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Impact on HRM Practices in Select Public and Private Banks – a Study of Nellore District, Andhra Pradesh, India

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Abstract:

This research paper portrays the impact of level of management on human resource management practices in Public (SBI) and Private banks (ICICI) and their outcomes in Nellore District. Human Resource Management Practices are vast. But this study covers parameters namely Employee Retention, Promotions & Transfers, Career Planning & Turnover Intention of the employees of both SBI and ICICI bank. This study covers the analysis by taking a sample of 25 employees of Public bank and 25 employees of Private bank relating to Nellore region, how the above parameters are followed in the banks. Primary data was collected by using a structured questionnaire using five-point scale for discussions. The analysis reveals that there exists impact on HRM practices in both the banks and certain variations were there in implementing the above practices.

Keywords: Introduction, Reviews, Methodology, Analysis and Results

1. Introduction

The time is changing and so is business environment. The ongoing process of liberalization, privatization and globalization has made business environment highly competitive and complex. As a result of these changes human resource environment is also changing, which in turn have changed human behavior in organizations. Therefore, the changing environment has necessitated a perspicuous and through study of its impact on human resource management practices. Of late, the human resource management has become important function of management. It is human dimension which has emerged as a means of accelerating growth having relationship with all sorts of organizations.

2. Review of Literature

Gaikwad & Deshmukh (2015) in their study on “HRM Practices in Selected Public and Private Sector Banks” described the issues that are involved related to HR. The authors in their study discussed about HR practices and their relation with both Public and Private sector banks. The study revealed that human resources are important part of any organization and needs to be managed effectively.

Shaukat et al (2015) in their study on “Impact of Human Resource Management Practices on Employees Performance” has described that employees are important part of any organization contributing towards the achievement of goals. The aim of the study is to examine the impact of compensation, recruitment and selection, career planning, performance appraisal and selection on employee performance. The authors concluded in their research paper that it is necessary to review, revamp and rejuvenate the human resources in the organization

The study conducted by Al Qudah et al (2014) on “The Effect of Human Resources Management Practices on Employee Performance” has showed the effect of human resources on the performance level of employees. The main factors which have impact are recruitment and selection and compensation on employee performance. The authors have also described that the success and failure of any organization depends on its employees. The results revealed that there is positive relation between both compensation and employee performance and recruitment and selection and employee performance.

KC Chakraborty, 2012 “HR Management in Banks-Need for a new perspective” concluded that Human Resource Management is important for banks because banking is a service industry. Management of risks and Management of people are two key challenges facing banks. He has focused more on the emerging needs of HRM in banking sector in today’s world.

Shikha N. Khera (2010) pointed out that over recent years there has been an increasing interest in the field of human resource management. Currently, the literature encourages the consideration of human resources as strategic factors, not only because they play important role in strategy implementation, also because they are beginning to be reckoned as sources of sustainable competitive advantage. Relationships between human resource management and productivity have been studied from different perspectives. This study is an attempt to investigate the extent to which Commercial Banks of India differ on aspects of human resource management

practices and the key Human Resource Practices contributing to employee productivity from a sample of 184 respondents from three commercial banks of India (one foreign sector, one private sector and one public sector bank).

Tessema and Soeters (2006) have conducted study on eight HR practices including compensation, training and other aspects. Literature indicates that the performance of the private and foreign banks have been stronger than that of public sector banks (IBA, 2008).

(D'Souza, 2002). In addition, the working environment in private sector banks has been found as growth driven, technologically advanced, and devoid of bureaucracy, where employees' promotions are highly contingent on their performance and merit. However, private sector banks do not provide job security and would lay off their employees in cases of poor performance or adverse market conditions

3. Research Methodology

3.1. Statement of the Problem

The banking industry in India is dynamic. There are many challenges to be faced in the wake of this scenario. Employee Retention practices form the base for organizations in retaining the talent pool. Further their performance is to be appraised continuously in assessing their skills, so that it helps in Promotions & Transfers for the employees. Employees are entrusted with different roles and responsibilities in the banks. Employee Retention, Promotions & Transfers, Career Planning & Turnover Intention enable the organizations to hold the employees by assigning various roles and responsibilities efficiently which help them in taking up higher challenges. In this study, the researcher studies the implementation of existing HRM practices like Employee Retention, Promotions & Transfers, Career Planning & Turnover Intention in SBI and ICICI bank in Nellore District. The aim is to assess the effectiveness of various facets of Employee Retention, Promotions & Transfers, Career Planning & Turnover Intention in Public and Private Banks.

