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## COLLISION OF HR PRACTICES IN INDIA BANKING SECTOR-A STUDY

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### ABSTRACT

Human Resources (HR) are crucial to the success of any business, and one could even say they constitute the very basis of the corporation itself. Human Resource Management (HRM) is, as its name suggests, the administration of an organization's human resources in such a way that both employees and the business as a whole benefit. Human resource management (HRM) is essential to an banking sector success because of the positive effects it has on employees' engagement, productivity, and job satisfaction as well as the company's ability to attract & to retain the best talent. Focusing on how human resource management (HRM) initiatives affect worker satisfaction is central to this review paper's mission. The analysis demonstrated that HR procedures significantly affect the success rate of employees. Human resources processes must be implemented successfully. This paper provided an example of a banking operation that relies heavily on the efforts of its customers. The quality of their facilities is determined by the individuals who use them, and those people are their only customers. The purpose of this literature review was to explore the HRM practices of large Indian banks. The literature research was conducted to examine issues with workforce selection and recruitment, training & development, remuneration & pay, role appraisal approaches, performance evaluation employee engagement, and job satisfaction measures. Since their nationalisation, banks have expanded from serving just the manufacturing sector's financing needs to becoming a dynamic tool for social transformation, albeit additional research is needed to support this hypothesis. The value of human capital is well known these days & it's a reliable strategy for maintaining a competitive edge over the long term. There are many factors that contribute to an organization's success, but the employee is the single most important factor.

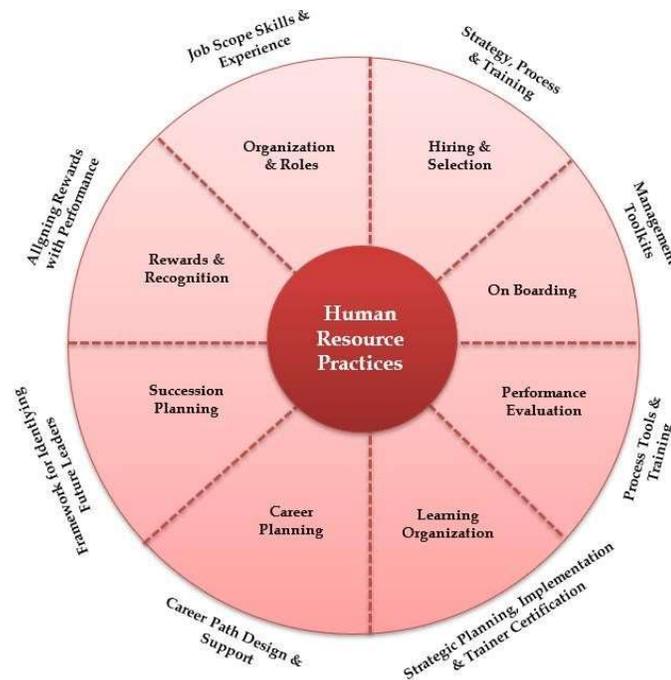
**Keywords:** Human Resource, Practices, Banking, Sector.

### Introduction

In recent years, human resource development (also known as HRD) has become an increasingly essential topic. HRD is crucial to the efficient and fruitful operation of any business, institution, or office (Lakshmi & Nagaraju, 2019). The necessity to invest in human capital to meet the larger and new demands of raising the quality of life for the masses is unavoidable in an evolutionary period in which global expansion struggles to reach greater living standards. Human resource development (HRD) focuses on improving productivity by fostering the learning and use of new methods in the workplace (Ren, Tang, & E. Jackson, 2018). Human resource development, therefore, has become a crucial programme for all businesses in order to boost output efficiency and productivity and also to effect qualitative improvements at different levels of the workforce (Iftikhar, Zaman, Rehmani, Ghias, & Islam, 2021). Human resource management is the bedrock of any business, and financial institutions are no exception. Considering that banking is primarily a service industry, its customers are typically individuals. Financial system efficiency is largely dependent on the productive and successful human capital employed by financial institutions. The helpful demeanour and friendliness of the bank's employees will raise both productivity and customer retention rates. Human resource management has gone through somewhat of a metamorphosis over the past three decades. Over time, human resources has become increasingly important in this arena (Awwad Al-Shammari, Alshammrei, Nawaz, & Tayyab, 2022). At the time, finding and keeping good employees was seen as the most difficult task in business.



