A STUDY ON HR PRACTICES ON PROMOTING PERCEPTION OF PUBLIC SECTOR BANKS IN VELLORE DISTRICT

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Abstract

Banking was a flourishing industry in ancient India. Initially, the industrial houses founded banks with a view to produce funds for productive activities and at the same time offered considerable security, fluid and fair returns to the depositors. In a way, banking continued to be a conventional industry. This study hr practices on promoting perception of public sector banks is carried in VELLORE district.


I. INTRODUCTION

Banking and financial sector is a major sector of the development of the economy and the nation as a whole, which helps to provide required finance for the different sector of the economy. As a service sector the efficiency of employee has got a bearing on the quality of service offered. This being the case, it should have been natural that professionalization of personnel management should have gained better priority but unfortunately personnel management it happened to be the most neglected aspect of banks management. This aspect is further accentuated by the fact that banks operate in a seller’s market with total absence of an element of opposition and the prices of deposits accepted is determined by the banks, but by an external agency like the RBI and the Government of India. The success of an organization depends, to a large extent, upon the capability, competence, efficiency and effectiveness of its human resources. Effective HR (Human Resource) practices develop a strong sense of capability, competence and responsibility among the employees of a concern. It is now a firm belief that the organizations can improve their effectiveness and productivity through the development of human beings. Thus, HR practices are core of existence and strength of an organization. No organization is immune from the need of HR practices to acquire and increase its capabilities for stability and renewal. Employees are the real assets of the organization. In seventh five year plan, the Prime Minister has very rightly emphasized the importance of human factor in development by observing that “in the final analysis, development is not just about factories, dams and roads. Development is basically about employee. The human factor, the human context, is of supreme value. We must pay much greater attention to these questions in future. The seventh plan proposes bold initiatives in these areas. Outlays for human resource development have been substantially increased. Policies and programmes in education, health and welfare must also be reconstructed to provide a fuller life for our employee.

HRD Practices in Banks

The HR practices in banks are gradually forging ahead. A majority of the banks have set up separate HRD Departments (HRDDs) within a decade of operation; HRDDs in some banks have gained certain admirable achievements. The comprehensive analysis of the existing HR functions as “Ornamental
Appendages cannot be necessary. However, it is true that functioning in a majority of the banks is far from satisfactory. There are also cases of banks where the HRDD discharges personnel administrative functions of recruitment, placement, transfer, promotion and training. The functioning of the HRDD in certain other banks shows a change towards HRD functions. In these banks, along with training, certain other activities like manpower planning and performance appraisal have been introduced yet, a few other banks have made quick strides as far as the introduction of new HR activities and sub-systems, such as systematic induction, quality circles, staff meetings are concerned besides introducing these systems, some banks have also taken appreciable efforts in perfecting certain system like training and performance appraisal, however, there is a extensive feeling in the banking industry that there are no sufficient pay offs from the HR functions and the system at the operational level are relegated to the level of rituals. The linkages between HRD systems and other related such systems in HRD are also not apparent.

Statement of Problem

The Banking is now a part of the larger financial service industry in India. It is a major player role in Indian economy. The number of players in the market and the range of services and facilities offered are increasing, thereby signifying more intense competition. In the past research has shown relationship and effect of HRM practices in banking employees perception, only a few detailed statistical works has done to study the relationship between HRM practices on employee’s perception in banking sector. The literature does not disclose much information about the dealing of thought of HRM outcome with banking companies and employee performance. Hence, the researcher aims to find out the role of HR practices in employee’s perception across public sector banks in India. Finally, the countries in the growing phases like India need to know the contribution of different factors and intensity of their impact on the employee performance that leads towards economic development. This is an area in which banking industry needs considerable change in the basic premises for human resource management and development. Hence, the present study entitled “A study on HR practices on promoting Perception of Public Sector Banks in Vellore city” has been undertaken. The area covered is Vellore city and the study is limited to the public sector banks.

Significance of the Study

HR practices are significant factors in determining the growth and deciding the prosperity of business enterprise. The executive efficiency depends upon HR practice as it creates an atmosphere to discourage red-tapism and favoritism in the organization. It is a pre-condition of modern economic growth of our country. The HR Practices where working force is sufficiently literate, educated, trained and mobilized to take advantage of new advancements in techniques of production in the organization that the creation of a build-in-industry of progress becomes possible. The squarely increasing importance of HR Practices in the present day context has resulted into widened spectrum of HR dimensions which are moving away from treating humans as a means to a perspective in which they are valued as cherished ends in themselves. In this regard, the various dimension of human development include ‘emancipation equity productivity security and sustainability. The empowerment depends upon the expansion of people’s capabilities expansion that involves an enlargement of choices and, thus, an increase in freedom. Development of people must involve them as active participants rather than make them a passive beneficiary. The Human behavior is the result of interplay between individual consciousness and the forces and
the pressures of the external world. Power resides in
every aspect of the web of forces, values and beliefs
which determine human behavior. Eventually the
talented employees can be motivated in the field of
HR Practices.

Objectives
The objectives of the study are as follows:
1. To examine the HR Practice in
   Public Sector Banks.
2. To study on perception of bank
   employees towards the HR practices in public
   sector banks.

Research Methodology
This study is HR practices in the perception of
selected public sector banks employees in Vellore.
This study was taken as both analytical and
descriptive in nature. It depends upon both primary
and secondary data.

Research Design
The study is designed on the basis of descriptive
method. Hence, it required both primary and
secondary data. The secondary data necessary for the
study have been collected from the sources such as
public sector banks annual report, RBI bulletins, RBI
quarterly journals, government publications and
textbooks.