3.2. Need for the Study

Human Resource Management is important for banks because banking is a service industry. In what way, the Employee Retention, Promotions & Transfers, Career Planning & Turnover Intention followed in Public and Private banks are analysed, so that better way is to be practiced wherever is needed.

3.3. Objectives of the Study

- To assess the impact of human resource practices followed in both Public and Private banks.
- To compare the Employee Retention, Promotions & Transfers, Career Planning & Turnover Intention practices between public and private banks

3.4. Hypothesis

The following Null Hypotheses are framed and tested for the study.

1. There is no significant impact of level of management between Public Sector and Private Sector banks regarding 'Employee Retention'
2. There is no significant impact of level of management between Public Sector and Private Sector banks regarding 'Promotions & Transfers'
3. There is no significant impact of level of management between Public Sector and Private Sector banks regarding 'Career Planning & Turnover Intention'

3.5. Methodology

The study is based on survey method. Primary data are collected from the field directly by using structured Questionnaire. The secondary data are collected from books and websites. 50 respondents are selected by adopting random sampling techniques for the study covering Nellore district of AP. Enough care was taken to include two levels of employees. Statistical package (SPSS version 16.0) is used for analysis of data.

3.6. Sampling Design

State bank of India is selected as Public sector bank and ICICI bank is selected as Private sector bank for this study. 25 employees from SBI and 25 employees from ICICI bank are randomly selected for this research. The collected facts are analysed by using One Way Anova. 5 point Likert scale is used in the study.

3.7. Limitations of the Study

- The size of the samples is small.
- The study area is limited within the area.

4. Result Analysis

Table 1 is prepared by assigning Strongly Agree (5) to Strongly Disagree (1). The Mean and Standard Deviation of the scores of all the Employee Retention scale are given below

4.1. One- Way Anova

Statements	Bank	Level of Management	N	Mean	SD	F	Sig.
Financial reward facility helps in attracting employee	Public	Low	21	3.8095	.74960	2.338	.133
		Middle	4	4.0000	.00000		
	Private	Low	10	4.0000	.00000		
		Middle	15	4.1333	.35187		
Transportation & Housing facility helps in attracting employee	Public	Low	21	3.5238	.98077	2.040	.160
		Middle	4	3.0000	1.15470		
	Private	Low	10	3.2000	.42164		
		Middle	15	3.1333	.35187		
Non financial reward facility helps in attracting employee	Public	Low	21	3.2857	.95618	.002	.962
		Middle	4	3.0000	1.15470		
	Private	Low	10	4.8000	.63246		
		Middle	15	4.0000	.92582		
A good leave facility helps in retaining employee	Public	Low	21	4.0952	.43644	.046	.831
		Middle	4	4.2500	.50000		
	Private	Low	10	3.1000	.31623		
		Middle	15	3.6000	.50709		
Retention strategies make position and achieve goals of organization	Public	Low	21	3.5238	.67964	1.834	.182
		Middle	4	4.0000	.81650		
	Private	Low	10	4.0000	.00000		
		Middle	15	3.8667	.35187		
Poor relationship with supervisor is reason for leaving job	Public	Low	21	3.3333	1.06458	2.115	.152
		Middle	4	3.0000	1.41421		
	Private	Low	10	1.9000	.31623		
		Middle	15	2.2667	.79881		
Lack of rewards and recognition is reason for leaving job	Public	Low	21	3.6190	1.11697	2.785	.102
		Middle	4	2.7500	1.50000		
	Private	Low	10	4.6000	.96609		
		Middle	15	3.4667	1.45733		
Lack of T&D opportunities is reason for leaving job	Public	Low	21	2.9048	1.09109	.204	.654
		Middle	4	3.0000	1.15470		
	Private	Low	10	2.9000	.31623		
		Middle	15	2.7333	.70373		
Inadequate compensation is reason for leaving job	Public	Low	21	3.3810	1.28360	.386	.538
		Middle	4	2.7500	1.50000		
	Private	Low	10	4.1000	.56765		
		Middle	15	3.6000	.63246		
Brand Image is deciding factor as an option for next employment	Public	Low	21	3.9524	1.16087	.451	.505
		Middle	4	4.0000	1.41421		
	Private	Low	10	3.3000	.67495		
		Middle	15	3.9333	.96115		
Compensation & benefits are deciding factor to choose for next employment	Public	Low	21	3.6667	.96609	2.158	.148
		Middle	4	3.2500	.50000		
	Private	Low	10	4.8000	.42164		
		Middle	15	4.7333	.45774		
Managing expectations of employee is challenge for retention	Public	Low	21	3.6190	.80475	3.462	.069
		Middle	4	4.0000	.81650		
	Private	Low	10	2.3000	1.05935		
		Middle	15	3.7333	1.22280		
Providing adequate career growth & opportunities is	Public	Low	21	3.5238	1.12335	7.652	.008
		Middle	4	4.5000	.57735		
		Low	10	4.3000	.48305		

