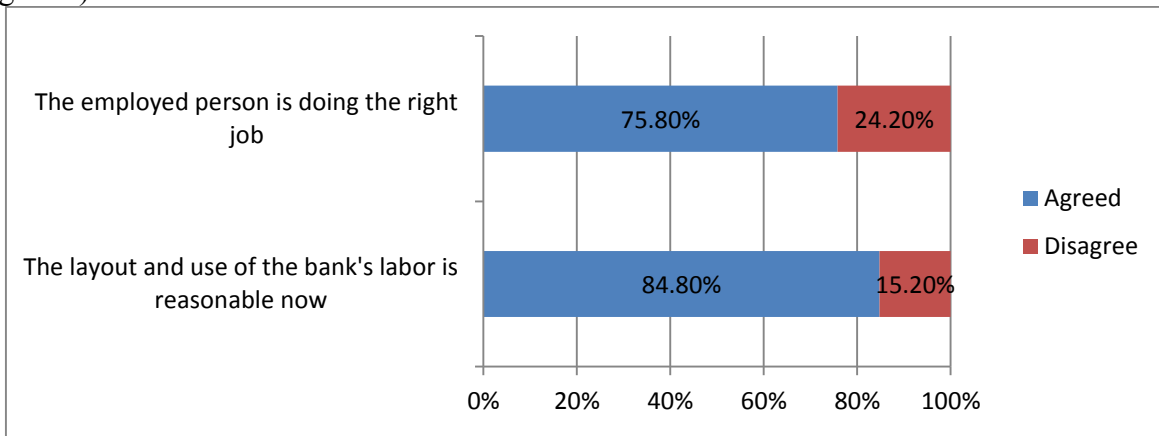
In general, recruiting activities in commercial banks in Thai Nguyen province have many modern features of the application of technology. It helps to shorten time and distance and reduce costs. The recruitment has shown the transparency, reliability and objectivity. However, according to the inquiries at the commercial banks, there are no types of feedbacks from candidates to improve the recruitment.

**3.2.4. Arranging and using labor**

Most of the newly recruited employees at the bank branches are young and have gone through training. Therefore, the organization of human resources has many advantages. Thanks to the standardized job description system and the transparent recruitment process, recruiting the right people helps to rearrange the workforce more easily.

According to the research sample, 84.8% of respondents agreed with the statement that “the layout and use of the bank's labor is reasonable now.” The percentage of people agreeing with the statement "The employed person is doing the right job" was also quite high at 75.8%.

(Figure 6)



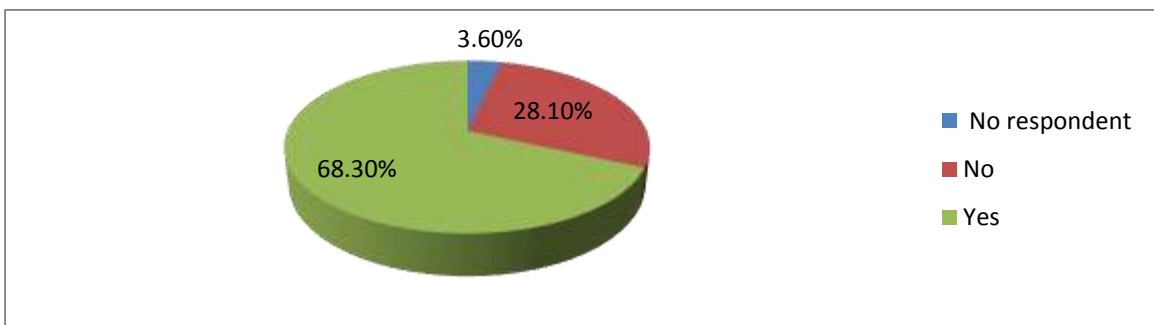
**Figure 6: Assessment of placement and employment**

(Source: Author's survey data)

**3.3. Situation of human resource development in terms of quality**

**3.3.1. Analysis and assessment of training needs**

According to the survey results, 68.3% of respondents used performance evaluation (including informal assessment) to find out the training needs of staff. And more than 30% of respondents did not use performance evaluation results to assess training needs.

