



“A COMPARATIVE STUDY OF HR PRACTICES IN PUBLIC AND PRIVATE SECTOR BANKS IN ODISHA”

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Abstract

The present study is to find out the Human Resource Practices in Indian banking industry. HR practices have been studied extensively among manufacturing, service and small medium enterprises. However, only a few studies have addressed the banking industry. 5 public sector banks and 4 private sector banks in Odisha extended cooperation for this study. The overall aim of the research is to look at four key areas (Recruitment, Performance Appraisal, Retention and Training) that shape the development of banking industry in Odisha as well as Indian as a whole. The basic purpose is to have a comparative study between public and private sector banks on above mentioned aspects. First, we have analysed different aspects of these key areas. Secondly, the researcher has conducted a comparative study on each key areas looking at the implementation of HR Policy within the bank.

Keywords: *Human Resource Management Practices, Performance Appraisal, Retention, Recruitment policy, Training.*

Introduction

Human Resource Development has assumed considerable importance in the recent years, be it business organization or a bank or an office, the development of human resource is necessary for its efficient and effective working. In an evolutionary process when developing economy struggles to attain higher levels of living it can hardly overlook the need of developing its human resources to meet the bigger and new challenges of raising the quality of the life of masses.

Human resource management is the back born of any organization and banking sector is not exception to it. Banking being a service sector is primarily dominated by people or customers. The success of the banking business more or less depends upon the effective and efficient human resource of the banks. The service quality and customers satisfaction can be enhanced by the behavior and hospitality of the banking employees. This sector has undergone a metaphoric change during the last three decade with respect to their human resources management practices. Further, the importance of HR department in this sector also has increased over the years. Employee recruitment, training and retention are considered to be most challenging task of modern time. There are many studies have been made covering different aspects of human resource management in banking sector more specifically in Indian context. A close review of those dispersed efforts at research field is attempted in the following paragraphs.

Literature Review

Shrivastava and Rai (2012) analyzed the performance appraisal practices in Indian banks and their role in enhancing organizational ability. The authors concluded that performance appraisal practices are often the central pillar of performance management in the banks and keep the motivation of employees high. It was also highlighted that performance appraisal should be a basis for making development and improvement plans to enhance banks' effectiveness.

Ahmad (2012) studied the association between employee relations and employee unionization in Indian banking industry. The study included banks from both the public and private sectors. The analysis indicated that non-unionized bank employees experienced higher satisfaction on all the elements except unionism and job security. The results concluded that non-unionized employees perceived better employee relations in comparison to unionized employees.

Shukla (2014) conducted research on the employee retention policies of public and private sector banks in India. The results of the research indicated that public sector banks do not have any defined employee retention policies where as private sector banks give prominence to talent retention and their HRM practices were aimed to retain best talent in their organizations.

Jyothsna & Kumar (2015) provided empirical evidence regarding the factors of performance appraisal that influence organizational commitment and job satisfaction among private sector bank employees in India. In this research, job satisfaction was considered as dependent variable while elements of rate, environmental aspects, organizational commitment and organizational citizenship behavior were included as independent variables. Results of regression analysis highlighted that performance appraisal factors, organizational commitment and organizational citizenship behavior have a significant impact and positive impact on job satisfaction of employees in private banks in India.



Jha and Mishra (2015) studied the impact of HRM practices on performance of employees in Indian banking industry. The authors concluded that various remedial HRM measures can be taken to improve the employee performance in banks. The measures suggested include staff meetings, brain storming sessions, study circles and quality circles.

Jain and Jain (2015) presented an evidence of training effectiveness in Indian banking industry. The authors measured training effectiveness in public sector, private sector and foreign banks operating in India. Among all the selected dimensions, commitment to training participation was found to exist in high levels in the banks selected for the research. Other dimensions were found to exist in moderate levels.

Roy (2015) investigated the various variables impacting employee retention among bank employees in Assam state, India. The results of the research concluded that nearly 80 per cent of employees from public sector and 60 per cent of employees from private sector were satisfied with the HRM practices of various banks in Assam. The study concluded that there was a significant relationship between HRM practices and employee retention among bank employees.

Objective of the Study

The main objectives of the study are as follows:

1. To study and compare the Recruitment policy, the Appraisal system, Employee retention & Training practices in public sector and private sector banks in India.
2. The overall aim of the research is to look at four key areas (Recruitment policy, Performance Appraisal, Retention policy, and Training) that shape the development of banking industry in Odisha as well as Indian as a whole. The basic purpose is to have a comparative study between public and private sector banks on above mentioned aspects.