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There have been numerous studies, especially from an Indian perspective, that examine different components of Human Resource Management (HRM) in the banking industry. In the following review, will make an attempt at dissecting these splintered efforts in the academic community(Ahmad, 2015). For a number of years, the banking industry has led the way in studying the importance of human resource management as a management and organisational success factor. Impact of HRM methods on organisational efficiency has been a major area of research for the past 15 years, with findings pointing to a positive correlation between HR practises and organisational outcomes. Once upon a time, management experts and academics were curious in the correlation between HRM activities and bank productivity; today, HRM strategies are more often seen as dependent than independent factors. As one of the most visible parts of the financial system, banks are important to any country's economic and social development. There is no contemporary civilization without a reliable and secure banking sector because of the crucial role banks play in the economy. There have been many eras in the history of India's banking industry, from before to after nationalisation and liberalisation(Caldwell, 2020).

### Public Sector Banks

Public sector banks are those that are under direct government supervision. Governments around the world own these financial institutions. In 1969 and again in 1980, the Indian government nationalised 20 banks. As their name implies, these banks' primary focus is on the common good. Nationalized banks and the Indian State Bank and their affiliates form one group, while private banks form the other. There are a total of 19 government-owned banks and 8 State Bank of India subsidiaries and affiliate. Public sector banks accounted for the lion's share of deposits and financial industry growth. Government-owned banks control India's commercial banking system. These public institutions must be further classified as either the State Bank of India, a Nationalized Bank, or a Regional Rural Bank(Sapna & Gupta, 2021).

### Private Sector

Banks Privately owned and operated banks fall within this category. A person's influence over these institutions is directly proportional to the number of shares in those banks that he owns. Private sector banks emerged as a response to the success of public sector banks and the need to meet the requirements of the economy. Due to the fact that public sector banks were merely owned by the government, they were constrained in their ability to generate profits and advance their financial standing. The main difference is that private banks require RBI clearance before making any changes to interest legislation, while public banks are exempt from these restrictionsentirely (Shafaei, Nejati, & Mohd Yusoff, 2020).



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## Review of Literature

While many studies have looked at the impact of HR practises on worker happiness in the public sector, particularly in industrialised countries, relatively few have focused on the private sector, and even fewer have looked specifically at the Indian banking industry (Ali, Islam, Chung, Zayed, & Afrin, 2020). There is a dearth of literature that discusses the state of human resource management in the banking sector. At a time when many organisations are thinking about expanding through merger or acquisition, this evaluation is more important than ever. By focusing on a subset of Indian banks, this study aims to fill a knowledge vacuum by analysing HRM activities and their effect on employees' levels of job satisfaction (Joyce & Vijai, 2020).

The authors surveyed bank employees in both the public and private sectors in India to gauge work satisfaction. A questionnaire was used to collect data from a sample of 280 bank employees. The research showed that private sector bank personnel are more satisfied with their jobs than public sector employees in terms of salary, social, and professional growth. Surprisingly, public sector bank employees reported higher levels of job satisfaction than private sector bank employees when it came to job security (Adiloğlu et al., 2016).

Based on responses from 218 individuals, the authors analysed HRM initiatives taken by financial institutions in India. Four financial institutions were chosen to participate in an analysis of HRM practises in the banking industry. Factor analysis and analysis of variance were used to examine the data (Muisyo & Qin, 2021). Human resource management activities such as training and incentives, performance evaluation rules, the procurement process, and HR planning and recruiting strategies have been identified as priorities for India's banking industry. It was also noted that important HRM initiatives adopted by banking organisations included staff diversity and competitive compensation schemes (Sharma, Sakhuja, & Nijjer, 2022).

The influence of human resource management initiatives on bank employees' propensity to learn was investigated by the authors in Kerala state, India. Two public and two private banks each provided 100 respondents for the study (managerial and clerical employees). The information was collected using a standardised questionnaire (Madaan & Singh, 2019). The results of the study showed that HRM initiatives had a direct effect on bank employees' propensity for learning in Kerala (Renwick, Redman, & Maguire, 2013).

The authors investigated the effect of strategic human resource management operations and positive interaction via mergers and acquisitions in the Indian banking sector. Two different Indian banks' human resource management practices were analysed using a case study approach (one public sector bank and one private sector bank). It was discovered through this research that the public sector bank had experienced a decline in efficiency since HRM procedures and positive working relationships were not effectively pursued.

