

A COMPARATIVE STUDY OF HRM PRACTICES IN PUBLIC AND PRIVATE BANKS IN SPSR NELLORE DISTRICT

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Abstract (10pt)

Abstract:

This research paper explores the human resource management practices and their outcomes of Public Bank (SBI) and Private Bank (ICICI) in Nellore District. This study covers to examine the impact of three HR Practices namely Recruitment, Selection and Performance Appraisal procedures among the employees of both SBI and ICICI bank whether they are positively correlated so that they can rejuvenate their practices for the success of organizations.

Keywords:

Introduction;
Reviews;
Objectives;
Methodology;
Results

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1. Introduction :

Human resource is one of the potential resources of any country's economy. It is the wealth of the country. India, being a country with a large population, has a vast potential in its human resource. People have always been central to organizations, but their strategic importance is growing in today's knowledge-based industries. An organization's success increasingly depends on the knowledge, skill and abilities of the employees, particularly as they help to establish a set of core competencies that distinguish an organization from its competitors. With appropriate human resource policies and practices an organization can hire, develop and utilize the best brains in the market.

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.

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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

2. Research Method :

Statement of the Problem:

The banking industry in India is dynamic. There are many challenges to be faced in the wake of this scenario. Recruitment and Selection practices form the base for organizations in Employee Selection. Further their performance is to be appraised continuously in assessing their skills, so that it helps in prediction of Training and Development practices for the employees. Employees are entrusted with different roles and responsibilities in the banks. Recruitment, Selection and Performance appraisal enable the organizations to assign various roles and responsibilities efficiently which help them in taking up higher challenges. In this study, the researcher studies the existing HRM practices like Recruitment, Selection and Performance Appraisal of the employees in SBI and ICICI bank in Nellore District. The aim is to assess the effectiveness of various facets of Recruitment, Selection and Performance Appraisal Practices in Public and Private Banks.

Need for the Study:

Human Resource Management is important for banks because banking is a service industry. In what way the Recruitment, Selection and Performance Appraisal practices followed in Public and Private banks are analysed, so that better way is to be practiced wherever is needed.

Objectives of the Study:

- To analyse the human resource practices followed in both Public and Private banks.
- To compare the Recruitment, Selection and Performance appraisal practices between public and private banks

Hypothesis:

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

1. There is no significant difference between Public Sector and Private Sector banks regarding Level of Management in relation to '**Recruitment Practices**'
2. There is no significant difference between Public Sector and Private Sector banks regarding Level of Management in relation to '**Selection Procedures**'
3. There is no significant difference between Public Sector and Private Sector banks regarding Level of Management in relation to '**Performance Appraisal**'

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.

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.

Limitations of the Study:

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

3. Results & Analysis:

Table 1.1 is prepared by assigning Strongly Agree (5) to Strongly Disagree (1). The Mean and Standard Deviation of the scores of all the Recruitment scale are given below

One- Way Anova:

Table 1.1 Recruitment in SBI and ICICI Bank

Statements	Bank	Level of Management	N	Mean	SD	F	Sig.
Well defined Recruitment system in the bank	Public	Low	21	4.43	0.60	.175	.678
		Middle	4	4.75	0.50		
	Private	Low	10	3.10	0.32		
		Middle	15	3.93	0.96		
Advertisement as Recruitment Method	Public	Low	21	3.57	1.36	1.653	.205
		Middle	4	4.50	0.58		
	Private	Low	10	2.00	0.00		
		Middle	15	3.33	1.50		
Recruiting through Employment Exchange	Public	Low	21	2.86	1.53	.931	.339
		Middle	4	2.75	1.26		
	Private	Low	10	2.00	0.00		
		Middle	15	2.13	0.52		
Recruiting through Campus Recruitment	Public	Low	21	2.67	1.15	9.827	.003
		Middle	4	3.50	0.58		
		Low	10	3.90	0.32		

