ISSN: 0971-1260
Vol-22-Issue-4-October-December-2019

HRM Practices In Commercial Banks: A Discriminant Analysis Among Public And Private Sector Banks

E. RUSHIT GNANA ROY
Ph.D. Research Scholar (Reg. No.26917)
Bharathidhasan University, Trichy.

DR. P. JEGAN
Assistant Professor & Research Advisor in Commerce
A.V.V.M. Sri Pushpam College (Autonomous)
Pondi, Thanjavur District

ABSTRACT

Since the banking industry is a knowledge based industry it is essential to transfer the staff recruited into valuable human resources for the banks. It can be done by the provision of adequate skills, knowledge, competences and talents to the human resources. The investment n HRM is essential and inevitable in banking industry, since the return on investment on HRM practices for higher than its cost. With this background, that rate of implementation of HRM practices is banks was analysed. The study revealed that implementation of HRM practices at private sector banks are higher compared to public sector banks. The public sector banks should realise the importance of implementation of HRM practice in order to enrich their performance.

KEYWORDS: HRM, Discriminant analyses, Public sector bank, Private sector bank

INTRODUCTION

The human resources are the valid assets to any organization but only very few organizations realized it and reaped the advantages from its human resources (Khatri, 2000). Human resource management consists of the functions namely attracting, recruiting, developing, maintaining, managing and controlling the human resource of the organization (Jain et al., 2012). In the globalised era, the utilization and maintenance of human resources in the organization yield a better result to survive in the competitive world (Guest, 2011).

Since the banking industry is the knowledge based industry, it is essential to transfer the staff recruited into valuable human resources for the banks (Cho et al., 2006). It can be done by the provision of adequate skills, knowledge, competencies and talents to the human resources (Bae et al.,2003). The

ISSN: 0971-1260
Vol-22-Issue-4-October-December-2019

human resource management practices comprises the activities, policies and practices involved in planning, obtaining, developing, utilizing, evaluating, maintaining the appropriate human resources to achieve the organizational objectives (Peter and Robert, 2015). The investment on HRM is essential and inevitable in banking industry, since the return on investment on HRM practices is far higher than its cost (Farid et al., 2014). The public and private sector banks are competing with each other regarding the provision of services and service quality to their customers through their enriched human resources (Goyal and Joshi, 2012). The private sector banks are ahead in this aspect (Sharma and Mehlawat, 2011) since these banks are having freedom to act and react regarding the changes in HRM practices as per the present requirements.

With this background, it is imperative to examine the rate of implementation of HRM practices at the public and private sector banks for future policy implications.

REVIEW OF LITERATURE

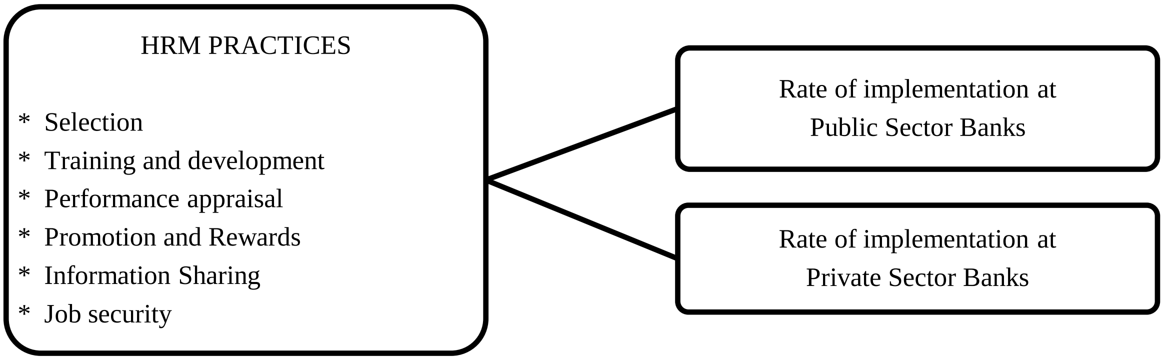
Ahmad (2012) indicated that non-unionised bank employees experienced high satisfaction on all elements except unionism and job security. Anand et al., (2016) revealed that factors like co-workers, department, rewards and recognition, opportunities, teamwork and immediate supervisor have a significant influence on the productivity of employees. Anuradha and Prasanth (2016) concluded that various HRD practices have a significant impact on organizational performance. Bhasher et al., (2012) revealed the importance of HRM practices for organizational success. Chahal et al., (2016) identified at the organizational learning acts as a mediating variable between high performance HRM practices and business performance. Chinnadurai (2014) stated that the HRM practices at private sector banks are highly perceived by this staff.