challenge to retention	Private	Middle	15	4.4667	.51640		
Fostering good relationship with supervisor is challenge to retention	Public	Low	21	3.4762	.87287	.335	.565
		Middle	4	3.2500	.95743		
	Private	Low	10	3.1000	.31623		
		Middle	15	3.5333	.51640		
Providing job challenges help in employee retention	Public	Low	21	3.5238	.74960	3.837	.056
		Middle	4	4.0000	.81650		
	Private	Low	10	4.1000	.31623		
		Middle	15	4.0667	.25820		
Building open environment & culture help in retention	Public	Low	21	3.1429	1.01419	.015	.904
		Middle	4	3.0000	.81650		
	Private	Low	10	4.7000	.67495		
		Middle	15	3.8667	.99043		
Competitive remuneration packages help in retention	Public	Low	21	3.4286	.81064	9.817	.003
		Middle	4	4.0000	.00000		
	Private	Low	10	3.2000	.63246		
		Middle	15	4.0667	.88372		
Clarifying job responsibilities & career paths helps in retention	Public	Low	21	3.7143	.78376	1.709	.197
		Middle	4	4.0000	.00000		
	Private	Low	10	4.1000	.31623		
		Middle	15	4.0667	.25820		
Providing continuous training opportunities for skill upgradation help in retention	Public	Low	21	3.2381	.94365	1.633	.207
		Middle	4	2.7500	1.50000		
	Private	Low	10	4.7000	.48305		
		Middle	15	4.4667	.51640		

Table 1: Employee Retention in SBI and ICICI Bank

4.2. Inference

An analysis of above table relating to Employee Retention in Public and Private banks based on level of management brings out that F value is 7.652 and the Significance value is 0.008 in case of Providing adequate career growth & opportunities is challenge to retention, the F value is 9.817 and significance value is 0.003 in case of Competitive remuneration packages help in retention. This indicates that significance value is below the standard norm 0.05 regarding these two constructs. Since the Significance value is less than 0.05, the mean difference existing for these constructs across the banks is significant at 5% level. Hence it is assessed that the Null Hypothesis is rejected. It indicates that there exists significant difference between both the banks in providing adequate career growth & opportunities, Competitive remuneration packages. This is so because Public sector bank has its own strategy to provide adequate career growth & opportunities, Competitive remuneration packages than Private sector banks. But in remaining constructs relating to Retention practices the significance value is above the Standard norm. Hence, there is no significant difference between the banks in all the other constructs i.e. Null hypothesis is accepted.

Table 2 is prepared by assigning Strongly Agree (5) to Strongly Disagree (1). The Mean and Standard Deviation of the scores of all the Promotions & Transfers scale are given below

Statements	Bank	Level of Management	N	Mean	SD	F	Sig.
Promotion is based on Merit system	Public	Low	21	3.8095	.92839	6.656	.013
		Middle	4	4.5000	.57735		
	Private	Low	10	4.2000	.42164		
		Middle	15	4.4667	.51640		
Seniority is considered as basis of Promotion	Public	Low	21	3.5238	.87287	.962	.332
		Middle	4	4.0000	1.15470		
	Private	Low	10	2.1000	.73786		
		Middle	15	3.2000	1.01419		
Both Merit & Seniority is considered as basis of Promotion	Public	Low	21	3.9524	1.07127	.693	.409
		Middle	4	3.2500	.95743		
	Private	Low	10	4.2000	.42164		
		Middle	15	4.0000	.00000		
		Low	21	3.7619	.53896	.661	.420

