



An empirical analysis of Human Resources Management Practices- a comparative study of selected public and private banks in Coimbatore

5519

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Abstract:

This study compares the Human Resources Management practises (HRMP) of public and private banks in the functional areas of management, as well as how they relate to job satisfaction. The study will also assist in determining which groups of employees are most satisfied with the chosen practises and which practises have the greatest positive effects on employee satisfaction. Using a simple random sampling approach, information was gathered from 500 employees using a self-made questionnaire. According to the survey, both private and public sector banks use HRM practises that are tailored to their customers' demands. This is due to the fact that employee policies, which generally differ in the areas of recruitment, training and development, performance evaluation, organisation policy and culture, career planning, and employee participation, have a direct impact on whether or not customers' needs are satisfied or unsatisfied.

Keywords: HRM Practices, Public Sector Banks and Private Sector Bank

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1 Introduction

The advent of effective human resources in banks has significantly altered our nation's economy. Retaining deserving employees is crucial for the organization's success. These are the workers who are happy working for the company and who help it achieve its objectives. Employee

happiness is crucial for improving performance, and HRMP plays a significant role in this regard. Each employee who joins HRMP has their behaviours and actions shaped by it. To ensure the successful implementation and the survival of the organisation and its members, human resource management (HRM) is practised as a



system that recruits, develops, motivates, and retains personnel (Schuler and Jackson) (1987).

1.1 HRM in Banks

A bank is a service organisation; in contrast to manufactured items or agricultural produce, services are ephemeral and perishing because neither the provider nor the recipient can store them. This means that in addition to producing the service, the service provider must also simultaneously communicate it to the service user. In order to improve the quality of their services, banks must implement the HRMP. The issues facing banks are to develop multi-skilled, contented employees. All of these things can be accomplished if top-level management takes additional care while creating or redesigning good HRM Practices, starting with the recruitment and selection process and moving on to identifying employees' key competencies and creating exemplary work strategies for the staff.

1.2 Statement of the problem

HRMPs have a significant and tangible impact on financial performance, productivity, and the people's quality of working life. These days, banks are growing and combining, which calls for qualified bank personnel who can effectively manage the situation. Employee dissatisfaction is a major issue in banks, and management must address it since dissatisfaction leads to happiness, and happiness improves employee performance. The issues facing banks are ensuring that its staff members are multi-skilled and content. The report discusses concerns with HRMP and employee job satisfaction in banks.

1.3 Purpose of the study

The goal of this research study is to compare industries in order to find a relationship between actual and perceived HRMPs and the work environment that affects employees' job satisfaction. This study is likely to point to a practical way for the Indian commercial banking sector to attract and keep talented workers.

1.4 REVIEW OF LITERATURE:

Shen Lei, Muhammad Ali, and Xiao Yong Wei In today's economic environment, creating a favorable climate is becoming more and more crucial for organizational growth and success, according to Journal of Innovation and Knowledge (2018). A social environment that

promotes strong employee involvement and an employee-centered culture is created by an environment where there are good employee interactions. Employees feel at ease as a result and favorably impact company performance. Banks must comprehend how the HRM practices and the environment for employee interactions impact organizational performance given the level of competition in the service sector. The optimum employee relations environment for the firm must also be known by banks. As a result, this study investigated how, in Chinese banks, the climate of employee interactions influences the link between strategic HRM practices and organizational performance. Senior bank employees in Shanghai who responded to a survey questionnaire gave the data. The hypotheses were tested and the measurement validity was evaluated in AMOS 18 using CFA and SEM. The findings show a strong positive correlation between strategic HRM and operational performance. Additionally, it was discovered that the climate of employee relations mediates the link between strategic HRM and organizational performance. The study's shortcomings include the use of cross-sectional data, a restricted target sample (bank employees), and a restricted target region (Shanghai). The dimensions of organizational performance were also not specifically articulated. Finally, only one sector of the proposed link was investigated (i.e., the banking sector).