	Private	Middle	15	4.00	0.00		
Hiring from Competitor firms	Public	Low	21	2.14	1.11	4.986	.030
		Middle	4	2.50	0.58		
	Private	Low	10	4.10	0.32		
		Middle	15	3.80	0.68		
Recruiting through E-Recruitment	Public	Low	21	3.10	1.30	1.867	.178
		Middle	4	3.75	0.50		
	Private	Low	10	3.00	0.00		
		Middle	15	3.33	0.49		
Through Employee References	Public	Low	21	2.14	1.35	1.032	.315
		Middle	4	1.50	0.58		
	Private	Low	10	3.00	0.47		
		Middle	15	3.07	0.46		
Fair and Rational Recruitment Policies	Public	Low	21	4.48	0.87	.093	.762
		Middle	4	4.50	0.58		
	Private	Low	10	3.10	0.32		
		Middle	15	3.80	0.94		
Recruitment policy does not effect merit	Public	Low	21	2.91	1.45	.951	.334
		Middle	4	2.00	1.41		
	Private	Low	10	1.80	0.42		
		Middle	15	3.20	1.52		
Number of Posts are fixed	Public	Low	21	2.76	0.94	1.324	.256
		Middle	4	2.25	1.26		
	Private	Low	10	3.00	0.00		
		Middle	15	2.67	0.62		
Best in Recruitment System	Public	Low	21	4.10	0.62	2.981	.091
		Middle	4	4.25	0.50		
	Private	Low	10	4.00	0.00		
		Middle	15	4.33	0.49		
HR Department functioning is highly appreciable	Public	Low	21	4.14	0.65	.040	.843
		Middle	4	3.25	1.50		
	Private	Low	10	3.90	0.32		
		Middle	15	4.33	0.49		
HR Department is the Key Department than any other	Public	Low	21	4.00	0.89	.023	.880
		Middle	4	4.25	0.50		
	Private	Low	10	1.90	0.32		
		Middle	15	3.00	1.56		
Satisfaction with the Recruitment system	Public	Low	21	4.19	0.60	.226	.637
		Middle	4	3.50	1.00		
	Private	Low	10	4.00	0.00		
		Middle	15	4.40	0.51		
		Low	21	3.33	1.02	.596	.444

Need regarding eligibility conditions	Public	Middle	4	3.75	0.96		
	Private	Low	10	2.30	0.48		
		Middle	15	3.13	1.51		

Inference:

An analysis of above table relating to Recruitment practices in Public and Private banks based on level of management brings out that F value is 9.827 and the Significance value is 0.03 in case of campus recruitments, the F value is 4.986 and significance value is 0.30 in case of Hiring from Competitor firms. 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 relating to the Campus Recruitments and Hiring Practices. This is so because Public sector bank has its own strategy to adopt Campus Recruitments and Hiring practices whereas Private sector banks mostly recruit from competitor firms and follow less campus recruitments. 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.

Table 1.2 is prepared by assigning Strongly Agree (5) to Strongly Disagree (1). The Mean and Standard Deviation of the scores of all the Selection scale are given below

Table 1.2 Selection in SBI and ICICI Bank

Statements	Bank	Level of Management	N	Mean	SD	F	Sig.
Well Defined Selection Method	Public	Low	21	4.29	0.56	.029	.865
		Middle	4	3.75	1.89		
	Private	Low	10	3.10	0.32		
		Middle	15	4.00	0.85		
Use of Valid and Standardised tests	Public	Low	21	4.29	1.15	.401	.530
		Middle	4	4.25	1.50		
	Private	Low	10	5.00	0.00		
		Middle	15	4.80	0.41		
Use of Unbiased tests and Interviewing techniques	Public	Low	21	3.71	1.27	.122	.728
		Middle	4	4.00	0.00		
	Private	Low	10	3.80	0.63		
		Middle	15	3.80	0.86		
Strong Merit Criteria	Public	Low	21	3.71	1.31	.201	.656
		Middle	4	2.75	1.50		
	Private	Low	10	4.00	0.00		
		Middle	15	4.27	0.70		
Interview method followed	Public	Low	21	4.29	0.56	.102	.751
		Middle	4	4.50	0.58		
	Private	Low	10	3.00	0.00		
		Middle	15	3.80	0.94		
		Low	21	3.14	1.15	5.778	.020