Ghosh et al., (2016) concluded that rewards and recognition as a predictor of employee engagement and performance of the bank. Jacob (2012) mentioned that the HRM practices reduce the job stress among the staff. Jeet and Sayeeduzzafar (2014) indicated that all HRM practices have a significant impact on job satisfaction. Jyothsna and Kumar (2015) highlighted that performance appraisal factors, organizational commitment and organizational citizenship behavior have a significant impact on job satisfaction. Lakkoju (2014) identified the significant difference among the SBI and KVB regarding the implementation of HRM practices which is higher at KVB compared to SBI. Mittal et al., (2016) found that the HRM practices at banks have a significant impact on customer satisfaction.

ISSN: 0971-1260
Vol-22-Issue-4-October-December-2019

PROPOSED RESEARCH MODEL OF THE STUDY

The proposed research model of the study is presented below:



CONCEPTUAL FRAMEWORK OF THE STUDY

The concepts included in the present study are six HRM practices implemented at commercial banks. The number of variables used to measure each practice and its source are summarized in the given Table 1.

TABLE: 1

Variables used to measure HRM Practices

Sl. No.	***HRM practices***	***Number of variables used***	***Source***
1.	Selection practice	5	Faheem et al., (2012); Shruti and Nirmala (2013)
2.	Training and development practice	4	Applebum (2000)
3.	Performance appraisal	4	Latham and Smith (1990); Boxall and Pincell (2008)
4.	Promotion and rewards	6	Chang (2005)
5.	Information sharing	5	Didem (2015); O'Neilland Adya (2007)
6.	Job security	4	Singh (2004)

OBJECTIVES AND METHODOLOGY

The present study is confined with the objectives of (1) measuring the rate of implication of HRM practices at public and private sector banks; and (2) identifying the discriminant HRM practices among these two group of banks.

In order to fulfill the objectives of the study, all the private and public sector banks in Kanniyakumari have been included for the study. There are 146 public sector and 69 private sector banks in nine blocks and 4 municipalities at Kanniakumari district. All the 215 have been included for the study.

ISSN: 0971-1260
Vol-22-Issue-4-October-December-2019

One representative (Manager or Assistant Manager) from each branch is selected as the sample of the study. The required primary data from the sampled respondents are collected through the pre tested interview schedule. The collected data are processed with the help of appropriate statistical analysis. The results are discussed below:

RELIABILITY AND VALIDITY OF VARIABLES IN HRM PRACTICES

The variables in all six HRM practices are rated at five point scale as per the level of existence of the bank. The score of all variables in each HRM practice have been included for confirmatory factor analysis in order to examine the reliability and validity of variables in each HRM. The results are given in Table.

TABLE: 2

Results of Confirmatory Factor Analysis

Sl. No.	*HRM practices*	*Range of standardized factor loading*	*Range of 't' statistics*	*Cronbach alpha*	*Composite reliability*	*Average variance extracted*
1.	Selection	0.8911-0.6028	3.9969*-2.1173*	0.7808	0.7614	54.17
2.	Training and development	0.9022-0.6172	4.1733*-2.2088*	0.8014	0.7822	55.09
3.	Performance appraisal	0.8878-0.6403	3.8446*-2.4173*	0.7793	0.7517	53.45
4.	Promotion and rewards	0.8545-0.6304	3.5411*-2.3419*	0.7517	0.7302	52.06
5.	Information sharing	0.8624-0.6311	3.6976*-2.3594*	0.7549	0.7319	52.88
6.	Job security	0.8917-0.6245	3.7471*-2.2946*	0.7642	0.7404	53.02