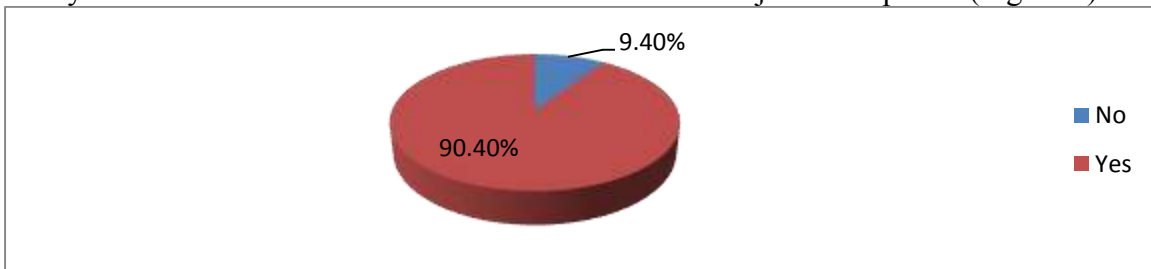


**Figure 7 Use of performance evaluation results to assess training needs**

(Source: Author's survey data)



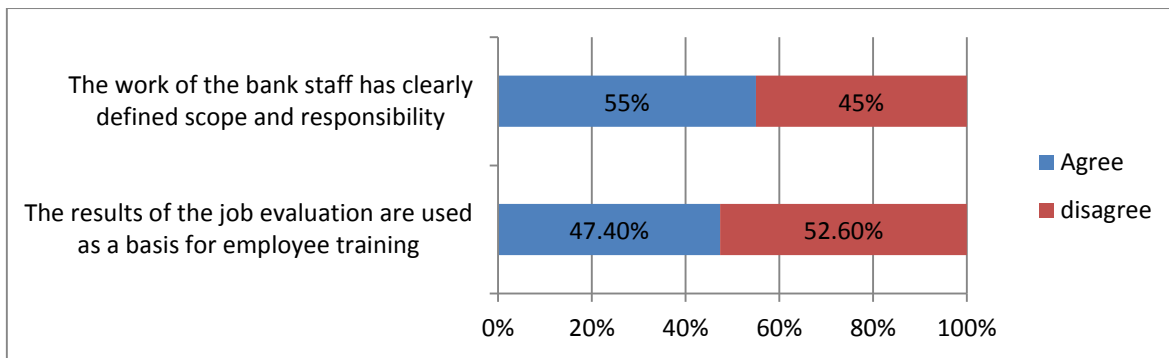
As a result, at the provincial branches of the commercial banks, the training needs assessment has been implemented but not yet completed. A number of commercial banks such as Techcombank, Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), Vietnam Prosperity Joint Stock Commercial Bank (VPBank) have assessed the training needs based on the needs of the branch as follows: according to the annual task, the branch manager decides what should be trained in the year, and the staff can recommend trainings to be approved. The rest of the branches also evaluate training needs, but this is mainly done when there are specific needs such as when they recruit new employees or have new services. The analysis of work shows that most commercial banks have job descriptions (Figure 8).



**Figure 8: Job descriptions at the branches**

*(Source: Author's survey data)*

The bank will base on the job description and performance of the staff to determine what kinds of skills and knowledge are needed to help the employees perform better. However, despite the job description for each position, the assessment of staff and employees at the branches of commercial banks have not been done well. Especially, the results of employee assessment are not used to determine training needs. The survey results show that only 47.4% of respondents agreed with the statement that “the results of the job evaluation are used as a basis for employee training”, while the remaining 52.6% did not agree with this statement. In addition, the work of the staff at the branches has not been clearly defined (Figure 9). Only 55.0% of respondents agreed with the statement "the work of the bank staff has clearly defined scope and responsibility", the remaining 45.0% did not agree with this statement.



