

Comparative Study Of Hrm Practices In Banks

Dr. J.ASHOK

*School of Management Studies
Bannari Amman Institute of Technology
Sathyamangalam
Erode
ashokmgmt@gmail.com*

Abstract

This study aims to analyze the perception of employees towards HRM practices in public and private sector banks. This study conducted based on survey method. The qualitative data relating study has been collected by using a questionnaire. The study identified that the significant difference found between the PSBs and PRSBs in the case of all the sub-system of HRM except the human resource planning practices, recruitment, selection practices and motivational practices. The study results help the policymakers to understand the prevalence of HRM practices in banks and to device suitable strategies to improve the satisfaction level of employees towards HRM practices in banks.

Keywords: *HRM practices, Public sector banks, Training and Development, Human Resources, HRD.*

INTRODUCTION

Human resources (HR) have been the most important and vital asset of any organization as the productivity of all other resources would depend on people (*Chandramohan, 2007*). An individual would usually work to satisfy his needs. Needs would vary from individual to individual and culture to culture. The satisfaction of needs would become essential for both physical survival and providing human resources at work in organizations. Human Resource Management (HRM) should seek to realize the optimum potential of human beings and utilize the same for organizational ends as well as individual development through a proactive approach (*Naga, 2006*). The employees would have a razor sharp brain and pulsating hearts. Being thinking machines, they alone could provide a cutting edge to the organization. Therefore, the management of personnel would require qualities of both mind and heart (*Singh, 1988*).

HRM would generally consist of all the activities undertaken by an enterprise to ensure the effective utilization of employees towards the attainment of an individual, group and organizational goals (*Ashok & Deepa, 1992*). It would envisage practices that help the organization to deal effectively with its people during the various phases of the employment cycle, including pre-hire, staffing and post-hire. In the pre-hire phase, the organization would select its employees (*Bansal, 1991; Belicki & Qoolxorr, 1996*). In the post-hire phase, the organization would develop HRM practices for effectively managing people once they 'came through the door'. These practices have been designed to maximize the performance and satisfaction of employees by providing them with the necessary knowledge and skills to perform their job and by creating conditions that would energize, direct and facilitate employee's efforts towards meeting the organization's objectives.

The primary worry of the bank should be to bring in proper assimilation of HRM strategies with the business strategies. It should faster consistently teamwork and create a commitment to improving the efficiency of its human capital. More than operational skills today are banking call for these ‘soft skills’ to attend the needs and requirement of the customers at the counter. Banks have to understand that the capital and technology-considered to be the essential pillars of banking are repetitive, but not human resource capital, which needs to be viewed as a valuable resource for the achievement of distinctive advantage and efficiency (Maya Salimath & Dr. B Rose Kavitha 2019). The long-term vision for India’s banking system is to transform itself from being a domestic one to the global level may sound improbable at present. To take up this industry to the heights of international excellence requires a combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control, external regulations and human resources at the most. With this background, the present study aims to examine the attitude of employees towards the HRM practices in banks.

MATERIALS AND METHOD

Survey Method has been followed for the study. Both primary and secondary sources of data were used. A well-structured questionnaire was designed to elicit the necessary data and details from the employees of banks working at Kanyakumari district. The sample size of 640 employees covering both public and private sector banks have selected under judgment sampling method. The data collected from the employees have been coded and tabulated to suit the requirements of the study. The statistical tools such as Descriptive Statistics, ‘t’ test and Discriminant analysis have been employed to analyze and interpret the primary data.

RESULTS AND DISCUSSION

Employees perception of HRM practices in the banks has been measured by the mean score of the variables of HRM practices in banks. The ‘t’ test is applied to find out the significant difference between the public sector banks (PSBs) and private sector banks (PRSBs) with respect to employees’ perception on HRM practices in the banks. The results are given below.

Table 1: Employees’ Perception HRM Practices in Banks

<i>Variables</i>	<i>Mean score</i>		<i>‘t’</i>
	<i>PUSBs</i>	<i>PRSBs</i>	
Human resource planning	2.90	3.24	-1.40
Recruitment and selection	3.10	3.51	-2.31
Induction	2.77	3.27	-2.24*
Communication	2.69	3.22	-2.46*
Retention	2.72	3.21	-2.45*
Training and development	2.88	3.54	-2.79*
Motivation	2.98	3.28	-1.65
Career development	3.03	3.57	-2.40*
Employee welfare measures	2.64	3.17	-2.42*
Supervisory support	2.63	3.04	-2.21*
Employer-employee relationship	2.63	3.06	-2.20*
Performance appraisal	2.62	3.20	-2.66*
Human resource development	2.71	3.26	-2.52*

Among the HRM practices at PSBs, the mean scores for recruitment and selection practices and career development practices are 3.10 and 3.03, respectively. At the PRSBs, mean

scores for career development practices and training and development practices since their are 3.57 and 3.54 respectively. Regarding the perception of HRM practices, the significant difference between the PSBs and PRSBs has been found in the case of all the sub-system of HRM except the human resource planning practices, recruitment, selection practices and motivational practices since their respective ‘t’ statistics is significant at five per cent level.