Psychometric tests and Psychological tests	Public	Middle	4	3.75	0.50		
	Private	Low	10	4.90	0.32		
		Middle	15	4.67	0.62		
Written Test Procedure	Public	Low	21	4.48	0.60	.957	.333
		Middle	4	4.00	0.82		
	Private	Low	10	2.10	0.32		
		Middle	15	3.20	1.15		
Usage of Case Study Method	Public	Low	21	3.29	1.23	1.844	.181
		Middle	4	3.50	0.58		
	Private	Low	10	2.80	0.63		
		Middle	15	2.53	0.74		
Involvement of Group Discussions	Public	Low	21	3.29	1.15	.076	.784
		Middle	4	2.75	0.50		
	Private	Low	10	2.80	0.63		
		Middle	15	2.53	0.74		
Satisfaction on Interview Process	Public	Low	21	4.14	0.65	1.451	.234
		Middle	4	4.25	0.50		
	Private	Low	10	4.10	0.32		
		Middle	15	4.33	0.49		

Inference:

An analysis of above table relating to Selection practices in Public and Private banks based on level of management brings out that F value is 5.778 and the Significance value is 0.020 in case of Psychometric tests and Psychological tests. 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 Psychometric tests and Psychological tests followed. This is so because Public sector bank follow to certain extent relating to this type of tests whereas Private sector banks mostly follow to a great extent. But in remaining constructs relating to Selection 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 1.3 is prepared by assigning Strongly Agree (5) to Strongly Disagree (1). The Mean and Standard Deviation of the scores of all the Performance Appraisal scale are given below

Table 1.3 Performance Appraisal in SBI and ICICI Bank

Statements	Bank	Level of Management	N	Mean	SD	F	Sig.
Measurement of Performance on objectives & quantifiable results	Public	Low	21	3.62	0.92	.063	.802
		Middle	4	3.00	0.82		
	Private	Low	10	3.50	0.53		
		Middle	15	3.67	0.49		
		Low	21	3.62	0.92	.253	.618

Growth & Development oriented Appraisal system	Public	Middle	4	3.25	0.96		
	Private	Low	10	3.10	0.32		
		Middle	15	3.67	0.98		
Performance based feedback & counseling	Public	Low	21	3.29	0.91	3.467	.069
		Middle	4	3.50	1.00		
	Private	Low	10	3.90	0.32		
		Middle	15	4.00	0.53		
Unbiased & transparent Appraisal system	Public	Low	21	3.71	1.01	.323	.572
		Middle	4	3.50	0.58		
	Private	Low	10	3.00	0.00		
		Middle	15	3.67	0.98		
Use of Appraisal for bonuses, promotions and selected training	Public	Low	21	3.33	1.32	1.823	.183
		Middle	4	4.50	0.58		
	Private	Low	10	2.00	0.00		
		Middle	15	3.07	0.96		
Appraisal system use latest techniques and technologies	Public	Low	21	3.33	0.80	6.384	.015
		Middle	4	3.00	0.82		
	Private	Low	10	4.00	0.00		
		Middle	15	4.40	0.51		
Strong influence on individual & team behavior	Public	Low	21	3.57	0.93	1.882	.176
		Middle	4	3.75	0.50		
	Private	Low	10	4.00	0.47		
		Middle	15	4.13	0.99		
Conducts appraisal on regular basis	Public	Low	21	3.38	0.80	.166	.686
		Middle	4	4.00	0.82		
	Private	Low	10	3.10	0.32		
		Middle	15	3.20	0.41		
Satisfaction of Appraisal system adopted	Public	Low	21	3.24	0.77	4.085	.049
		Middle	4	3.50	1.29		
	Private	Low	10	3.00	0.00		
		Middle	15	3.67	0.98		
Assessed by self and/or superior	Public	Low	21	3.33	1.02	1.952	.169
		Middle	4	2.75	1.26		
	Private	Low	10	3.90	0.32		
		Middle	15	4.20	0.68		
Helps to win co-operatrion and teamwork	Public	Low	21	3.57	0.81	.290	.593
		Middle	4	3.75	0.96		
	Private	Low	10	3.10	0.32		
		Middle	15	3.47	0.52		
Helps to reduce grievance among employees	Public	Low	21	3.48	1.03	.006	.938
		Middle	4	3.00	0.82		
		Low	10	3.20	0.42		