Hypothesis

The following hypothesis were framed and tested in view of the research objectives.

Hypothesis-1: Recruitment policy has direct impact in HR functioning in Banking Industries.

Hypothesis-2: Performance appraisal process has direct impact in HR functioning in Banking Industries.

Hypothesis-3: Retention policy has direct impact in HR functioning in Banking Industries.

Hypothesis-4: Training practices has direct impact in HR functioning in Banking Industries.

Research Methodology: Research Methodology is a systematic way to solve a research problem. It includes various steps that are generally adopted by a researcher in studying the problem along with the logic behind them.

Data Collection: For the present research work data have been collected both from the primary and secondary sources.

Primary Data: Primary data is a data that is gathered for a specific research in response to a particular problem through interviews, questionnaires or observations. Primary data was derived from responses of participants in the research.

Sampling Population: The researcher has planned initially to include 20 public sector and 10 private sector banks but later on due to the vastness of topic and limited time, the researcher restricted the study to 5 public sector and 4 private sector banks. Twin cities Cuttack and Bhubaneswar are the heart the state and for that reason, the researcher conducted his study in these two cities. Further, it is a survey based research work, selecting only two districts is no doubt, the limitation of the study. However, it allows the future researcher to extend the research work by covering more districts. Apart from this, time and resources are also the other constraints for which only two districts are chosen for the study. The following table depicts the details of banks included in the survey.

Table- 1.1: Banks Selected as Sample Units

Sl. No.	Public Sector Banks	Total number of Branches in ODISHA	Total
1	SBI	886	1809
2	BOI	324	
3	UCO Bank	248	
4	Canara Bank	178	
5	Andhra Bank	173	
	Private Sector Banks	Total number of Branches in ODISHA	Total
1	Axis Bank	122	287
2	HDFC Bank	79	
3	ICICI Bank	65	
4	Indus Ind Bank	21	
Total	9		2096

Source: Collected from the official records Bank.



Table-1.2: Sample Respondents

Sl. No	Public Sector Banks	Total number of Branches included in Research (Cuttack & BBSR)	Total number of employees (N_h)	Sample Respondents (n_h)
1	SBI	12	360	122
2	BOI	10	192	65
3	UCO Bank	8	144	48
4	Canara Bank	6	83	28
5	Andhra Bank	5	62	21
Total	5	41	841	284
Sl. No	Private Sector Banks	Total number of Branches included in Research (Cuttack & BBSR)	Total number of employees (N_h)	Sample Respondents (n_h)
1	Axis Bank	9	120	41
2	HDFC Bank	5	105	36
3	ICICI Bank	3	55	19
4	Indus Ind Bank	2	14	5
Total	4	19	294	101
Grand Total	9	60	1135	385

Source: Collected from the official records

Limitations of the study

The present research work has been carried out on the basis of data collected from the respondents (Bank employees). The views expressed by the respondents may be biased one. Hence, the conclusion drawn on such information is one of the limitations of the study. The selection of two districts where the present study has been concentrated is another limitation of the study from area coverage point of view. The statistical tools and techniques used in the study do have their own limitations. Besides this, the resource and time factors are the other constraints of the study. In view of the aforesaid limitations, the users are advised to use the findings and suggestions of the study judiciously.

Comparative Analysis of Hr Practices in Public and Private Sector Banks

Nowadays, top managements of commercial banks in India are paying increased attention to HRM because they have realized that Human resources need to be closely integrated with planning & decision-making based on sound policies. As such, the HRM aims as fixed by the Indian commercial banks are explained as under:

1. To create a climate of openness and trust.
2. To build collaborative culture, whereby everyone is an important member of an effective team to promote human capabilities and competencies in the organization.
3. To bring about integration of the individual and organizational goals.
4. To improve the quality of work-life.

In this run, public sector banks lost their charm. This proved to be a threat for them. Public sector banks found it difficult to compete with them. In order to compete they needed to implement in their bank the latest technology available as well as introduce the best Human Resource policies in order to regain their manpower strength and retain the talents which are already present with them. The salary structure of public sector banks was uniform but ideally, it has not been linked to the profitability, on the lines of private and foreign banks. Comparative analysis of HRM policies and practices of public and private sector commercial banks has been done through content analysis. On the whole, different HRM areas with respect to recruitment, selection and promotion, compensation, training and development policies of public and private commercial banks have been identified and compared through content analysis.