Variation in HRM Practices at Public AND Private Sector Banks

The present study has attempted to identify the variation the HRM practices at PSBs and PRSBs by using discriminant analysis. Initially, the mean difference in each HRM practices has been estimated along with its statistical significance. The discriminant power of each HRM practices has been estimated with the help of Wilk’s Lambda. The results are presented below.

Table 2: Mean and Discriminant Power of HRM Practices at PSBs and PRSBs

Variables	Mean		Mean difference	‘t’	Wilk’s Lambda
	PSBs	PRSBs			
Human resource planning	2.90	3.24	-0.34	-1.40	0.39
Recruitment and selection	3.10	3.51	-0.41	-2.31	0.14
Induction	2.78	3.27	-0.50	-2.25*	0.13
Communication	2.69	3.22	-0.53	-2.48*	0.11
Retention	2.73	3.21	-0.48	-2.47*	0.10
Training and development	2.88	3.54	-0.66	-2.71*	0.10
Motivation	2.98	3.28	-0.30	-1.61	0.30
Career development	3.03	3.57	-0.54	-2.44*	0.18
Employee welfare measures	2.64	3.17	-0.52	-2.41*	0.19
Supervisory support	2.63	3.04	-0.41	-2.24*	0.18
Employer-employee relationship	2.63	3.06	-0.43	-2.26*	0.15
Performance appraisal	2.62	3.20	-0.57	-2.66*	0.16
Human resource development	2.71	3.26	-0.54*	-2.59*	0.17

Significant mean differences are found in the case of 11 out of 13 HRM practices since their ‘t’ statistics is significant at five per cent level. Higher mean differences are noticed in the case of training and development practices and performance appraisal practices since their mean differences are -0.66 and -0.57, respectively. The higher discriminant power is noticed in the case of training and development practices, and retention practices since their Wilk’s Lambda are 0.10 and 0.16, respectively. The significant HRM practices have been included to estimate the two group of discriminant function. The standardized procedure has been followed to estimate the two-group discriminant function. The estimated function is:

$$Z = -0.51 - 0.11x_1 - 0.088x_2 - 0.16x_3 - 0.02x_4 - 0.09x_5 - 0.13x_6 - 0.16x_9 - 0.14x_{10} - 0.08x_{11} - 0.18x_{12} - 0.21x_{13}$$

The relative contribution of each HRM practices in the TDS is estimated by the product of discriminant coefficient and the mean difference. The results are shown in the following table.

Table 3: Relative Contribution of HRM Practices in Total Discriminant Score (TDS)

<i>Variables</i>	<i>Discriminant Co-efficient</i>	<i>Mean Difference</i>	<i>Product</i>	<i>Relative contribution in TDS</i>
Recruitment and Selection	-0.02	-0.41	0.01	1.26
Training and Development	-0.09	-0.66	0.06	8.97
Induction	-0.11	-0.50	0.05	7.90
Communication	-0.08	-0.53	0.04	6.39
Retention	-0.16	-0.48	0.08	10.88
Career Development	-0.13	-0.54	0.07	9.76
Employee Welfare Measures	-0.16	-0.52	0.08	11.47
Supervisory Support	-0.14	-0.41	0.05	7.86
Employer employee relationship	-0.08	-0.43	0.03	5.13
Performance appraisal practices	-0.18	-0.57	0.10	14.19
Human resource development	-0.21	-0.54*	0.11	15.6
Overall			0.74	

The higher discriminant co-efficient is noticed in the case of Human Resource Development Practices and Performance appraisal practices since their discriminant co-efficient is -0.21 at 0.18, respectively. It shows the higher influence of the above said two HRM practices in the discriminant function. Higher relative contribution in TDS is noticed in the case of above said two practices since their relative contributions are 15.69% and 14.19% respectively. The estimated two-group discriminant function correctly classifies the case to the extent of 81.08%. The analysis reveals that the vital discriminant HRM practices between the public and private sector banks are HRD and performance appraisal practices are highly influenced among the employees of PRSBs than the PSBs.

CONCLUSION

The proper functioning of banks would depend upon the HRM practices. The effective HRM policy and practices would cause increased productivity and contribute to overcome losses. Further, it would gear the mutual relationship between the employees and management. It would ensure sustainable growth and provide an excellent service to the general public. The understanding of the attitude of the employees would help the banks to formulate policies and programmes for further improvement. Simply introducing best practice, or even assessing the effectiveness of practice from the employers' viewpoint, has no guarantee that they have been successfully implemented. Suppose the organization's objective has to improve employees' workplace attitudes, then possibly a better way to confirm which HRM practices would have the most significant impact. In a nutshell, the satisfaction of HRM practices of the organization would result in job satisfaction and happy work life.

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