**Figure 9: Evaluation of job analysis and evaluation**

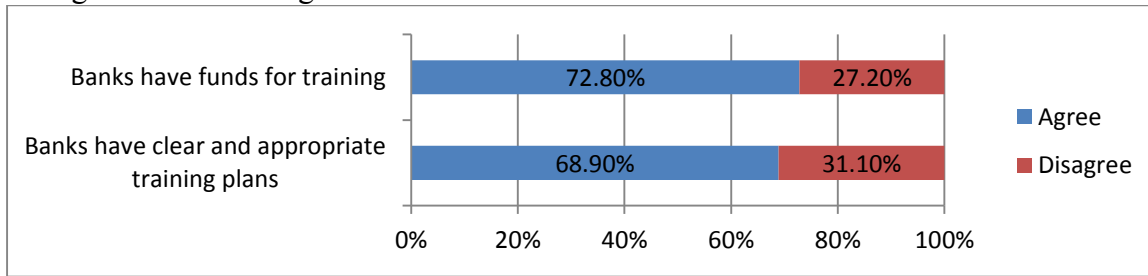
*(Source: Author's survey data)*

Thus, job analysis in commercial banks in Thai Nguyen province has been implemented through job descriptions. However, the comparison of the job descriptions with the

performance results to determine the training needs has not been well implemented.

### 3.3.2. Training planning

From the survey results in the figure, it can be seen that the planning of training at branches has been well done. Up to 68.9% of respondents agreed with the statement "Banks have clear and appropriate training plans", the remaining 31.1% did not agree with this statement. 72.8% of respondents agreed with the statement that "banks have funds for training", the remaining 27.2% did not agree.



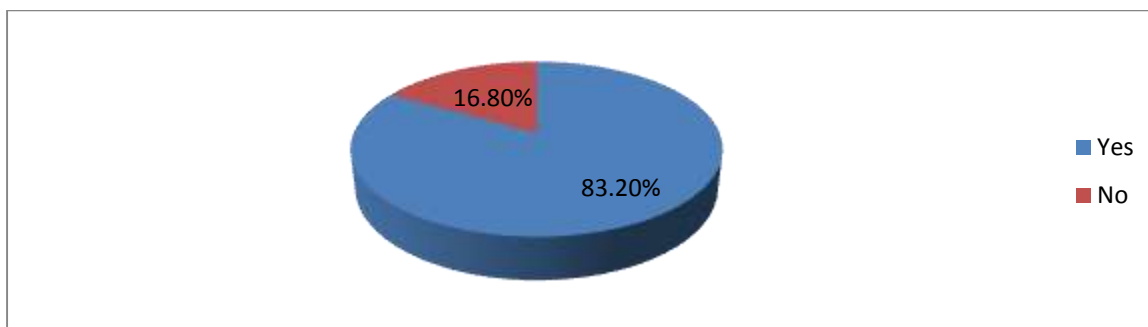
**Figure 10. Evaluation of training planning**

*(Source: Author's survey data)*

In fact, training plans of commercial bank branches in the province are based on the training plan of the bank. The number of commercial bank branches planning their own training is quite limited. Based on the training plan of the bank, the branch will plan training for its branch. With large scale commercial banks, training activities are taken place right in Thai Nguyen. But with small scale commercial banks, training activities are mainly in offices in Hanoi and Ho Chi Minh City.

### 3.3.3. Organizing training activities

According to the survey of the author, 51 respondents accounting for 16.8% answered that the branch did not organize training.



**Figure 11: Status of training at the branch**

*(Source: Author's survey data)*

There are many reasons for the bank's failure to provide training. The most common cause is the bank has no training budget. Besides, employees do not have time to study because the bank cannot arrange the time of study during working hours; and the bank has no dedicated staff on human resource development.

