

# Human Resource Practices in Banking Industry

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## **Abstract:**

Banking industry is the one of the significant support to the financial part of Indian Economy. Because of International compressions, Competition among the banks and liberalization plan have been affected and its outcomes in the blend of business strategies with human resource management. The investigation of Indian Bank's Association (IBA) statement and Boston Consulting Group (BCG) will face two difficulties. Feasible monetary solution for financial inclusion and structure of HR. The public sector banks have complexities outstandingly and make conservative HR practices unproductive. The commitment of banks has supported up in the money related consideration activities like "Pradhan Mantri Jan-DhanYojana" and furthermore the desire for worker from the financial business likewise increments. It prompts to redesign the banks HR practices and expands the employee efficiency. The current investigation purposes to give such advancements which are associated to Human Resource Management with the assistance of primary data depends the standpoints of HR managers of public and private sector banks in Hyderabad. The current examination defines advanced method of Human Resource Practices will be helpful to the banks and to grow in more competitive world.

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## **1. Introduction**

The theory of HRM is utilized for understanding the necessities and prerequisites of individuals, to be reinforce and grows in a better way. A Chinese proverb says, "If you desire to grow something for a season, grow mangoes. If you desire to grow

something for a year, grow rice, but if you desire to grow something for a lifetime, develop manpower". The rapid changes in the world are experiencing. The fundamentals of interrelated products or things are the indemnities to the business organization. To rearrange the ways for

effective works than others by forcing the existence of threatening in the era of knowledge of age, inventions, for accomplishing objectives of the organization. It results need of HR is expanded and to meet with the necessities of the current era, changes will have needed in the nature of the HRM practices.

The human elements are the most important resources possessed by an organization. They are the one who: Creative, Renovate, Recommence, Unify, and Implement, thus there is a lack of outstanding capability and Competencies, if the humans in the organization does not have energetic elements. In particular, encouraging the clients with legal operations and services and increasing the operating efficiency of banks, awareness and client management and also internal factors are connected to the area and nature of work, it differs one to another industry. To support the industry for increasing the employees' performance by execution of human resource management practices is difficult but it is important attempt.

## 2. Review of Literature

**Mahajan and Sharma (2005)**, concludes HRD practices like; recruitment, selection procedure, placement, training, promotion, wage, salary, financial incentive, transfer, deputation, industrial relations and political interference in the employees of cooperative banks having low level of satisfaction. [1]

**Ahmad and Schroeder (2005)**explores HRD practices like sharing of information, wide training, selective employment, compensation and incentives, status variances, job security and transference on organizational performance.[2]

**Sang (2005)** determines HRM practices like; planning, staffing, incentives, appraisal, training, team work, employee involvement, status variance, job security employees of

manufacturing firms Cambodia and Taiwan having a positive relationship between human resource management practices and organizational performance. [3]

**Khera (2010)** examines HRM practices of Commercial Banks of India on employee productivity. The study concludes foreign bank employees have significant training practices on employee productivity compared with private sector and public sector banks employees. [4]

**KC Chakraborty (2010)** explores in service industry Human Resource Management is important for banks The study determines banks are facing challenges Management of risks and Management of people and focused on emerging requirements of HRM in banking sector. [5]

**Masoodul et al, (2014)** examines the impact of HRM practices such as compensation, empowerment, and appraisal system on employee satisfaction and employee loyalty on government owned public sector banks of Pakistan. The study concludes that the variable compensation has significant on employee satisfaction for developing employee loyalty. [6]

## 3. Objectives of the Study

1. To study the relationship between Human Resource practices with the performance of Employees in Commercial Banks in Hyderabad.
2. To study the relationship between Human Resource practices and Organizational efficiency in Commercial Banks in Hyderabad.

## 4. Hypothesis of the Study

1. Human resource management practices are more important in banking industry.
2. There is significant relationship between recruitment and selection of employees and organizational efficiency of banks.

3. There is a significant relationship between training and development of employees and operational efficiency of banks

### 5. Statement of the Problem

In the previous studies shows effect of HRM practices on organizational performance and their relationship with few statistical works and literature does not provides the information about the organizational and employee performance through the HRM practices. The importance of HRM practices on organizational and employee performance towards economic development and prosperity in different sectors to be studied. Therefore, it is important to determine empirically, the involvement of different factors like, HRM practices towards organizational performance.