Promotion system is appropriate	Public	Middle	4	4.2500	.50000		
	Private	Low	10	3.1000	.31623		
Promotion policy provides equal opportunities for career growth	Public	Middle	15	3.5333	.51640	.145	.705
		Low	21	3.9048	.62488		
	Private	Middle	4	3.5000	.57735		
		Low	10	4.9000	.31623		
Promotion policy helps to raise educational qualifications & motivation level	Public	Middle	15	4.5333	.91548	.033	.856
		Low	21	3.7143	.84515		
	Private	Middle	4	4.5000	.57735		
		Low	10	3.0000	.47140		
Promotions are unbiased & rational	Public	Middle	15	3.2667	.59362	.049	.826
		Low	21	3.5238	.74960		
	Private	Middle	4	3.5000	1.29099		
		Low	10	4.7000	.67495		
Transfer is considered to meet organizational requirements	Public	Middle	15	3.9333	.96115	4.068	.049
		Low	21	3.4286	.67612		
	Private	Middle	4	3.5000	.57735		
		Low	10	3.2000	.63246		
Transfers are considered to satisfy the employee need	Public	Middle	15	3.8667	.91548	.037	.848
		Low	21	3.6190	.80475		
	Private	Middle	4	3.2500	.50000		
		Low	10	4.1000	.56765		
Transfer are considered to utilize employees better	Public	Middle	15	3.8667	.35187	1.846	.181
		Low	21	3.7619	.83095		
	Private	Middle	4	3.0000	.00000		
		Low	10	4.3000	.48305		
Transfers are done to make employees more versatile	Public	Middle	15	3.8000	.77460	.041	.840
		Low	21	3.8095	.67964		
	Private	Middle	4	3.7500	.95743		
		Low	10	2.3000	.82327		
Transfers are done to adjust workforce	Public	Middle	15	3.1333	.99043	.096	.758
		Low	21	3.5714	.92582		
	Private	Middle	4	4.0000	.81650		
		Low	10	3.8000	.42164		
Transfers are done to provide relief	Public	Middle	15	3.4667	.51640	2.749	.104
		Low	21	3.0476	1.32198		
	Private	Middle	4	3.0000	1.15470		
		Low	10	3.1000	.73786		
Transfers are done to reduce conflicts in organization	Public	Middle	15	2.4667	.51640	2.689	.108
		Low	21	3.1429	1.15264		
	Private	Middle	4	4.2500	.95743		
		Low	10	4.5000	1.26930		
Transfers are considered to punish employees	Public	Middle	15	4.1333	.99043	.838	.364
		Low	21	2.9048	1.37495		
	Private	Middle	4	3.0000	1.82574		
		Low	10	3.0000	.81650		
			15	2.5333	.74322		

Table 2: Promotions & Transfers in SBI and ICICI Bank

4.3. Inference

An analysis of above table relating to Promotions and Transfers in Public and Private banks based on level of management brings out that F value is 6.656 and the significance value is .013 in case of Promotion is based on Merit system. This indicates that significance value is below the standard norm 0.05 regarding this construct. Since the Significance value is less than 0.05, the mean difference existing for this construct across the banks is significant at 5% level. Hence it is assessed that the Null Hypothesis is rejected. It indicates that there exists significant difference between both the banks relating to Promotion is based on Merit system. This is so because Public sector bank has its own strategy to use Promotion policies, i.e., consider both merit and seniority whereas Private

banks sometimes promote based on only merit. But in remaining constructs relating to Promotions and Transfers the significance value is above the Standard norm. Hence, there is no significant difference between the banks in all the other constructs i.e. Null hypothesis is accepted.

Table 3 is prepared by assigning Strongly Agree (5) to Strongly Disagree (1). The Mean and Standard Deviation of the scores of all the Career Planning & Turnover Intention scale are given below