## Research Gap

In order for banking companies to maintain HRM activities and employee happiness, the author argued that employees offered a number of key advantages to the organisation. Empowerment, teamwork, task rotation, employee involvement, and deferred compensation are just a few of the methods used. Employee participation in decision-making emerged as the most important methodological predictor of satisfaction.

## Objectives of the study

- To explore the HRM practices prevailing in Banking sector.
- To quantitatively measure the HRM practices prevailing in Banking sector.

## Hypothesis of the study

- H01: There is no significant HRM practices prevailing in Banking sector.
- Ha1: There is significant HRM practices prevailing in Banking sector.
- H02: There is no significant quantitatively measure of HRM practices prevailing in Banking sector.
- Ha2: There is significant quantitatively measure of HRM practices prevailing in Banking sector.

## Research Methodology

Data from both primary and secondary sources was gathered. Publicly available resources provided the secondary data, while employees in the Bilaspur (CG) of India provided the original data. Simple random sampling was used to contact 500 respondents for this study; 472 completed forms were obtained, but only 387 were considered usable for analysis. It was thought to use a structured



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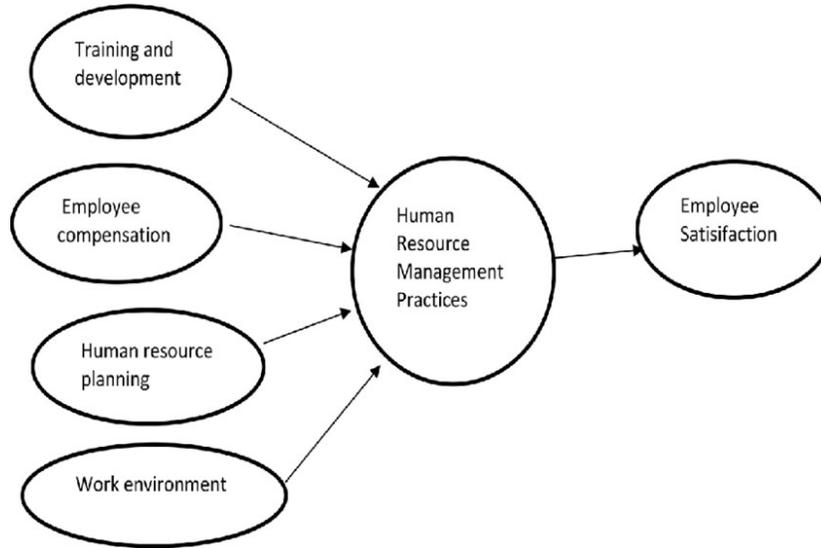


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questionnaire with 8 questions and a 5-point Likert scale for initial data collecting. The conceptual model is designed as follows:

Figure 1: Proposed Model of the study



Result and discussion

Table 1: Banking Sector

Banking Sector	Frequency	Percentage
Public Banks	261	67.44%
Private Banks	126	32.55%

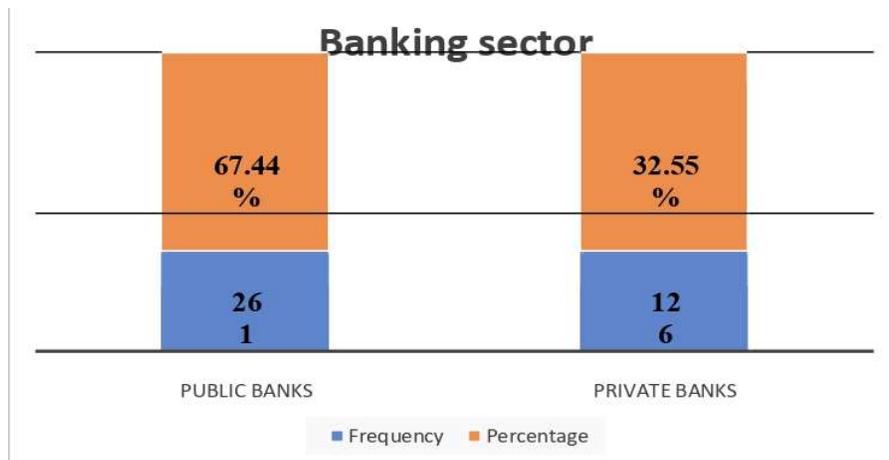


Table 1 documented the analysis of banking sector and stated that the majority of respondents working in public sector banks (n=261, 67.44%) followed by private sector banks (n=126, 32.55%).



