

A Study of HRM Practices in Public and Private Banks with special reference to Nellore District

Thanuja. P¹ and Suja S. Nair²

Abstract: *This research paper examines the human resource management practices and their outcomes of SBI and ICICI banks in Nellore District. This study covers Training & Development procedures, Compensation practices followed by the employees of both SBI and ICICI bank.*

Introduction

Human Resource Management is a strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of its objectives. It is a process of bringing people and organizations together so that the goals of each are met. It tries to secure the best from people by winning their wholehearted cooperation.

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

¹ Asst. Prof., Department of Business Administration, PBR VITS, Kavali.

² Assoc. Prof., HOD, Department of Business Management, VSU, Nellore.

Corresponding author: Thanuja. P can be contacted at: thanu.vema@gmail.com

Any remaining errors or omissions rest solely with the author(s) of this paper

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

Statement of the Problem

The banking industry in India is dynamic. There are many challenges to be faced in the wake of this scenario. Training and Development form the base for organizations in Employee enhancement. 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. Training & Development procedures, Compensation practices enable the organizations to assign various roles and responsibilities efficiently which help them in taking up higher challenges and to retain in the organizations. In this study, the researcher studies the existing HRM practices like Training & Development procedures, Compensation practices of the employees in SBI and ICICI bank in Nellore District. The aim is to assess the effectiveness of various facets of Training & Development procedures, Compensation 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 Training & Development procedures and Compensation 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 Training & Development procedures, Compensation practices between public and private banks

Hypothesis

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

A Study of HRM Practices in Public and Private Banks with special reference to Nellore District

1. There is no significant impact of level of management among Public Sector and Private Sector banks regarding 'Training & Development procedures'
2. There is no significant impact of level of management among Public Sector and Private Sector banks regarding 'Compensation practices'

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.

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 Training & Development scale are given below

One- Way Anova

Table 1: Training & Development procedures in SBI and ICICI Bank

Statements	Bank	Level of Management	N	Mean	SD	F	Sig.
Conducts extensive T&D programmes	Public	Low	21	3.3810	1.02353	2.153	.149
		Middle	4	2.7500	.95743		
	Private	Low	10	4.1000	.31623		
		Middle	15	4.3333	.48795		
Identification of Training need through formal appraisal	Public	Low	21	3.9524	1.11697	.122	.728
		Middle	4	4.2500	.95743		
	Private	Low	10	4.9000	.31623		
		Middle	15	4.1333	.91548		
Existence of formal training programmes to teach new employees	Public	Low	21	3.8571	.96362	1.916	.173
		Middle	4	4.0000	.81650		
	Private	Low	10	4.0000	.00000		
		Middle	15	4.2667	.70373		
Use of Formal Evaluation methods for training effectiveness	Public	Low	21	3.8095	.81358	.602	.442
		Middle	4	3.5000	1.00000		
	Private	Low	10	3.0000	.00000		
		Middle	15	3.8000	.94112		