Profile of the Respondents

Table-1.3: Age Wise Classification

Category	Sub-category	N	%	Public Sector Banks	%	Private Sector Banks	%
Age	less 27 Years	63	16	36	13	27	27
	28-37 Years	95	25	65	23	30	28
	38-47 Years	122	32	95	33	27	27
	48+ Years	105	27	88	31	17	18
Total		385	100	284	100	101	100

Table-1.4: Gender wise classification

Category	Sub-category	N	%	Public Sector Banks	%	Private Sector Banks	%
Gender	Male	269	70	192	68	77	76
	Female	116	30	92	32	24	24
Total		385	100	284	100	101	100

Table-1.5: Marital Status wise classification

Category	Sub-category	N	%	Public Sector Banks	%	Private Sector Banks	%
Marital Status	Married	287	75	230	81	57	56
	Un-married	98	25	54	19	44	44
Total		385	100	284	100	101	100

Table-1.6: Education wise Classification

Category	Sub-category	N	%	Public Sector Banks	%	Private Sector Banks	%
Education	Under Graduate	22	6	15	5	7	7
	Graduate	40	10	31	11	9	9
	Post-graduation & above	221	57	153	54	58	57
	Professional / Technical qualification	102	27	85	30	27	27

Table-1.7: Experience wise Classification

Category	Sub-category	N	%	Public Sector Banks	%	Private Sector Banks	%
Experience	2-5 years	103	27	66	23	37	37
	6-9 years	173	45	128	45	45	44
	10+ years	109	28	90	32	19	19
Total		385	100	284	100	101	100

Hypothesis Testing

H₁: Recruitment policy has direct impact in HR functioning in Banking Industries.

H₀: There exists no significant difference in recruitment policy in Public and Private Banking sectors.

H₁: There exists significant difference in recruitment policy in Public and Private Banking sectors.

Table-1.8: T-Test on Average Opinion on Recruitment Policy of Public and Private Sector Banks.

Banks	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Public	284	1.7931	1.04810	3.250	0.003
Private	101	3.0000	1.44914		Significant

From the Table-1.8, it may be inferred that there is significant difference in Recruitment policy between the employees of public and private sector banks. The lower average score of public sector banks indicates positive agreement of these banks employees on Recruitment policy as compared to private sector banks.



Table-1.9: T-Test on Average Responses on Various Aspects of Recruitment Policy in Public and Private Sector Banks.

Aspects	Banks	N	Mean	Std. Deviation	t-values	Sig. (2-tailed)
The organization uses standardized recruitment policy.	Public	284	2.8571	0.52757	4.171	0.000
	Private	101	4.2759	1.49284		Significant
Analysis of positions and requirements is made before recruitment process starts.	Public	284	2.7586	1.15434	1.460	0.069
	Private	101	2.8095	1.47034		Not-Significant
HR managers participate in recruitment & selection.	Public	284	3.8276	1.19729	0.333	0.741
	Private	101	3.7200	1.17331		Not-Significant
Selection procedure is usually reviewed before final decision.	Public	284	3.3448	1.44608	1.639	0.107
	Private	101	2.6800	1.51987		Not-Significant
Advertisements are used by the bank to recruit.	Public	284	4.5517	0.86957	4.287	0.000
	Private	101	3.2000	1.35401		Significant
Appointment in this organization is based on merit.	Public	284	4.4138	0.77998	5.791	0.000
	Private	101	2.8000	1.19024		Significant

The above Table-1.9 demonstrates the results obtained on application of two sample t-test on various aspects of **Recruitment Policy** in public and private sector banks.

H2: Performance appraisal process has direct impact in HR functioning in Banking Industries.

H₀: There exists no significant difference in performance appraisal process in Public and Private Banking sectors.

H₁: There exists significant difference in performance appraisal process in Public and Private Banking sectors.

Table-1.10: T-Test on Average Opinion towards Performance Appraisal Process of Public and Private Sector Banks

Banks	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Public	284	3.1053	1.59495	2.594	0.015
Private	101	2.0000	0.84515		Significant

From the Table-1.10, it may be inferred that there is significant difference in appraisal process between the employees of public and private sector banks. The lower average score of private sector banks indicates positive agreement of private sector banks employees as towards performance appraisal process as compared to public sector banks.

Table-1.11: T-Test on Average Responses on Various Aspects of Process of Performance Appraisal in Public And Private Sector Banks.