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Table 2: Age-wise

Age	Frequency	Percentage
18-25	39	10.07%
26-35	76	19.63%
36-45	90	23.25%
46-55	123	31.78%
Above 55	59	15.24%

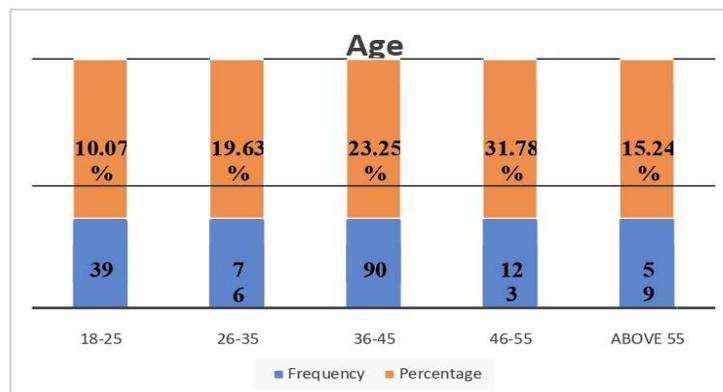


Table 2 stated the age distribution analysis and documented that the majority of employees working the organisations were of the age of 46-55 years (n=123, 31.78%) followed by 36-45 years (n=90, 23.25%). The employees above 55 years of age (n=59, 15.24%) are found to be least in the study.

Table 3: Gender-wise

Gender	Frequency	Percentage
Male	126	32.55%
Female	261	67.44%

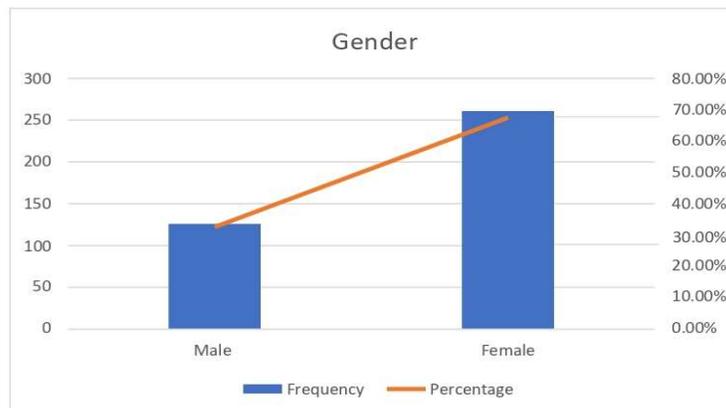


Table 3 found the gender analysis and documented that majority of respondents in the study were Female (n=261, 67.44%). Only male participated in the study were few (n=126, 32.55%).



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Table 4: Marital Status-wise

Marital Status	Frequency	Percentage
Single	117	30.23%
Married	150	38.75%
Others	120	31%

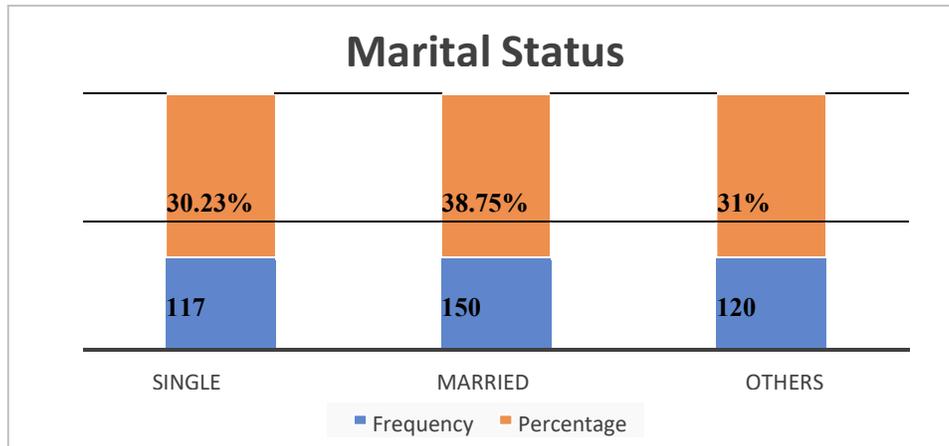
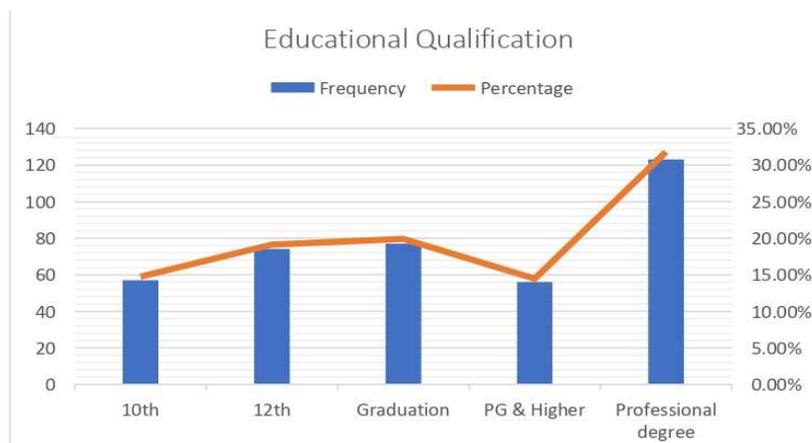