The standardized factor loading of variables in each HRM practice are greater than 0.60 which reveals the content validity (Fornell and Larchar, 1981). The significance of 't' statistics of the standardized factor loading of variables in each HRM practice reveal the convergent validity (Gerbing and Anderson, 1988) which is also proved by the composite reliability and average variance extracted. The cronbach alpha of all six HRM practices are greater than its minimum threshold of 0.60 which reveals the internal consistency (Nunally and Berustein, 1994).

IMPLEMENTATION OF HRM PRACTICES AT BANKS

The rate of implementation of HRM practices are drawn from the mean scores of the variables in each HRM practices. The mean scores of each HRM practice at public sector and private sector banks have been computed separately along with its 't' statistics. The results are summarized in Table.

ISSN: 0971-1260
Vol-22-Issue-4-October-December-2019

TABLE: 3

Implementation of HRM Practices at Banks

Sl.No.	HRM practices	Mean scores in banks		't' statistics
		Public sector	Private sector	
1.	Selection	2.8242	3.0841	-0.5172
2.	Training and development	3.0996	3.5994	-2.4973*
3.	Performance appraisal	2.9197	3.6227	-2.5494*
4.	Promotion and rewards	2.8096	3.2149	-2.1408*
5.	Information sharing	2.8646	3.6909	-2.6343*
6.	Job security	3.2414	3.4082	-0.5089

*Significant at five per cent level.

The highly implemented HRM practices at public sector banks are job security and; training and development practices since its mean scores are 3.2414 and 3.0996 respectively. At the private sector banks, these two HRM practices are information sharing and performance appraisal practices since its mean scores are 3.6909 and 3.6227 respectively. Regarding the implementation of HRM practices, the significant difference among the public and private sector banks have been noticed in the rate of implementation of four out of six HRM practices since its 't' statistics are significant at five per cent level.

DISCRIMINANT HRM PRACTICES IN PUBLIC AND PRIVATE SECTOR BANKS

The present study has made an attempt to identify the important discriminant HRM practices among the public and private sector banks in the help of two group discriminant analysis. Initially, the mean difference in each HRM practices and its statistical significance have been computed alongwith its Wilks Lambda. The results are given in Table 4.

TABLE : 4

Mean Difference and Discriminant Power of HRM Practices at Public and Private Sector Banks

Sl. No.	HRM practices	Public sector	Private sector	Mean difference	't' statistics	Wilks Lambda
1.	Selection	2.8242	3.0841	-0.9599	-0.5172	0.5779
2.	Training and development	3.0996	3.5994	-0.4998	-2.4973*	0.1241
3.	Performance appraisal	2.9197	3.6227	-0.7030	-2.5494*	0.1672
4.	Promotion and rewards	2.8096	3.2149	-0.4053	-2.1408*	0.1454
5.	Information sharing	2.8646	3.6909	-0.8263	-2.6343*	0.1011
6.	Job security	3.2414	3.4082	-0.1668	-0.5089	0.5984

*Significant at five per cent level.

The significant mean difference are noticed in four HRM practices out of six practices since its 't' statistics are significant at five per cent level. The higher mean differences are noticed in the case of information sharing and performance appraisal practices since its mean differences are -0.8263 and -0.7030 respectively. The higher discriminant power is noticed in the case of information sharing and

ISSN: 0971-1260
Vol-22-Issue-4-October-December-2019

'training and development practices since its Wilks Lambda are 0.1011 and 0.1241 respectively. The significant HRM practices have been included to estimate the two group discriminant function. The unstandardized procedure has been followed to estimate it. The estimated function is:

$$Z = -0.5783 - 0.1341\ X_2 - 0.1703\ X_3 - 0.1176\ X_4 - 0.1886\ X_5$$

The relative contribution of HRM practices in the total discriminant score is estimated by the products of discriminant co-efficient and the mean difference of the respective HRM practices. The results are shown in Table 5.