Rushit Gnana, E. E-HRM, according to RoyP. Jegan (2019), is a cutting-edge tool that enables organizations to be technologically sophisticated and improve their performance. The use of e-HRM facilitates communication and engagement within the organization as well as among its members. The adoption of e-HRM is a hard undertaking for banks in the current competitive environment. Banks might find that e-HRM helps them operate better. In order to provide automation, transparency, paperless work, empowerment, cost savings, and improved performance, banks now use e-recruitment, e-selection, e-training, and e-compensation, among other technologies. Banks that are focused on enhancing productivity are introducing and utilizing e-HRM more frequently. In light of this, an analysis of the adoption of e-HRM in banks and its effects on organizational commitment in



banks was made. The nature of the current study is descriptive. Using an interview schedule, data from 215 respondents at private and public sector banks was gathered. According to the survey, banks are only implementing e-HRM practices to a minimal extent. Compared to public sector banks, the level of execution is higher in private sector banks. Since it is required in the digital age, this brand should be altered by the adoption and application of suitable e-HRM practices.

Mr. Nishad Nawaz Vasuki, Vijayakumar Gajenderan (2020)The impact of HRM practices on employee engagement in private banks in Chennai is examined in the current study. Both primary sources and secondary sources were used to analyze the data that was gathered. Non-probability convenience sampling was used in the study. The study's intended audience consists of bank personnel in the private sector. The structured questionnaires are used to compile the responses. 400 questionnaires are circulated overall, and 361 replies were ultimately used for the study. The established factors for HRM practices, including performance appraisal, rewards and recognition, career advancement, recruitment and selection, and employee participation towards employee engagement in private banking sectors in the study region, found that performance appraisal factors significantly influenced the HRM Practices in private banks in the study region.

Journal of Psychology and Education, Ibrahim Mohammad Hatamleh (2021).This paper's major goal is to examine, from the viewpoint of the bank's employees, how HRM policies give the National Bank of Bahrain, a case study, a competitive edge. Thus, information was gathered from 168 managerial staff members of nine sub-banks in Bahrain using a well-structured questionnaire, and the validity and reliability of the questionnaire were evaluated. Additionally, the Pearson correlation coefficient, the basic linear regression test, and the unilateral variation analysis were utilized as analytical and descriptive tools (ANOVA). This study used a key topic to examine how HRM methods, which were broken down into five primary categories (planning, job analysis, recruitment and selection, training and development, and

compensation (pay and benefits),) attempt to acquire a competitive edge. The results demonstrated that the National Bank of Bahrain's human resources management techniques have a statistically significant impact on achieving a significant competitive advantage.

5521

Suleiman Ayman Jarrar (2022)In the context of Jordan's 13 commercial banks, the study examines the effects of strategic human resource practices on employee engagement and the mediating function of transformational leadership. This study will be the first of its kind in Jordan to analyze the subject to the limits of the researcher's understanding. According to the Association of Banks in Jordan website, the research population includes each of the 13 commercial banks in Jordan (Association of Banks in Jordan, 2020). There are 15,553 employees working for banks, according to estimates. The proportionate stratified random sample technique will be used by the researcher. According to Sekaran's table (Sekaran & Bougie, 2016, 263) and the population size (15,553) distributed across the chosen banks, a sample size based on the number of employees in each bank was chosen, with a 5% acceptable margin of error. 375 people make up the sample. Employees of Jordanian commercial banks will serve as the study's analytical unit. The study's findings support the effect of HRM on employees' loyalty as well as transformational leadership's partly mediation function.

1.5 Objectives of the study

Primary Objective

- The overall objective of this study is to explore the HRM practices followed in the public and private banks in Coimbatore city.

Secondary Objective

- To study about Recruitment and Selection practices followed by the selected public and private sector banks.
- To study about Training and Development practices followed by the selected public and private sector banks.
- To study about Performance evaluation and Compensation practices followed by the selected public and private sector banks.



- To study the employees Job Satisfaction level towards HRM practices followed by both Private and public sector banks.