Table 4 documented the marital status and stated that majority of respondents were married (n=150, 38.75%) followed by single (n=117, 30.23%). Others found to be least (n=120, 31%) in the study.

Table 5: Educational Qualification-wise

Educational Qualification	Frequency	Percentage
10 <sup>th</sup>	57	14.72%
12 <sup>th</sup>	74	19.12%
Graduation	77	19.89%
PG & Higher	56	14.47%
Professional degree	123	31.78%





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Table 5 stated the educational qualification and documented that majority of respondents holding professional degree (n=123, 31.78%) followed by Graduation (n=77, 19.89%). PG and Higher qualification found to be least in the study (n=56, 14.47%).

**Table 6: Annual Income of Respondents**

Annual income	Frequency	Percentage
Up to 1,00,000	96	24.80%
1,00,001 - 2,00,000	88	22.73%
2,00,001 - 5,00,000	79	20.41%
5,00,001 – 10,00,000	73	18.86%
Above 10,00,000	51	13%

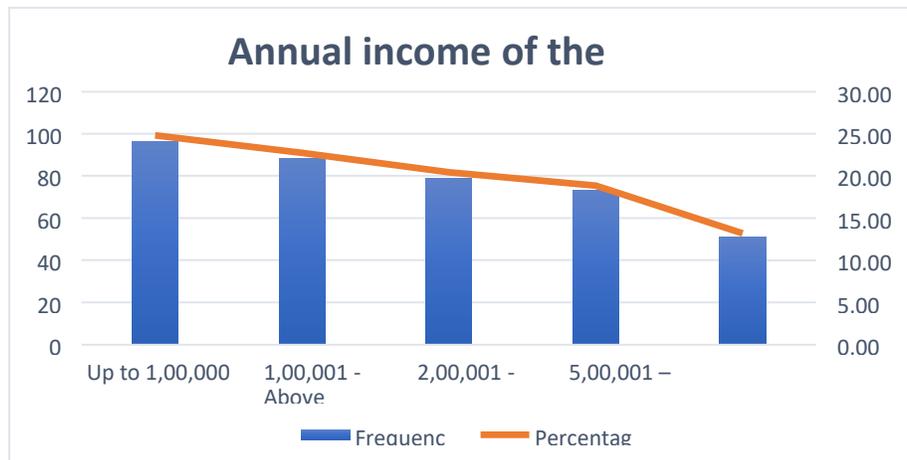


Table 6 documented the annual income of the family and stated that up to Rs. 100000 is the annual income of the majority of respondents (n=96, 24.80%) followed by Rs. 100001-200000 (n=88, 22.73%). Above 1000000 (n=51, 13%) annual income found to be least in the study.

**Table 7: Reliability Test**

Reliability Statistics	
Cronbach's Alpha	N of Items
.858	6

Table 7 stated the reliability statistics of the study and stated that the estimated value of Cronbach's Alpha is .858 (n=6), Therefore, internal consistency among the variables is present as estimated value is greater than .60.