### 5. Research Methodology

- Research Design: Descriptive & Relational research design
- Sampling Technique: Multi stage sampling technique
- Sampling Size and Sampling Area: 225 Respondents from Hyderabad
- Statistical tools: SPSS STATISTICS 22 version.
- Statistics such as Mean, Standard Deviation. ANOVA, t-Test and Correlation
- Data Collection methods: Primary Data through structured questionnaire.Secondary Data through financial statements

### 6. Limitations of the Study

- The present study is limited to Public & Private banks which are located in Hyderabad region. and does not cover foreign banks in Hyderabad.
- The present study is used to measure organizational efficiency not an operating efficiency through human resource management practices. The Study does not

cover the operating efficiency which is necessary for growth of banks.

- The study does not cover foreign banks, development banks and some other private sector banks in Hyderabad. The other banks which are the essential of banking structure of Indian economy have been excluded from the study.

### 7. Data Analysis & Interpretation

**H1:** Human resource management practices are more important in banking industry

**H0:** Human resource management practices are not more important in banking industry

**Table 1: Human resource management**

Variable	N	Mean	Std. Deviation	Std. Error Mean
Human resource management	220	146.54	23.21	1.07

From the above table 1 the mean of human resource management is 146.54 and with a standard deviation of 23.21. The respondents score in the table 1 shows moderate individual variations on total HRM scores.

Table 1.2:

Variable	Test Value = 140			
Human resource management	t	df	P value	Mean Difference
	7.352	200	0.001	6.54

The above table 1.2 determines the one-sample ‘t’ test for mean observed and expected scores on Human resource management. The observed value is 146.54 which is higher than the expected value is 140 and the mean difference is 6.54, it determines at 0.001 level of significance, the obtained ‘t’ value of 7.352 highly significant.

**Table 2: HRM basics**

Variable	N	Mean	Std. Deviation	Std. Error Mean
HRM Basics	220	127.73	14.25	1.73

From the above table 2 the mean of HRM basics is 127.73 and with a standard deviation of 14.25. The respondents score in the table 2 shows moderate individual variations on HRM basics of the selected sample respondents.

**Table 2.1**

Variable	Test Value = 120			
	T	df	P value	Mean Difference
HRM Basics	12.13	200	0.012	7.73

The above table 2.1 determines the one-sample ‘t’ test for mean observed and expected scores on HRM basics. The observed value is 127.73 which is higher than the expected value is 120 and the mean difference is 7.73 it determines at 0.001 level of significance, the obtained ‘t’ value of 12.13 highly significant.

**Table 3: Organizational efficiency**

Variable	N	Mean	Std. Deviation	Std. Error Mean
Organization Efficiency	220	21.04	5.65	0.57

From the above table 3 the mean of organizational efficiency is 21.04 and with a standard deviation of 5.65. The respondents score in the table 3 shows high individual variations on organizational efficiency scores.

**Table 3.1**

Variable	Test Value = 20			
	T	df	P value	Mean Difference
Organization Efficiency	2.18	200	0.042	1.04

The above table 3.1 determines the one-sample ‘t’ test for mean observed and expected scores on Organization Efficiency. The observed value is 21.04 which is higher than the expected value is 20 and the mean difference is 1.04 it determines at 0.001 level of significance, the obtained ‘t’ value of 2.18 highly significant.

**Table 4: Employee attitude and behavior**

Variable	N	Mean	Std. Deviation	Std. Error Mean
Employee Behavior & Attitude	201	22.58	5.21	0.37

From the above table 4 the mean of Employee Behavior & Attitude is 22.58 and with a standard deviation of 5.21. The respondents score in the table 4 shows moderate individual variations on Employee Behavior & Attitude scores.

Variable	Test Value = 20			
	T	df	P value	Mean Difference
Employee Behavior & Attitude	8.253	200	0.035	2.58

The above table 3.1 determines the one-sample ‘t’ test for mean observed and expected scores on Employee Behavior & Attitude. The observed value is 22.58 which is higher than the expected value is 20 and the mean difference is 2.58 it determines at 0.001 level of significance, the obtained ‘t’ value of 8.253 statistically significant.

**H2:** There is a significant relationship between recruitment and selection of employees and organizational efficiency of banks.

**H0:** There is no significant relationship between recruitment and selection of employees and organizational efficiency of banks.

**Table 5: Recruitment and selection**

Variable 1	Variable 2	Correlation coefficient	df	P value
Organizational efficiency	Recruitment and selection	0.5	180	0.001

From the above table 5 shows that the correlation coefficient between Organizational efficiency and Recruitment and selection is positive with a value of 0.500 at 180 degrees of freedom which is highly significant ( $p=.001$ ). In other words, as increasing in the scores of Recruitment and selection their by increasing in the scores of Organizational efficiency linearly and significantly. It concludes that the find a direct effect of recruitment and selection on Organizational efficiency of the respondents.