TABLE : 5

Relative Contribution of HRM Practices in Total Discriminant Score (TDS)

Sl.No.	*HRM practices*	*Discriminant co-efficient*	*Mean difference*	*Product*	*Relative contribution in TDS*
1.	Training and development	-0.1341	-0.4998	0.0670	17.15
2.	Performance appraisal	-0.1709	-0.7030	0.1201	30.75
3.	Promotion and rewards	-0.1176	-0.4053	0.0477	12.22
4.	Information sharing	-0.1886	-0.8263	0.1558	39.88
				0.3906	
Per cent of cases correctly classified : 81.93					

The higher discriminant co-efficients are noticed in the case of implementation of information sharing and performance appraisal practices since the co-efficients are -0.1886 and -0.1709 respectively. It shows that higher relative contribution in TDS is noticed in the case of information sharing. The estimated function correctly classified are 39.88 and 30.75 per cent extent of 81.93 per cent. The analysis reveals that the important discriminant HRM practices among the public and private sector banks are information sharing and performance appraisal which are higher at private compared to public sector banks.

CONCLUDING REMARKS

The present study concludes that the rate of implementation of HRM practices at private sector banks are higher compared to public sector banks. The discriminant HRM practices at public and private sector banks are information sharing and performance appraisal practices which are highly implemented at private sector banks compared to public sector banks. Since the competition in the banking industry is cut throat, it is essential to understand the importance of HRM practices at banks in order to enrich the organizational performance. The public sector banks should realize the importance of implementation of HRM practices in order to enrich their performance.

ISSN: 0971-1260
Vol-22-Issue-4-October-December-2019

REFERENCES

1. Ahmed, J., (2012), "Dynamics of Employment Relations and Employee Unionization on banking industry", **Indian Journal of Industrial Relations**, 48(2), pp.368-372.
2. Anand, V.V., Banu, C.V., Balchandran, S., Kumar, S.A., Saragu, R.S., Hemalatha, J., and Banu, M.S., (2016), "Employee Engagement-A Study with Special Reference to Bank Employees in Rural Areas", **Indian Journal of Science and Technology**, 9(27), pp.1-10.
3. Anuradha, S. and Prasanth, M.S., (2016), "Employees Perception towards HRD Practices among Select Public Sector Banks in Puducherry", **Indian Journal of Applied Research**, 6(2), pp.249-252.
4. Bae, J., Chen, S., Wan, T., T.W.D.Lawler, J.J. and Walumba, F.O., (2003), "Human Resource Strategy and Firm Performance in Pacific Rein Countries", **International Journal of Human Resource Management,** 14(8), pp.1300-1332.
5. Bhaskar, A.V., Bhal, K.T. and Mishra, B., (2012), "Strategic HR Integration and Proactive Communication during M & A: A Study of Indian Bank Mergers", **Global Business Review**, 13(3), pp.407-419.
6. Chabal, H., Jyothi, J. and Rani, A., (2016), "The Effect of Perceived high-performance human resource practices on business performance: Role of organizational learning", **Global Business Review**, 17(35), pp.101-132.
7. Chang, E., (2005), "Employees Overall Perception of HRM Effectiveness", **Human Relation**, 58(4), pp.523-544.
8. Chinnadurai, P., (2014), "HR Practices in private sector banks-an empirical evidence", **International Journal of Marketing**, 3(4), pp.30-37.
9. Cho, S., Woods, R.H., Jang, S. and Erdem, M., (2006), "Measuring the impact of Human Resource Management Practices on Hospitality Firms Performances", **Hospitability Management**, 25(1), pp.262-277.
10. Didem Pasaoglu, (2015), "Analysis of the Relationship between human resources management practices and organizational commitment from a strategic perspective: Findings from the Banking Industry", Procedia-Social and Behavioural Sciences, pp.315-324.
11. Faheem Ghazanfar and Shuai Chuannin and Muhammad Siddique and Mohsion Bashir (2012), "Exploring the Relationship Human Resource Management Practices and Organizational Commitment: Empirical Evidence from the banking sector in China", **Information Management and Business Review**, 4(9), pp.502-516.
12. Farid Hossain, Talukder, Md.Yahin Hossain, Md.Nation Hossain (2014), "HRM Practices in Commercial Banks: A Case Study of Bangaldesh", **IOSR Journal of Business and Management,** 16(2), pp.29-36.
13. Fornell, C. and Larsker, D.F., (1981), "Evaluating Structural Equation Models with Unobservable Variables and Measurement Error", **Journal of Marketing Research**, 18(1), pp.39-50.
14. Garbing, D.W. and Anderson, J.C., (1988), "An updated paradigm for scale development incorporating unidimensionality and its assessment", **Journal of Marketing Research**, 25(2), pp.186-192.
15. Ghosh, P., Rai, A., Chauchan, R., Baranwal, G. and Srivastava, D., (2016), "Rewards and recognition to engage private bank employees", **Management Review**, 39(12), pp.1738-1751.