2 .Research methodology

After careful consideration of review of literature, the major factors were identified and a self-designed questionnaire was used for the data

Table 1 Sample profile

collection. Simple random sampling procedure was used for selecting the respondents in this study. The sample size of this study is 500. As far as selection of respondent bank employees is concerned, a sample of 24 bank employees has been taken randomly from the five public sector banks under study. Similarly, 26 bank officers from the five selected private sector

Variable	Public Banks		Private Banks	
	Frequency	Percent	Frequency	Percent
Age group				
Below 25	10	4.2	30	11.5
25-35 yrs	10	4.2	100	38.5
36-45 yrs	101	41.7	80	30.8
46-55 yrs	119	50	50	19.2
Gender				
Male	40	16.7	150	57.7
Female	200	83.3	110	42.3
Marital Status				
Married	169	70.8	190	73.1
Unmarried	71	29.2	170	26.9
Qualification				
Degree	150	62.5	70	26.9
Post-graduation	80	33.3	150	57.7
Professional	10	4.2	30	11.5
Others	-	-	10	3.8
Work Experience				
less than 3 yrs	50	20.8	90	34.6
3-5 yrs	20	8.3	80	30.8
5-10 yrs	60	25	40	15.4
10-20 yrs	100	41.7	40	15.4
25 and above	10	4.2	10	3.8
Previous Experience				
Yes	70	29.2	170	65.4
No	170	70.8	90	34.6
Income				
less than 25,000	60	25	30	11.5
25,001-50,000	130	54.2	160	61.5
50,001-1,00,000	40	16.7	70	26.9
Missing 99	10	4.2		



Table 2 Recruitment and Selection

Recruitment and Selection	Public Bank	Private Bank	Independent Samples Test		
	Mean	Mean	F	Sig.	T
Recruitment & selection system followed in our Bank is well defined	4.5	4.2	1.060	0.308	-2.158
Selection system in our Bank selects those having the desired knowledge, skills and attitudes	4.4	4.0	5.377	0.025	-2.030
Bank uses assessment centers for selection	3.8	3.6	0.579	0.450	-0.566
Bank uses unbiased test and interviewing techniques for employee selection	4.0	3.7	1.090	0.302	-0.936
Bank selects employees without any bias	3.4	4.0	8.552	0.005	1.981
We have strong merit criteria for employee selection	4.3	4.0	1.887	0.176	-0.988

5523

The significant-values indicate that there is a mixed response from the respondents. The significant-value is greater than .05 in the majority of the responses except two statements.

This indicates that the private and public sector banks give more attention towards Recruitment & selection.

Table 3 Training and development

Training and development	Public Bank	Private Bank	Independent Samples Test		
	Mean	Mean	F	Sig.	T
Our bank conducts extensive training programs for its employees in all aspects	3.8	3.9	0.042	0.839	0.37
Training Needs Assessed before training is imparted	3.5	3.8	1.774	0.189	1.151
Training program are planned in the organised way	4.0	4.1	0.434	0.513	0.173
Employees are made aware about the objectives of the training before attending it	3.7	4.0	0.265	0.609	1.174
The present training system is adequate to meet the job Requirements	3.7	3.8	1.189	0.281	-1.065
Training program contents are relevance to trainees current job	4.0	3.6	3.644	0.062	-1.490

The significant-values indicate that the mean differences are statistically insignificant. Because the significant-value which is greater than .05 in all the statements. This indicates that the private and public sector banks give more attention

towards training and development of the employees.



Table 4 Performance evaluation practices

Performance evaluation practices	Public Bank	Private Bank	Independent Samples Test		
	Mean	Mean	F	Sig.	T
The performance appraisal is fair and clear to all	3.9	3.7	9.563	0.003	-0.999
There is a formal and written performance Appraisal system.	3.7	3.6	4.906	0.032	-0.199
I am informed in prior that how my performance is evaluated	3.6	3.5	6.666	0.013	-0.332
I receive feedback about myself of performance evaluation results	3.5	3.6	2.875	0.096	0.260

5524

The significant-values indicate that the mean differences are statistically significant. The significant-value is less than .05 except one statement. This indicates that there is a

significant difference between private and public sector banks with respect to performance evaluation practices.

Table 5 Compensation

Compensation	Public Bank	Private Bank	Independent Samples Test		
	Mean	Mean	F	Sig.	T
The pay practices help our bank to have and retain (Retention) high performing employees	3.0	3.6	0.026	0.872	2.462
The pay practices make a positive contribution to the overall effectiveness of the bank	3.5	3.8	0.061	0.806	1.604
The pay practices contribute to employees efficiency	3.4	3.8	1.136	0.292	1.827
There is a large pay gap between low performers and high performers in a given job.	2.2	3.7	5.037	0.029	4.026
Pay incentives are designed to provide a substantial amount of an employee’s total earnings in this organization.	2.9	3.9	0.007	0.935	2.599

The significant-values indicate that the mean differences are statistically insignificant, except one statement. This indicates that the private and public sector banks give more attention towards compensation. Meanwhile from the above test we could find employees feel there is a large pay

spread between low performers and high performers in a given job.