Of the total 83.2% of respondents saying that the bank has training programs, the



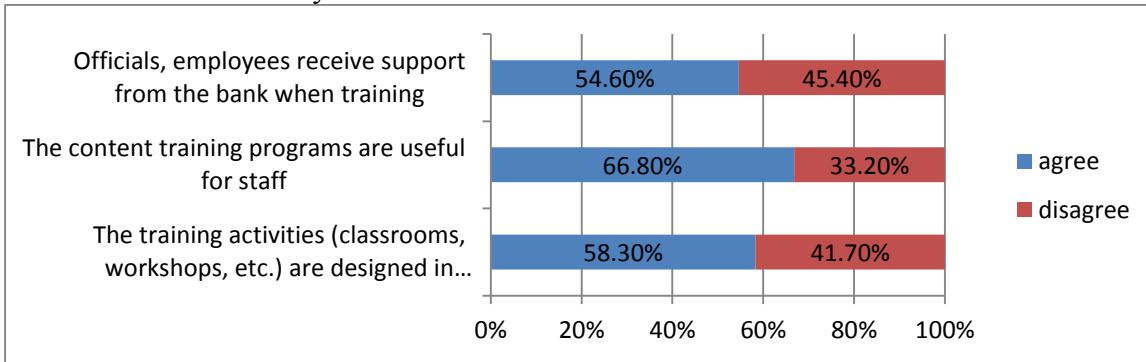


training for new employees accounted for 38.3% and training for current employees accounted for 61.7% (Figure 11).

Based on the aggregate results and surveys, most branches offer training for new employees. New employees have to undergo a compulsory training (quality testing) before they enter the workforce. Depending on the branch, the training courses vary from 1 to 4 weeks.

As for the training of staff, those working in state-owned commercial banks receive more training. For example, at the Thai Nguyen Branch of Vietnam Bank for Agriculture and Rural Development or the Thai Nguyen Branch of Vietnam Joint Stock Commercial Bank for Industry and Trade, annual training courses are held for employees. Meanwhile, private commercial banks such as branches of the International Bank and Maritime Bank have not been trained in the past three years.

Evaluation on the organization of the training (Figure 12) shows that: "The training activities (classrooms, workshops, etc.) are designed in accordance with the staff" was agreed by 58.3% of respondents, the remaining 41.7% did not agree. The statement that "the content training programs are useful for staff" has a 66.8% agreement rate, the remaining 33.2% did not agree. "Officials, employees receive support from the bank when training" got a rate of 54.6% agreement, the remaining 45.4% did not agree. Thus, in the training activities, the branch should pay more attention to the design of the training program to better suit employees. At the same time, the branches need to pay attention to staff support during their studying, especially for those who attend self-funded study.

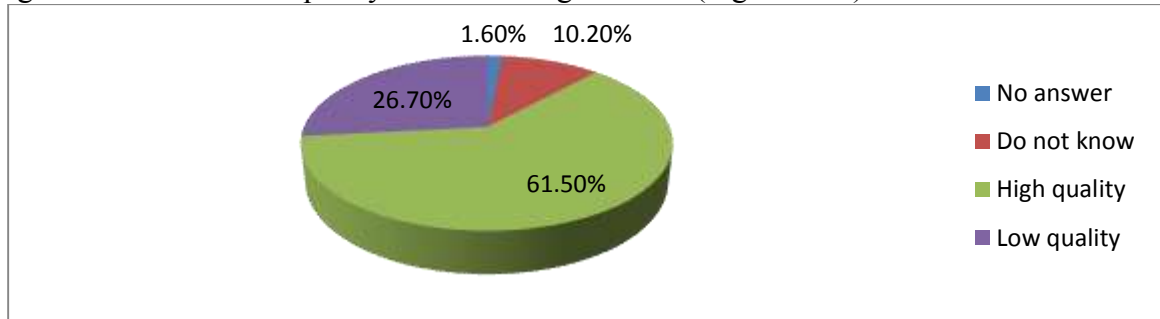


**Figure 12. Evaluation of training organization**

(Source: Author's survey data)

### 3.3.4. Evaluation of training effectiveness

Training contributed to the increasing percentage of employees who completed their assigned tasks from 81% in 2014 to 86% in 2015 and 88% in 2016. According to the research results, the percentage of staff who evaluated training programs as of high quality was 61.5% and the remaining 26.7% said that the quality of the training was low (Figure 1.13).