Aspects	Banks	N	Mean	Std. Deviation	t-values	Sig. (2-tailed)
Performance appraisal is fair in this organization.	Public	284	3.5106	1.54459	3.578	0.001
	Private	101	2.4500	1.21845		Significant
There is a formal and written performance appraisal	Public	284	3.5319	1.51587	2.642	0.010



system.	Private	101	2.7000	1.41784		Significant
The objectives of the appraisal system are clear to employees.	Public	284	3.0000	1.41421	0.556	0.581
	Private	101	2.7917	1.35066		Not-Significant
Employees are provided with performance based feedback and counseling.	Public	284	3.7742	1.02338	5.383	0.000
	Private	101	2.3750	1.03954		Significant
There are corrective measures for under-performance.	Public	284	3.4839	1.06053	1.977	0.053
	Private	101	2.9063	1.25362		Not-Significant
Appraisal system is growth and development oriented.	Public	284	2.8387	1.12833	1.313	0.194
	Private	101	2.4688	1.10671		Not-Significant
There is a well-defined performance management strategy.	Public	284	3.8355	1.20928	1.615	0.112
	Private	101	3.7063	1.38795		Not-Significant
There is regular appraisal for promotion.	Public	284	3.2903	1.44207	2.215	0.031
	Private	101	2.4688	1.50235		Significant
Employees have a clear understanding of what is expected from them.	Public	284	2.7419	1.50483	1.215	0.143
	Private	101	2.1250	1.09985		Not-Significant

The above Table-1.11 demonstrates the results obtained on application of two sample t-test on various aspects of performance appraisal in public and private sector banks.

H3: Retention policy has direct impact in HR functioning in Banking Industries.

H_0 : There exists no significant difference in retention policy in Public and Private Banking sectors.

H_1 : There exists significant difference in retention policy in Public and Private Banking sectors.

Table-1.12: T-Test on Average Opinion on Retention Policy of Public and Private Sector Banks.

Banks	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Public	284	3.6000	1.23117	2.015	0.8667
Private	101	2.7333	1.27988		Not-Significant

From the Table-1.12, it may be inferred that there is no significant difference in Retention policy between the employees of public and private sector banks. The lower average score of private sector banks indicates positive agreement of private sector banks employees on Retention policy as compared to public sector banks.

Table-1.13: T-Test on Average Responses on Various Aspects of Retention Policy in Public and Private Sector Banks

Aspects	Banks	N	Mean	Std. Deviation	t-values	Sig. (2-tailed)
Career development policy is attractive.	Public	284	3.2105	1.43678	1.564	0.129
	Private	101	2.4000	1.54919		Not-Significant
The organization recognizes our effort and talent.	Public	284	2.9565	1.26053	0.561	0.579
	Private	101	2.7059	1.49016		Not-Significant
The working environment is quite satisfactory.	Public	284	3.6087	1.23359	1.290	0.84
	Private	101	3.0909	1.44450		Not-Significant
Our relationship with our supervisors is good.	Public	284	2.4783	1.41001	2.276	0.028
	Private	101	3.4091	1.33306		Not-Significant
Employees are rewarded for their better performance.	Public	284	3.9565	1.02151	3.984	0.000
	Private	101	2.5909	1.25960		Significant
Employees' tasks are clearly defined.	Public	284	2.4348	1.44052	3.065	0.004
	Private	101	3.6818	1.28680		Significant



There is a good system of increment.	Public	284	1.8696	0.86887	3.570	0.001
	Private	101	3.1818	1.50036		Significant
Employees are assured of long term future with the organization	Public	284	1.46095	0.30463	0.213	0.832
	Private	101	1.45718	0.31067		Not-Significant

The above Table-1.13 demonstrates the results obtained on application of two sample t-test on various aspects of **Retention Policy** in public and private sector banks.

H4: Training practices has direct impact in HR functioning in Banking Industries.

H₀: There exists no significant difference in Training practices in Public and Private Banking sectors.

H₁: There exists significant difference in Training practices in Public and Private Banking sectors.

Table-1.14: T-Test on Average Opinion towards Training Practices in Public and Private Sector Banks

Banks	N	Mean	Std. Deviation	t-value	Sig. (2-tailed)
Public	284	2.4706	1.28051	3.936	0.001
Private	101	4.0000	0.77460		Significant

From the above Table-1.14, it may be inferred that there is significant difference in overall opinion of the employees towards common training practices of public and private sector banks of Odisha.