International Journal of Management and Development Studies

Training is given by recommendation of reporting authority	Public	Low	21	3.3810	1.16087	.192	.663
		Middle	4	3.5000	1.29099		
	Private	Low	10	5.0000	.00000		
		Middle	15	4.2000	1.01419		
Consideration of Individuals own initiative for training programme	Public	Low	21	3.0476	1.24403	.084	.774
		Middle	4	3.2500	.95743		
	Private	Low	10	4.0000	.00000		
		Middle	15	3.2667	1.09978		
Target group is selected after conducting appraisal	Public	Low	21	2.9048	.99523	.269	.606
		Middle	4	3.0000	1.41421		
	Private	Low	10	3.0000	.00000		
		Middle	15	3.0667	.45774		
Training is imparted based on need	Public	Low	21	3.5238	1.16701	3.412	.071
		Middle	4	4.0000	1.41421		
	Private	Low	10	4.9000	.31623		
		Middle	15	4.6667	.48795		
Design of training programme for promotion	Public	Low	21	3.6667	1.06458	.015	.905
		Middle	4	3.2500	1.50000		
	Private	Low	10	3.0000	.00000		
		Middle	15	3.4667	.51640		
Required material and assistance were given during programme	Public	Low	21	3.8095	1.12335	.085	.772
		Middle	4	3.2500	1.50000		
	Private	Low	10	2.3000	.67495		
		Middle	15	3.2000	1.52128		
Programmes were well managed & venues were comfortable	Public	Low	21	3.9048	.70034	.491	.487
		Middle	4	3.7500	.95743		
	Private	Low	10	5.0000	.00000		
		Middle	15	4.6000	.73679		
Help to know employee hidden talents, capabilities & potentials	Public	Low	21	3.7619	.94365	.637	.429
		Middle	4	3.5000	1.29099		
	Private	Low	10	3.2000	.42164		
		Middle	15	3.8667	.91548		
Feel of need for training	Public	Low	21	3.6190	1.11697	.052	.820
		Middle	4	2.7500	1.50000		
	Private	Low	10	2.3000	.94868		
		Middle	15	3.2000	1.52128		
Feel about achievement of training objectives	Public	Low	21	4.0476	.49761	3.205	.080
		Middle	4	4.5000	.57735		
	Private	Low	10	4.1000	.56765		
		Middle	15	4.3333	.72375		
Training is ongoing process	Public	Low	21	3.8571	1.06234	.815	.371
		Middle	4	3.5000	1.29099		
	Private	Low	10	3.8000	.91894		
		Middle	15	3.6000	.91026		
Helps in bridging gap between supervisor & subordinate	Public	Low	21	3.4762	1.03049	.037	.848
		Middle	4	3.7500	1.25831		
	Private	Low	10	2.3000	.48305		
		Middle	15	3.0000	1.13389		
Contributes to large		Low	21	3.5238	1.20909	.451	.505

A Study of HRM Practices in Public and Private Banks with special reference to Nellore District

extent in improving confidence & commitment	Public	Middle	4	2.7500	1.50000		
	Private	Low	10	4.2000	.42164		
		Middle	15	4.2667	.59362		
Ability to make innovations at workplace	Public	Low	21	3.8571	.79282	3.422	.071
		Middle	4	4.0000	1.15470		
	Private	Low	10	4.8000	.42164		
		Middle	15	4.7333	.45774		
Help to play a bigger role than current job	Public	Low	21	3.3333	1.06458	.753	.390
		Middle	4	3.2500	.95743		
	Private	Low	10	3.0000	.47140		
		Middle	15	3.5333	1.12546		
Programmes were relevant to growth & development	Public	Low	21	4.0476	.74001	1.767	.190
		Middle	4	4.5000	.57735		
	Private	Low	10	3.1000	.31623		
		Middle	15	3.9333	.88372		
Helpful in upgrading the skills	Public	Low	21	3.9048	.83095	.687	.411
		Middle	4	3.7500	.50000		
	Private	Low	10	4.2000	.42164		
		Middle	15	4.2667	.45774		
Help to remain updated with latest practices	Public	Low	21	4.0476	.58959	.900	.348
		Middle	4	3.7500	.50000		
	Private	Low	10	4.8000	.42164		
		Middle	15	4.6667	.61721		
Contribute in improving overall performance	Public	Low	21	3.7143	1.23056	.599	.443
		Middle	4	3.2500	1.50000		
	Private	Low	10	3.2000	.42164		
		Middle	15	3.9333	.96115		
Duration of programme was appropriate	Public	Low	21	3.3333	.79582	1.112	.297
		Middle	4	3.5000	.57735		
	Private	Low	10	1.9000	.31623		
		Middle	15	3.1333	1.45733		
Progress of programme was appropriate	Public	Low	21	3.7619	.88909	.001	.970
		Middle	4	3.7500	1.25831		
	Private	Low	10	4.2000	.42164		
		Middle	15	3.9333	.59362		
Training content was relevant to objectives	Public	Low	21	4.0000	.77460	.386	.537
		Middle	4	3.7500	.95743		
	Private	Low	10	4.0000	.94281		
		Middle	15	3.8667	.99043		
Overall programme is effective	Public	Low	21	3.7619	.70034	1.459	.233
		Middle	4	3.2500	.95743		
	Private	Low	10	4.1000	.31623		
		Middle	15	4.3333	.48795		
Induction level triaining help in real terms	Public	Low	21	3.9524	.49761	1.320	.256
		Middle	4	4.0000	.00000		
	Private	Low	10	4.0000	.47140		
		Middle	15	4.2000	.77460		
Induction level		Low	21	4.1905	.67964	.103	.750