	Private	Middle	15	3.47	0.64		
Helps to improve personnel skill	Public	Low	21	3.19	1.08	3.444	.070
		Middle	4	3.00	1.41		
	Private	Low	10	4.10	0.32		
		Middle	15	4.27	0.46		
Helps to identify strength & weakness of employees	Public	Low	21	3.48	0.75	1.985	.165
		Middle	4	3.00	0.82		
	Private	Low	10	3.00	0.00		
		Middle	15	3.80	0.86		
Helps Management to provide employee counseling	Public	Low	21	3.71	0.85	3.152	.082
		Middle	4	4.25	0.96		
	Private	Low	10	3.30	0.48		
		Middle	15	3.93	0.88		

Inference:

An analysis of above table relating to Performance Appraisal in Public and Private banks based on level of management brings out that F value is 6.384 and the Significance value is 0.015 in case of latest techniques and technologies used in Appraisal 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 the latest techniques and technologies used in Performance Appraisal system. This is so because Public sector bank use latest techniques and technologies to a small extent when compared to Private sector banks. The reason is due to public banks has to get approval from higher authorities, delay in formal proceedings and its functions are centralized. But in remaining constructs relating to Performance Appraisal 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.

Findings & Discussions:

- There exists significant difference between both the banks relating to the Campus Recruitments and Hiring Practices. Public sector bank has its own strategy to adopt Campus Recruitments and Hiring practices whereas Private sector banks mostly recruit from competitor firms and follow less campus recruitments.
- There exists no significant difference between the banks in these constructs Recruiting through Employment exchanges, E- Recruitment and employee references because the significance value is above the Standard norm. It means that both the banks follow similarly in the above recruitment practices.
- There exists significant difference between both the banks relating to Psychometric tests and Psychological tests followed. Public sector banks follow to certain extent relating to this type of tests whereas Private sector banks mostly follow to a great extent.
- There exists no significant difference between the banks in other constructs namely Interview method, Written test procedure, Usage of Cascade study method and Involvement of Group Discussions. Both the banks follow in the same manner in the above selection practices
- There exists significant difference between both the banks relating to the latest techniques and technologies used in Performance Appraisal system. This is so because Public sector bank use latest techniques and technologies to a small extent when compared to Private sector banks.

- There exists no difference between the banks in Performance Appraisal system constructs like conduction on regular basis, Reduction of grievance, Satisfaction adopted, Assessment, Unbiased and transparent system. It indicates that both the banks function in a similar manner in the above practices.

Suggestions:

Public bank has to improve the hiring practices, selection tests, latest techniques and technologies in appraisal system to provide better working environment and has to devise ways to decrease the personal weakness of the employees. Skill development is crucial. So, Public bank by redesigning their branches and transforming the bank will lead to provide better working environment and the bankers focus much on the human resources.

4. Conclusion:

In the wake of Globalisation, Public sector banks are facing stiff competition from Private sector banks. The public sector banks are finding it difficult to cope up with competition. Most of the public sector banks are saddled with deadwood and not willing to perform better. So, the HRM activities relating to Recruitment, Selection and Performance appraisal of the public sector banks should be designed in such a way to make the public sector banks to be on par with the private sector banks, so that it will contribute to the betterment of the banks.

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