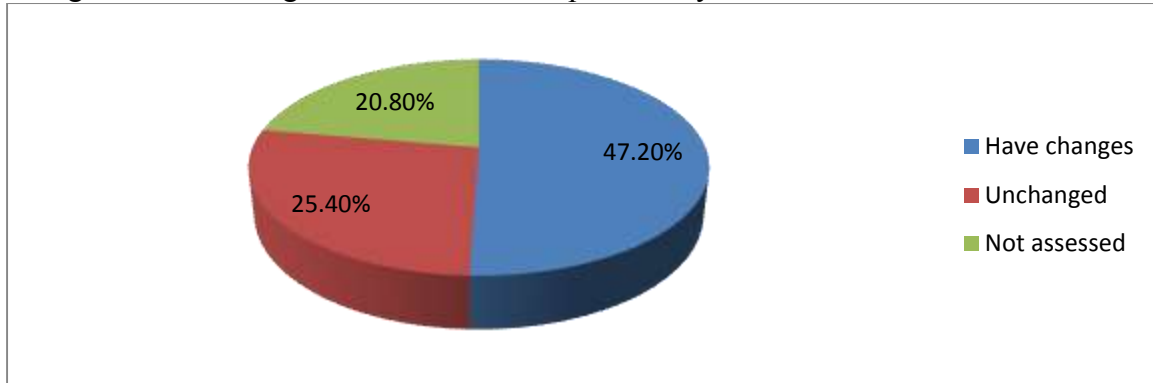


**Figure 13 Evaluation of training quality**

*(Source: Author's survey data)*

In addition, the effectiveness of training activities is reflected in the transformation of students. Survey results show that the percentage of staffs that have positive changes after training is 47.2%. The percentage of staffs that is unchanged is 25.4%. In addition, there is a high rate of respondents saying that after training, employees are not assessed (20.8%).

The main cause of low training effectiveness is the lack of resources required to apply. From the learner, the capacity of the learner is limited; and from the training organization, the knowledge and skills are general with a lack of practicality.



**Figure 14. Improving the performance of employees after training**

*(Source: Author's survey data)*

#### 4. Conclusion

The research has collected information, analyzes and analyzes the situation of human resource development in commercial banks in Thai Nguyen province, showing the remaining aspects of this work. The management of human resource training in commercial banks in Thai Nguyen province is still inadequate.

#### 5. Major solutions for human resources development in commercial banks in Thai Nguyen province

##### 5.1. Formulate strategies and organize the implementation of human resource development strategies in line with business strategies

In order to develop human resources professionally, branches of commercial banks in the province should set up a specialized unit on human resources development. Depending on the size of each branch, individuals in charge of human resource development can be separated into a separate department or as part of a human resource department. The functions of personnel responsible for human resource development include: (1) managing the performance appraisal system; (2) Managing the activities of human resource development: planning, implementing, supervising and coordinating human resource development activities; (3) Strategic planning for human resource development in the enterprise; (4) Enhancing the role of the human resource development in enterprises.

##### 5.2. Group solutions to ensure the balance in the number and structure of human resources

###### 5.2.1. Complete the human resource planning process

(1) analyze the status and development of human resources in terms of quantity, structure and quality. (2) balance human resources, solving redundancy or inadequacy. (3)



regularly review and evaluate the implementation of planned human resource development in a timely and scientific manner. (4) supplement, adjust and finalize job descriptions for each job position and for each job title in the bank.

### *5.2.2. Complete the recruitment process*

Based on the development strategy of the whole industry and the demand for recruitment of the bank, each branch should set the policy of recruiting to attract qualified human resources. When recruiting, it is necessary to consider the human resources for each job position and to find out the strengths of each individual to be placed in the suitable position so that the recruited person can fully develop his / her strengths. Recruitment should be open, transparent, democratic, objective and fair so that new qualified human resources can be recruited to work in the banking system.

Recruitment and selection should be in line with the human resource development strategy in terms of scale and structure. Recruitment and selection methods should also be clearly planned, especially for high-quality human resources that are high-level professionals and leaders. In addition, selective recruitment needs to work closely with training providers to minimize costs and time spent on recruiting based on human resource projections.