Table-1.15: T-Test on Average Responses on Various Aspects of Training Practices in Public and Private Sector Banks

Aspects	Banks	N	Mean	Std. Deviation	t-values	Sig. (2-tailed)
Training needs are discussed with employees.	Public	284	1.8824	0.78121	4.895	.000
	Private	101	3.9091	1.22103		Significant
There is a regular training programme.	Public	284	1.8714	0.74561	0.923	0.367
	Private	101	2.1638	0.8456		Not-significant
Training incorporates the interests of the organization as well as the individual.	Public	284	1.7747	0.84127	1.028	0.319
	Private	101	2.1728	1.16775		Not-significant
Training needs identified are realistic, useful and based on the business strategy of the organization.	Public	284	1.7647	0.83137	2.250	0.040
	Private	101	2.8182	1.40130		Significant
Standard quality training material is used in the training programmes.	Public	284	2.0000	0.61237	1.273	0.220
	Private	101	1.6364	0.80904		Not-significant
Every employee goes through various training programmes every year.	Public	284	4.1176	0.92752	7.478	0.000
	Private	101	1.6364	0.80904		Significant
Training system is adequate to meet the job requirements	Public	284	4.2941	0.98518	6.418	0.000
	Private	101	1.9091	0.94388		Significant

The above Table-1.15 demonstrates the results obtained on application of two sample t-test on various aspects of common training practices followed in public and private sector banks.



Findings

Recruitment Policy Has Direct Impact in HR Functioning In Banking Industries

On application of t-test, the calculated t-value has come out to be 3.250 which is significant at 5% level ($P > 0.05$). This implies that there is significant difference in Recruitment policy between the employees of public and private sector banks. The lower average score of public sector banks indicates positive agreement of these banks employees on Recruitment policy as compared to private sector banks. Different aspects of Recruitment policy revealed the following results.

Performance Appraisal Process Has Direct Impact in HR Functioning In Banking Industries

On application of t-test, the calculated t-value has come out to be 2.594 which is significant at 5% level ($P < 0.05$). This implies that there is significant difference in appraisal process between the employees of public and private sector banks. The lower average score of private sector banks indicates positive agreement of private sector banks employees as towards performance appraisal process as compared to public sector banks. Different aspects of Performance appraisal revealed the following results.

- a) Basing on lower mean value of the private sector banks (2.4500), it may be concluded that the employees of private sector banks are in agreement with the fact that the Performance appraisal is fair in their organization.
- b) It may be concluded that the private sectors employees are better satisfied with the performance appraisal system.

Retention Policy Has Direct Impact in HR Functioning In Banking Industries

On application of t-test, the calculated t-value has come out to be 2.015 which is not significant at 5% level ($P > 0.05$). This implies that there is no significant difference in Retention policy between the employees of public and private sector banks. The lower average score of private sector banks indicates positive agreement of private sector banks employees on Retention policy as compared to public sector banks. Different aspects of Retention policy revealed the following results.

- a) Basing on lower mean value of the public sector banks (1.43678), it may be concluded that the employees of public sector banks are in agreement with the fact that Career development policy is attractive in their banks.
- b) There is in-significant variation in opinion of the respondents from both the type of respondents. Basing on the lower4 mean score from respondents of private sectors, it may be concluded that the private sector recognizes the effort and talent of their employees.

Training Practices Has Direct Impact in HR Functioning In Banking Industries

On application of t-test, the calculated t-value has come out to be 3.936 which is significant at 5% level ($P < 0.05$). This implies there is significant difference in overall opinion of the employees towards common training practices of public and private sector banks of Odisha. The overall opinion of the employees of public sector banks is more positive towards training practices than the privately managed sectors. Different aspects of training practices revealed the following results.

- a) Basing on lower mean value of the public sector banks (1.8824), it may be concluded that these employees are better satisfied with the statement 'Training needs are discussed with employees' than private sector employees.
- b) Basing on lower mean score (1.8714) from respondents of public sectors, it may be concluded that the public sectors employees opine better towards the statement 'There is a regular training programme' in banks.

Conclusion

In the present competitive world, the banking sector, especially of the developing economies like India, is facing lot of tough competition, talent crunch, and skill shortage. All these have made the banks feel that the internal customer is also more important equally with external customers, so every bank is trying to devise innovative HR practices to attract best talent and give them comfortable environment to work with, that enables the banks to retain talents. The major challenges faced in the HR management of the banks are training, acquiring the right people, retaining/developing the people, motivational activities, performance appraisal etc.

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