training help to gain clear insight of objectives	Public	Middle	4	4.2500	.50000		
	Private	Low	10	4.1000	.31623		
		Middle	15	4.2000	.41404		
Existence of system for calculating cost & benefit	Public	Low	21	3.6667	.85635	.439	.511
		Middle	4	4.0000	.81650		
	Private	Low	10	3.0000	.00000		
		Middle	15	3.1333	.35187		
Help to reduce employee turnover	Public	Low	21	3.8095	.92839	2.786	.102
		Middle	4	4.0000	1.15470		
	Private	Low	10	2.0000	.00000		
		Middle	15	2.3333	.72375		
Result in higher employee performance	Public	Low	21	3.4286	1.07571	1.465	.232
		Middle	4	3.2500	1.25831		
	Private	Low	10	4.7000	.48305		
		Middle	15	4.4667	.74322		
Result in higher productivity & financial results	Public	Low	21	3.7619	.83095	5.224	.027
		Middle	4	3.7500	.95743		
	Private	Low	10	4.4000	.51640		
		Middle	15	4.6667	.48795		

Inference

An analysis of above table relating to Training & Development in Public and Private banks based on level of management brings out that F value is 5.224 and the Significance value is 0.027 in case of Training & Development activities lead to higher productivity and financial results. 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 Training & Development activities leads to higher productivity and financial results. This is true in case of Public sector bank rather than Private bank because after T & D activities employees retain in public banks but in case of Private Banks they may shift to other banks which leads to difference in productivity and financial results. But in remaining constructs relating to T & D practices the significance value is above the Standard norm. Hence, there is no significant difference between the banks in all the other constructs and 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 Compensation scale are given below

Table 2: Compensation in SBI and ICICI Bank

One- Way Anova

Statements	Bank	Level of Management	N	Mean	SD	F	Sig.
Compensation is designed on basis of seniority	Public	Low	21	3.7143	.78376	1.494	.228
		Middle	4	4.0000	.81650		
	Private	Low	10	3.4000	.51640		
		Middle	15	3.8000	.41404		
Competency based	Public	Low	21	3.5238	1.07792	4.078	.049
		Middle	4	2.7500	.50000		

A Study of HRM Practices in Public and Private Banks with special reference to Nellore District