Statements	Bank	Level of Management	N	Mean	SD	F	Sig.
Employees at Each level have clear career ladder	Public	Low	21	3.8571	.79282	.000	.996
		Middle	4	3.2500	.50000		
	Private	Low	10	2.5000	1.08012		
		Middle	15	3.4667	1.45733		
Career planning & succession planning are done very seriously	Public	Low	21	3.3810	.86465	.386	.537
		Middle	4	3.2500	.50000		
	Private	Low	10	2.2000	.42164		
		Middle	15	2.7333	.79881		
Internal hiring is preferred over external	Public	Low	21	3.1905	1.12335	2.980	.091
		Middle	4	3.7500	1.50000		
	Private	Low	10	4.7000	.48305		
		Middle	15	4.3333	.48795		
Organisational and individual growth needs are aligned	Public	Low	21	3.1429	1.01419	.288	.594
		Middle	4	2.7500	.95743		
	Private	Low	10	3.9000	.31623		
		Middle	15	3.7333	.70373		
Employees get career guidance from supervisors without hesitation	Public	Low	21	3.6190	.86465	3.502	.067
		Middle	4	4.0000	.81650		
	Private	Low	10	3.2000	.63246		
		Middle	15	3.9333	.96115		
New employee always get inspired by career planning & development system	Public	Low	21	4.3810	.58959	.122	.729
		Middle	4	4.5000	.57735		
	Private	Low	10	3.1000	.31623		
		Middle	15	3.7333	.45774		
Employees are provided e-lessons for career development	Public	Low	21	3.7619	.94365	1.041	.313
		Middle	4	3.5000	1.29099		
	Private	Low	10	4.2000	.42164		
		Middle	15	4.3333	.72375		
Feel of loyalty towards bank	Public	Low	21	2.3810	1.35927	.126	.724
		Middle	4	3.0000	1.82574		
	Private	Low	10	4.1000	1.28668		
		Middle	15	3.1333	1.84649		
Intention to resign within a short time	Public	Low	21	3.7143	1.38358	.020	.889
		Middle	4	2.5000	1.91485		
	Private	Low	10	3.3000	.67495		
		Middle	15	3.9333	.96115		
Leaving job whenever new job is obtained	Public	Low	21	2.1429	1.55839	2.607	.113
		Middle	4	3.0000	2.30940		
	Private	Low	10	4.3000	.82327		
		Middle	15	3.7333	1.03280		
Hate to quit job	Public	Low	21	3.9524	.97346	5.012	.030
		Middle	4	3.7500	.95743		
	Private	Low	10	3.0000	.47140		
		Middle	15	2.9333	.25820		

Table 3: Career Planning & Turnover Intention in SBI and ICICI Bank

4.4. Inference

An analysis of above table relating to Career Planning & Turnover Intention in Public and Private banks based on level of management brings out that F value is 5.012 and the Significance value is 0.030 in case of Feel of quitting from the Job. This indicates that significance value is below the standard norm 0.05 regarding this construct. Since the Significance value is less than 0.05, the mean difference existing for this construct across the banks is significant at 5% level. Hence it is assessed that the Null Hypothesis is rejected. It indicates that there exists significant difference between both the banks relating to the Feel of quitting from the Job. This is so because Public sector bank employees are not interested to quit but whereas Private bank employees are ready to quit from their Job and the reason behind this is due to more work, No Job safety and security, no additional incentives etc as in case of Public banks. But in remaining constructs relating to Recruitment practices the significance value is above the Standard norm. Hence, there is no significant difference between the banks in all the other constructs i.e. Null hypothesis is accepted.

5. Findings & Discussions

- There exists significant difference between both the banks in providing adequate career growth & opportunities, Competitive remuneration packages. This is so because Public sector bank has its own strategy to provide adequate career growth & opportunities, Competitive remuneration packages than Private sector banks
- There exists no significant difference between the banks in all the other constructs relating to Employee Retention because the significance value is above the Standard norm. It means that both the banks follow similarly in the other Retention practices.
- There exists significant difference between both the banks relating to Promotion is based on Merit system. This is so because Public sector bank has its own strategy to use Promotion policies, i.e., consider both merit and seniority whereas Private banks sometimes promote based on only merit.
- There exists no significant difference between the banks in other constructs namely Appropriate promotion system, Rational & unbiased promotion policies, transfers done to provide relief and more versatile. Both the banks follow in the same manner in the above selection practices
- There exists significant difference between both the banks relating to the Feel of quitting from the Job. This is so because Public sector bank employees are not interested to quit but whereas Private bank employees are ready to quit from their Job and the reason behind this is due to more work, No Job safety and security, no additional incentives etc as in case of Public banks.
- There exists no difference between the banks in other constructs of Career Planning and Turnover Intention because the value is above standard norm and it indicates that both the banks function in a similar manner in the above practices.

6. Suggestions

Public bank has better ways and means for career development opportunities, competitive remuneration packages whereas in Private banks it is somewhat less in nature when compared to Public Banks. Retaining the employee is a big challenge in the case of Private banks. Skill development is crucial. So, Private bank by reenergizing their employees through proper promotions, career enhancing activities, Retention strategies and transforming the bank will lead to provide better working environment and retain the best talent pool.

7. Conclusion

Thorough competition exists between Public and Private sector banks. The public sector banks are finding it difficult to cope up with competition. Even Public sector bank is good enough in Employee retention by providing good Career planning & Development programmes, Promotions & Transfers but Private banks are striving hard to retain their employees with deadwood and not willing to perform better. So, the HRM activities relating to Employee Retention, Promotions & Transfers, Career Planning & Development practices of both the public-sector banks and private banks are different in certain constructs. Those must be changed in Private bank employees so that it will help the private banks for their betterment.

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