### *5.2.3. Finalize the work of using human resources*

The bank's job descriptions and job title criteria have been issued. Heads of divisions and departments should base themselves on their functions and tasks to assign staff and assess their qualifications and capabilities. The employees arranged in accordance with each department is in accordance with the principle. Each job has one person to implement to avoid overlapping. The work is done by the right people to help them maximize their strengths. When an employee is absent, other employees can replace the position so as not to interrupt the production process. For group work, apart from the job description, there is a need for coordination between team members.

## *5.3. Group solutions to develop the quality of human resources*

### *5.3.1. Complete training needs assessments for human resources*

The assessment should be linked to organizational analysis, to the bank's development goals and strategies, and should be evaluated annually, taking the form of an active assessment. Human resource training needs assessment can be conducted in the following steps:

#### *Step 1: Prepare*

To prepare for the human resource training needs assessment, banks need to figure out the bank development plans, the demand for manpower of banks, the target training human resources, the funding and resources for training human resources, and the employee profile and job description.

#### *Step 2: Determine the difference in performance results of employees*

Determining the difference in the performance of each employee's work will help the bank determine who has accomplished the job well and who has not. This difference is calculated by comparing the performance of the standard work with the actual performance of the employees.

To determine the differences in the performance, the managers should find out the performance results of the employee achieved in practice; understand performance standards (results of work to be achieved); make comparisons between performance standards and actual results to find the differences.



*Step 3: Detect the cause of the gap*

- Due to the lack of knowledge and skills
- Due to the change in organization, lack of motivation, or unreasonable work organization... etc.

*Step 4: Make plans to solve the problem*

If the employee is deficient in knowledge or skills, one or more of the following measures should be taken: providing off-the-job training, facilitating practice, providing support for work, implementing training in work.

If the main cause is the change in the organization, the lack of labor force, or the unreasonable organization of work, the solution to these issues may include organizational restructuring, managing the implementation of the work, encouraging the employees with material and spiritual awards.

*Step 5: Decide on the best option for training human resources*

When selecting solutions and methods of implementation, the effectiveness of these solutions should be taken into account the costs, benefits, availability of resources ... to select good solutions of the highest economic efficiency. Then write a report on the need for human resources training.

*5.3.2. Complete the planning of human resources training*

Human resource planning is essential as it will enable banks to be proactive in implementing and monitoring the implementation of the training plan. The focus is on the forms of training staff. Some types of training offered for commercial banks include training orientation program for new employees.

*5.4. Complete the training organization*

The training department should coordinate with the functional departments to select the right trainees, to inform the schedule and the location of the training center (if sending staff to other places), and to create the necessary conditions for them to participate in effective training. The choice of time and place of training should be carefully considered as to whether the staff can attend all of the training sessions, whether the infrastructure and training facilities are used extensively, whether the training time is guaranteed for teachers.

*5.5. Evaluate the effectiveness of human resource training and development*

To assess whether learners really apply what they have learned in the work and what results in the business, it is necessary to set a time for learners to apply before doing the evaluation. Often, direct managers will evaluate their staff to see how well they progress after training. Managers can evaluate performance by observing the on-site staff or interviewing the immediate supervisor about the performance of the trainees after training.

*5.6. Complete the evaluation of performance results*

In order to improve the performance of the work, commercial banks need to develop clear, specific and appropriate evaluation criteria, the evaluation process and the evaluation cycle. These contents should be clearly stated in the document and widely disseminated to employees. Employees need to understand how they will be judged. Different methods of scoring should be used, including scale scoring, key event recording, pairwise comparison, and target management. The results of the job evaluation should be used not only for payroll but also for the allocation of labor. They should also be used to assess training, development and appointment needs. In order



for the assessment to be effective, bank leaders and department heads / teams should ensure fair and transparent assessment of their performance.

#### 5.7. *Some other solutions*

- Renovate the mechanism of emulation and commendation.
- Evaluate and control the development of human resources.

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