compensation is followed	Private	Low	10	3.7000	.67495		
		Middle	15	3.2000	.41404		
Share from profit is granted to employees	Public	Low	21	2.6667	1.31656	.400	.530
		Middle	4	3.0000	1.41421		
	Private	Low	10	3.0000	.00000		
		Middle	15	2.9333	.25820		
Stock option plans are provided as reward	Public	Low	21	2.6190	1.28360	1.705	.198
		Middle	4	2.7500	1.50000		
	Private	Low	10	2.3000	.67495		
		Middle	15	2.9333	.45774		
Bonus is provided as reward	Public	Low	21	2.8571	1.45896	.804	.374
		Middle	4	3.2500	1.50000		
	Private	Low	10	4.8000	.42164		
		Middle	15	4.0000	.92582		
Commission is distributed as reward	Public	Low	21	2.7143	1.38358	.071	.791
		Middle	4	3.0000	1.41421		
	Private	Low	10	3.9000	.73786		
		Middle	15	3.0000	1.06904		
Merit based pay system is followed	Public	Low	21	2.6190	.86465	9.826	.003
		Middle	4	3.0000	1.41421		
	Private	Low	10	3.1000	.31623		
		Middle	15	3.6000	.50709		
Satisfaction relating to welfare facilities	Public	Low	21	3.5238	1.07792	.373	.544
		Middle	4	3.7500	1.25831		
	Private	Low	10	4.8000	.42164		
		Middle	15	4.2000	.41404		
Satisfaction with salary & other perks	Public	Low	21	2.9048	1.33809	.968	.330
		Middle	4	2.2500	.50000		
	Private	Low	10	2.2000	.63246		
		Middle	15	3.2000	1.01419		
Top Management welcome the suggestions regarding Reward system	Public	Low	21	3.1905	1.24976	.549	.462
		Middle	4	3.0000	1.41421		
	Private	Low	10	3.7000	.67495		
		Middle	15	3.7333	.70373		
Satisfaction with present job and salary	Public	Low	21	2.9048	.94365	3.121	.084
		Middle	4	3.0000	1.41421		
	Private	Low	10	2.1000	.73786		
		Middle	15	3.2000	1.01419		
Motivation of compensation leads to take keen interest in jobs	Public	Low	21	2.9524	1.32198	.322	.573
		Middle	4	3.5000	1.73205		
	Private	Low	10	4.0000	.47140		
		Middle	15	3.4667	.63994		
Compensation package is competitive to similar	Public	Low	21	2.0952	1.17918	1.817	.184
		Middle	4	2.0000	1.41421		
	Private	Low	10	4.7000	.67495		
		Middle	15	3.9333	.96115		

organizations							
Morale increase employee efficiency & productivity	Public	Low	21	3.8571	.85356	.698	.408
		Middle	4	3.7500	.50000		
	Private	Low	10	3.2000	.42164		
		Middle	15	3.4000	.50709		
Satisfaction with job evaluation & legal regulations of pay system	Public	Low	21	3.1905	.87287	7.812	.007
		Middle	4	3.7500	1.25831		
	Private	Low	10	4.2000	.42164		
		Middle	15	4.3333	.61721		
Compensation matches expectancy of employees	Public	Low	21	3.0476	1.16087	.266	.609
		Middle	4	3.0000	1.41421		
	Private	Low	10	2.1000	.56765		
		Middle	15	2.8667	.74322		
Compensation is directly linked to performance	Public	Low	21	2.0476	.66904	6.836	.012
		Middle	4	2.0000	.00000		
	Private	Low	10	4.6000	.69921		
		Middle	15	4.3333	.48795		
Revision of compensation plan move with economic situation	Public	Low	21	2.9524	.97346	2.285	.137
		Middle	4	3.7500	.95743		
	Private	Low	10	4.1000	.31623		
		Middle	15	3.7333	.88372		
Salary & other benefits are comparable to market	Public	Low	21	2.1905	1.16701	4.593	.037
		Middle	4	1.7500	.95743		
	Private	Low	10	4.1000	.31623		
		Middle	15	4.0667	.25820		

Inference

An analysis of above table relating to Compensation in Public and Private banks based on level of management brings out that F value is 9.826 and the Significance value is 0.03 in case of following Merit based pay system, the F value is 7.812 and significance value is 0.07 in case of Satisfaction with job evaluation & legal regulations of pay system, the F value is 6.836 and significance value is 0.12 in case of Linkage of Compensation with performance, the F value is 4.593 and significance value is 0.37 in case of Salary & other benefits comparable to market . This indicates that significance value is below the standard norm 0.05 regarding these four 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 Usage of Merit based pay system, Satisfaction with job evaluation & legal regulations of pay system, Linkage of Compensation with performance, Salary & other benefits comparable to market. This is so because Public sector bank has its own strategy and procedures to adopt Compensation practices than Private sector banks. But in remaining constructs relating to Compensation the significance value is above the Standard norm. Hence, there is no significant difference between the banks in all the other constructs, Null hypothesis is accepted.

Findings & Discussions

- There exists significant difference between both the banks relating to Training & Development activities leads to higher productivity and financial results. This is true in case of Public sector bank rather than Private bank because after T & D activities

A Study of HRM Practices in Public and Private Banks with special reference to Nellore District

employees retain in public banks but in case of Private Banks they may shift to other banks which leads to difference in productivity and financial results.