ISSN: 0971-1260
Vol-22-Issue-4-October-December-2019

16. Gopal, K.A., and Joshi, V., (2012), "Indian Banking Industry: Challenges and Opportunities", **International Journal of Business Research and Management,** 2(1), pp.18-28.
17. Guest, D.E., (2011), "Human Resource Management and Performance: Still Searching for some answers", **Human Resource Management Journal**, 21(1), pp.3-13.
18. Jain, H., Mathew, M. and Bedi, A., (2012), "HRM Innovation by Indian and Foreign MNCs Operating in India: A Survey of HR Professionals", **The International Journal of Human Resource Management,** 23(5), pp.1006-1018.
19. Jeet, V. and Sayeeduzzadar, D., (2014), "A Study of HRM Practices and its impact on employees job stress in private sector banks: A case study of HDFC Bank", **International Journal of Advance Research in Computer Science and Management Studies**, 2(1), pp.62-68.
20. Jyothsma, C. and V.M.Kumar (2015), "A Study on factors of performance appraisal with organization commitment, organizational citizenship behaviour and job satisfaction in private sector banks", **Paripex-Indian Journal of Research**, 2(5), pp.468-470.
21. Khatri, N., (2000), "Managing Human Resource for Competitive Advantage: A Study of Companies in Singapore", **The International Journal of Human Resource Management,** 11(2), pp.336-365.
22. Lakkoju, S., (2014), "An empirical analysis of managerial and non-managerial HRD climate perceptions in SBI and KVB though internal and external comparison: a case study conducted in Andhra Pradesh", **Decision**, 41(1), pp.51-72.
23. Mittal, S., Gupta, V., and Mottiani, M., (2016), "HRD Climate and customers satisfaction in India Private Banks", **The Indian Journal of Industrial Relations,** 51(3), pp.447-459.
24. Nunally, J.C., and Bernstein, I.H., (1994), Psychometric theory, 3rd Edition, New York: Mcgraw Hill.
25. O'Neill, B.S., and Adya, M., (2007), "Knowledge Sharing and the Psychological Contract: Managing Knowledge Workers Across Different Stages of Employment", **Journal of Managerial Psychology**, 22(4), pp.411-436.
26. Peter, Altmann and Robert Engberg (2011), "Managing Human Resources and Technology Innovation: The Impact of Process and Outcome Uncertainties", **International Journal of Innovation Science**, 7(2), pp.91-106.
27. Sharma, R.P. and Mehlawat, S., (2011), "Impact of Human Resource Management Strategies and Business Strategies in Indian Banking Sector", **International Journal of Computer Science and Communication,** 2(1), pp.159-164.
28. Shruti Lamba and Nirmala Choudhary (2013), "Impact of HRM Practices on Organizational Commitment of Employees", **International Journal of Advancements in Research and Technology,** 2(4), pp.408-423.
29. Singh, K., (2004), "Impact of HR Practices on Perceived from Performance in India", **Asia Pacific Journal of Human Resources**, 42(3), pp.301-317.