Table 6 overall Employees Satisfaction

Job Satisfaction	Public Bank	Private Bank	Independent Samples Test		
	Mean	Mean	F	Sig.	T
Recruitment and selection procedure followed in your bank	4.5	4.1	1.041	0.313	-2.071
Promotional Policy followed by your bank	3.9	3.6	1.100	0.300	-1.196
Transfer policy of your bank	2.9	3.5	0.904	0.346	1.960
Performance appraisal system of your bank	3.9	3.6	0.001	0.971	-1.222
Training Program of your bank	3.9	3.7	0.488	0.488	-0.598
Welfare facilities of your bank	3.5	3.6	0.956	0.333	0.448
opinion about financial incentives	3.5	3.7	0.341	0.562	0.915

5525

The significant-values indicate that the mean differences are statistically insignificant. The significant-value is greater than .05 in all the statements. This indicates that the private and public sector banks give more attention towards employees' satisfaction.

Table 7 Chi-square Analysis: There is a significant association between employees' age group and their satisfaction towards HRM practices related to transfer policy

Crosstab

		Transfer policy					Total
		Strongly disagree	Disagree	Neutral	Agree	strongly agree	
Age	Below 25	0	10	0	20	10	40
	25-35 yrs	10	20	90	120	0	240
	36-45 yrs	10	0	40	30	20	100
	46-55 yrs	10	60	30	20	0	120
Total		30	90	160	190	30	500

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.122	12	.027
Likelihood Ratio	24.584	12	.017
Linear-by-Linear Association	5.702	1	.017
No. of Valid Cases	500		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .24.



The above table depicts that P value is .027 which is lesser than .05. This tells us that there is a statistically significant association between Employees Age group and their satisfaction towards HRM practices related to Transfer policy.

3 Findings and Conclusion

3.1 Demographic findings

- Age of the respondents shows that private sector banks have more number of young workforces than public sector banks.
- The percentage of female employees is more in public sector banks compared to private sector banks taken for the study.
- Most of the employees are married in both public and private sector banks.
- Minimum qualification in banking sector is under graduation and in private sector banks post graduate are more compared to public sector banks.
- Public sector bank employees have more number of years of experience compared to private sector bank.
- Majority of the employees belong to 25001-50000 salary slabs in both private and public sector banks.

3.2 Findings using mean score analysis

Public sector banks had higher levels of understanding of the recruiting and selection system than private sector banks, according to a mean score used to assess practices in recruitment and selection. We discovered that staff members believe public sector banks choose employees with the appropriate knowledge, abilities, and attitudes by giving them a high mean score.

The responses were averaged out to compare the methods used for training and development, and it was discovered that both private and public sector banks offer significant training programs to its staff in all areas. Banks in the private sector evaluate training needs more so than banks in the public sector. The training program's goals are clear, and private sector banks, rather than public sector banks, have successfully arranged

it. One of the strategies that promotes employee growth is performance evaluation. The study demonstrates that the performance review is transparent and fair to everyone. The personnel is told in advance about the official appraisal procedure that takes place and how their performance is assessed. The performance evaluation practices' average mean score for both private sector banks and public sector banks is 3.6 (average mean score).

Pay practices are proven to positively impact a bank's overall efficacy and employees' productivity, especially in private sector banks, when the mean score from the responses is used to compare the methods used in relation to compensation. The mean score of the big pay discrepancy between low performers and high performers in a given job differs significantly. In private sector banks, pay incentives are better and account for a sizeable portion of an employee's overall compensation.

Overall employee satisfaction in human resource practices between private and public sector banks demonstrates that private sector bank staff are more satisfied with transfer policies, welfare facilities, and financial incentives while public sector bank staff are more satisfied with their recruitment practices, training practices, and promotion policies.

3.3 Conclusion

In India, the banking industry has been expanding rapidly in terms of both services and human resource competencies. A proper human resource development system, or a process where personnel are ready to satisfy the needs of the organization with their full potential, is what allows an organization to implement human resource management. In the age of competitive advantage, it is crucial to support people in their current positions while also identifying their skills and potential for future positions.

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