- There exists no significant difference between the banks in all the other constructs of Training & Development procedures because the significance value is above the Standard norm. It means that both the banks follow similarly in the above procedures.
- There exists significant difference between both the banks relating to the Usage of Merit based pay system, Satisfaction with job evaluation & legal regulations of pay system, Linkage of Compensation with performance, Salary & other benefits comparable to market. This is so because Public sector bank has its own strategy and procedures to adopt Compensation practices than Private sector banks
- There exists no significant difference between the banks in all other constructs of Compensation practices because the significance value is above the standard norm. Both the banks follow in the same manner in all the other Compensation practices

Suggestions

Public bank has been following better ways and means in Training & Development activities which is resulting in high productivity and financial results. But in Private banks after undergoing training and Development programmes they are not retaining. So in order to retain them Private bank has to follow certain strategies regarding compensation, amenities and other incentives to hold them, provide better working environment and has to devise ways to decrease the personal weakness of the employees. Skill development is crucial. So, Private bank by rejuvenating their employees with development activities and transforming them will lead to provide better working environment and the bankers focus much on the Compensation practices in retaining talent pool.

Conclusion

Due to 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 providing Training & Development facilities, excellent Compensation packages so that employees are willing to perform better. So, the HRM activities relating to Training & Development procedures is good in both the banks whereas Compensation practices of the Private sector banks should be designed in such a way to make them to be on par with the Public sector banks, so that it will contribute to the betterment of the banks.

References

- M. Madhu Lincoin, G. Rama Krishna and K. Venu Gopal Rao, HRM Practices in Public Sector Banks and Private Sector Banks, Manglam Publications, Delhi. 2009.
- A Study on the Methods and Effectiveness of Training in selected Public and Private sector banks in Thiruchirapalli district, Bhararhidasan University, October 2008.
- Shikha N. Khera Human Resource Practices and their Impact on Employee Productivity: A Perceptual Analysis of Private, Public and Foreign Bank Employees in India, DSM Business Review Vol. 2, No. 1 (June, 2010).
- Bhargava Deepti, HR Practices in Public and Private Sector Bank, (Rajsamand: IJBEMR, 2010).
- Chakrabarty KC, RBI Monthly Bulletin Human Resource Management in Banks-Need for a New Perspective (2012).
- Dwivedi, R.S., Dynamics of Human Behaviour at Work, Oxford & IBH Publishing.

- Jyoti Sadhum Human Resource Development in Banking Sector/. New Delhi, Serials Pub., 2008, x, 198 p., tables, ISBN 81-8387-172-3.
- Pareek, V. and Rao, T.V. (1981). Designing and Managing Human Resource Systems, Oxford & IBH Publishing Co., New Delhi.
- Professional Banker-the ICFAI University press.
- Al_Qudah, H., Osman, A., & M. Al_Qudah, H. (2014). The Effect Of Human Resources Management Practices On Employee Performance. International Journal of Scientific & Technology Research, Volume 3(Issue 9), 129-134. Retrieved September 19, 2015, from <http://www.ijstr.org/final-print/sep2014/The-Effect-Of-Human-ResourcesManagement-Practices-On-Employee-Performance.pdf> 7.
- Shaukat, H., Ashraf, N., &Ghafoor, S. (2015). Impact of Human Resource Management Practices on Employees Performance. Middle-East Journal of Scientific Research, Volume 23(Issue 2), 329-338. doi:10.5829/idosi.mejsr.2015.23.02.22117.
- Gaikwad, S., &Deshmukh, U. (2015). HRM Practices in Selected Public and Private Sector Banks.
- Glacier Journal of Scientific Research,118. Retrieved September 19, 2015, from http://www.glacierjournal.org/upload/papers/1440239850-HRM_PRACTICES_IN_SELECTED_PUBLIC_AND_PRIVATE_SECTOR_BANK.doc.
- www.sbi.co.in and www.icici.com.