**Table 5.1**

Equation	Model Summary					Parameter Estimates	
	R Square	F	df 1	df 2	Si g.	Constant	b1
Linear	0.42	182.75	1	180	0	21.013	0.256

From the above table 5.1 shows linear regression analysis for the scores on Recruitment and selection was independent variable and Organizational efficiency was dependent variable and the regression equation of  $Y=.256x+21.013$

was obtained. In model summary, R square value of 0.420, and F value of 182.75 was significant at .000 level. In other words, increasing or decreasing in the one unit of Recruitment and selection, the rate of change in the Organizational efficiency was 0.256 and with a constant value of 21.013.

**H3:** There is a significant relationship between training and development of employees and Organizational efficiency of banks

**H0:** There is no significant relationship between training and development of employees and Organizational efficiency of banks

**Table 6: Training and development**

Variable 1	Variable 2	Correlation coefficient	df	P value
Organizational efficiency	Training and development	.168	180	.021

From the above table 5 shows that the correlation coefficient between Organizational efficiency and training and development is positive with a value of 0.168 at 180 degrees of freedom which is highly significant at 0.001 level ( $p=.001$ ). In other words, as increasing in the scores of Training and development them by increasing in the scores of Organizational efficiency linearly and significantly. It concludes that the find a linear effect of recruitment and selection on Organizational efficiency of the respondents.

**Table 6.1**

Equation	Model Summary					Parameter Estimates	
	R Square	F	df 1	df 2	Si g.	Constant	b1
Linear	0.05	5.1	1	180	0	24.5	0

near	45	98		8	0	80	0
		2		0	1		5

From the above table 5.1 shows linear regression analysis for the scores on Training and development was independent variable and Organizational efficiency was dependent variable and the regression equation of  $Y = 0.050x + 24.580$  was obtained. In model summary, R square value of 0.045, and F value of 5.982 was significant at .000 level. In other words, increasing or decreasing in the one unit of Recruitment and selection, the rate of change in the Organizational efficiency was 0.50 and with a constant value of 24.580.

### 8. Findings & Suggestions

- In case of human resource management, the mean values show that the respondents have moderate individual variations on total HRM scores. At 0.001 level of significance the difference between observed and expected scores on HRM, mean difference and ‘t’ value is highly significant.
- In case of HRM basics, the mean values show that the respondents have moderate individual variations on total HRM basics scores. At 0.001 level of significance the difference between observed and expected scores on HRM basics, mean difference and ‘t’ value is statistically significant.
- In case of organizational efficiency, the mean values show that the respondents have high individual variations on organizational efficiency scores. At 0.001 level of significance the difference between observed and expected scores on organizational efficiency, mean difference and ‘t’ value is significant.
- In case of employee attitude and behavior, the mean values show that the respondents have moderate individual variations on employee attitude and behavior scores. At 0.001 level of significance the difference between observed

and expected scores on organizational efficiency, mean difference and ‘t’ value is statistically significant.

- In case of recruitment & Selection and organizational efficiency: there is a positive Correlation coefficient between recruitment & selection and Organizational efficiency at 180 degrees of freedom and the respondents have direct effect of recruitment and selection on Organizational efficiency. At .000 level, the R square value of 0.420, and the F value of 182.75 are significant which it means increased or decreased in the one unit of Recruitment and selection them by changes in the rate of Organizational efficiency.
- In case of Training and development & Organizational efficiency: there is a positive Correlation coefficient between training & development and Organizational efficiency at 180 degrees of freedom and the respondents have linear effect of recruitment and selection on Organizational efficiency. At .000 level, the R square value of 0.045, and the F value of 5.982 are significant which it means increased or decreased in the one unit of training & development them by changes in the rate of Organizational efficiency.

### 9. Conclusion

The present study provides that Innovative methods of Human Resource Management practices and terms related to HRM, which is being used by the public sector and private sector banks in Hyderabad have been identified and some HRM practices are used from the past years. In the present study the concepts like HRM basics, organizational efficiency, Employee Attitude & behavior, Recruitment & Selection, Training & Development, hiring professionals, leaves policy, professional courses in E- Banking, training tests, social networking profiles are new to the banking industry. In present days the profile of the employees has been checked

through the social networking sites. The Study concludes all HRM practices which are used by the banks have significant impact on organization efficiency.

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