**Table 8: Descriptive Statistics**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Training	387	1	5	1.30	.460
Development	387	1	5	1.31	.461
Employee Compensation	387	1	5	4.44	.711
Human Resource Planning	387	1	5	4.31	.810
Work Environment	387	1	5	4.27	.921
Employee Satisfaction	387	1	5	4.14	.846
Valid N (listwise)	387				



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Table 8 analysed the descriptive statistics and documented that “Employee compensation” (Mean=4.44 and standard deviation=.711) is the most prevailing HRM practices in the banking sector followed by “Human resource planning” (Mean=4.31 and standard deviation=.810). “Training” (Mean=1.30 and standard deviation=.460) found to be the least HRM practices prevailing in banking sector.

**Table 9: One-Sample Statistics**

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Training	387	1.30	.460	.021
Development	387	1.31	.461	.021
Employee Compensation	387	4.44	.711	.032
Human Resource Planning	387	4.31	.810	.036
Work Environment	387	4.27	.921	.041
Employee Satisfaction	387	4.30	.740	.033

Table 9 analysed the one sample statistics and documented that “Employee compensation” (Mean=4.44 and standard deviation=.711 and standard error= .032) is the most prevailing HRM practices in the banking sector followed by “Human resource planning” (Mean=4.31 and standard deviation=.810 and standard error= .036). “Training” (Mean=1.30 and standard deviation=.460 and standard error= .021) found to be the least HRM practices prevailing in banking sector.

**Table 10: One-Sample Test**

One-Sample Test						
	Test Value = 0					
	T	df	Sig.(2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Training	63.304	386	.000	1.302	1.26	1.34
Development	63.307	386	.000	1.306	1.27	1.35
Employee Compensation	139.366	386	.000	4.445	4.38	4.51
Human Resource Planning	131.048	386	.000	4.312	4.24	4.38
Work Environment	103.581	386	.000	4.269	4.19	4.35
Employee Satisfaction	119.337	386	.000	4.348	4.28	4.41

Table 10 analysed the t test statistics and documented that “Employee compensation” (t=139.366) is the most prevailing HRM practices in the banking sector followed by “Human resource planning” (t=131.048). “Training” (t=63.304) found to be the least HRM practices prevailing in banking sector.

**Table 11: ANOVA**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Training	Between Groups	1.197	4	.299	1.422	.000
	Within Groups	104.201	383	.211		
	Total	105.398	387			
Development	Between Groups	1.585	4	.396	1.875	.000
	Within Groups	104.597	383	.211		
	Total	106.182	387			
Employee Compensation	Between Groups	9.832	4	2.458	5.020	.001
	Within Groups	240.896	383	.490		



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	Total	250.728	387			
Human Resource Planning	Between Groups	6.510	4	1.628	2.511	.000
	Within Groups	320.818	383	.648		
	Total	327.328	387			
Work Environment	Between Groups	7.912	4	1.978	2.360	.000
	Within Groups	414.104	383	.838		
	Total	422.016	387			
Employee Satisfaction	Between Groups	23.351	4	5.838	11.554	.000
	Within Groups	250.097	383	.505		
	Total	273.448	387			

Table 11 documented the ANOVA analysis and stated the all the variables understudy are significant and less than .005. Therefore, all the factors understudy, namely “Training, Development, Employee Compensation, Human Resource Planning, Work Environment and Employee Satisfaction” are the most influential and prevailing HRM practices in banking sector.

### Hypothesis testing

After application of ANOVA, Descriptive statistics and t test, the findings of the study documented that null hypothesis which is there is no significant HRM practices prevailing in Banking sector; there is no significant quantitatively measure of HRM practices prevailing in Banking sector is rejected and alternative hypothesis which is there is significant HRM practices prevailing in Banking sector; there is significant quantitatively measure of HRM practices prevailing in Banking sector is accepted.

### Conclusion

Without a doubt, human resources are the most crucial factor in the success of any business. They serve as its basic foundation and are essential to achieving its goals. Human resource strategies that centre on performance reviews, fair pay, and excellent training opportunities are essential to keeping both employees and customers happy.

The study concludes that HR operations in the Indian banking sector have advanced during the previous few decades. Human resources (HR) tasks serve an important purpose in an organisation and are strongly correlated with employee achievement. Human resources policies in the private sector are significantly more progressive than their public sector banking counterparts. Development in the service sector is projected to present new difficulties to human resources activities in the Indian banking sector as new entrants enter the market. The management of human capital in Indian banks must be fully integrated with the strategy of the banking organisations if they are to achieve long-term success and growth.

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