Hypothesis
1. Ho1: There is no significant relationship
   among the bank employees in their perception
   towards the HR practices of the selected
   banks.
2. Ho1: There is no significant among
   employees performance of selected public
   sector banks.

Field Work and Collection of Data
This study was taken by questionnaire method
and personal interview by the researcher. The
researcher used structured interview schedule for the
purpose of personal interviews. Interviews are
conducted in selected public sector banks in Vellore
city. The researcher circulated the questionnaire to
the sample respondents and collected information.
Then, the questionnaire verified to ensure accuracy,
reliability and totality. The data thus collected were
categorized and posted in the master table for further
processing. The questionnaire consists of four parts.
Namely, Part -A the demographic profile of the
respondents selected for the study. Part B deals with
the statement related to employees’ perception on HR
practices like namely, personnel policies, human
resource planning, recruitment and selection, training
and development, compensation system, employee
motivation, performance appraisal, promotion and
transfer, interpersonal relations, employees grievance
handling, working environment, safety and labour
welfare measures, and HR Practices (General) were
taken to identify the factors that influence the HR
Practices in the perception of public sector banks in
Vellore.

Sample Size
The researcher has adopted simple random
sampling method. The respondents chosen were from
an age group ranging from 23 years to 60 years in
Vellore city including different strata of banks
employee working in the cadre of senior manager,
managers, assistant managers, and clerk. Initially 250
questionnaires were distributed to the customers
spread over in Chennai city. However, 23
questionnaires were found inadequate response.
Hence, they were rejected, but only 227 respondents
returned the filled up questionnaires out of 250. In
which 227 of them are found usable. Hence, the
accurate sample of the study is 227.

Framework Analysis
The sources of data are primary as well as
secondary. The data collected from the selected
public sector banks in Vellore. The survey constitutes
primary and information gathered through books,
journals, magazines, reports, dairies are considered as
the secondary source. The data collected from both
Limitations

The study confines to the public sector banks segment in Vellore only. Private Banks were not included because of their limited presence in the study area. Further the Non-Resident and account holders were not interviewed for obvious reasons. Although adequate safety measures have been taken to minimize reporting bias from the part of the respondents, a certain degree of error or unfairness is likely to overcome. Therefore, the conclusion may not be comprehensive for the other parts of the city. The perception of employee working in the public sector banks on HR Practices and their perception are based on the current scenario which might differ in future.

Perception towards Personnel Policies of PSBs

Perception towards Human Resource Planning in PSBs

Table 1 shows the perception of employees of PSBs towards personnel policies of the bank. The 't' -values for the variables were 20.61, 19.79, 19.20, 15.63, and 21.18 are significant at 1% level. This shows that there is significant difference among the mean responses given by the employees on personnel policies of PSBs. Hence the null hypothesis is rejected. Furthermore, the mean values for all the five variables are higher than the average mean score of 3. This indicates that the employees of PSBs have positive perception towards personnel policies of PSBs. Among the five variables, the mean score of personnel policies are communicated to the employees (mean score: 4.02) ranked first.

Table 1: Employees’ Perception on Personnel Policies of PSBs

<table>
<thead>
<tr>
<th>No.</th>
<th>Statements</th>
<th>Mean</th>
<th>SD</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Management is having well defined personnel policies</td>
<td>3.88</td>
<td>.737</td>
<td>20.61</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>2.</td>
<td>Personnel policies are employees' growth and development oriented</td>
<td>3.93</td>
<td>.817</td>
<td>19.79</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>3.</td>
<td>Personnel policies are fair to all category of employees</td>
<td>3.92</td>
<td>.833</td>
<td>19.20</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>4.</td>
<td>No discrimination in the implementation of personnel policies</td>
<td>3.78</td>
<td>.867</td>
<td>15.63</td>
<td>&lt;.001 **</td>
</tr>
<tr>
<td>5.</td>
<td>Personnel policies are communicated to the employees</td>
<td>4.02</td>
<td>.832</td>
<td>21.18</td>
<td>&lt;.001 **</td>
</tr>
</tbody>
</table>

Significant at 1% level

Human Resource Planning (HRP) plays a vital role in the management of human resource in an organization. Human resource planning is process of identifying the right employees for an organization. Hence success of organization depends on that selection of the human power. HRP helps an organization to select the right people for the right position at the right time and the right numbers. In this section the perception of bank employees towards HRP in PSBs is analyzed. To test the significant difference among the variables has been chosen for measuring the perception of employees on HRP; the following null hypothesis was formulated.
The results of analysis to t-test on perception of employees towards HRP in PSBs are given in Table 2.

Table 2
Employee’s Perception towards HRP in PSBs.

<table>
<thead>
<tr>
<th>No.</th>
<th>Statements</th>
<th>Mean</th>
<th>SD</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Organization involves in the human resource planning</td>
<td>4.13</td>
<td>.725</td>
<td>26.91</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>2.</td>
<td>Procedures and methods followed in the HRP are correct</td>
<td>3.95</td>
<td>.970</td>
<td>17.02</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>3.</td>
<td>HRP enables the organization to select right people for right position at the right numbers and time</td>
<td>3.69</td>
<td>.968</td>
<td>12.34</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>4.</td>
<td>HRP facilitates optimum utilization of human resource</td>
<td>3.76</td>
<td>1.026</td>
<td>12.83</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>5.</td>
<td>HRP helps the organization in formulating effective managerial succession plan</td>
<td>3.85</td>
<td>.832</td>
<td>17.62</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>6.</td>
<td>HRP assists the management in designing training programmes for the different categories of employees</td>
<td>3.87</td>
<td>.854</td>
<td>17.65</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Significant at 1% level

Table 2 shows the t-values for the variables chosen for measuring the perception of bank employees towards the HRP in PSBs. Interestingly the t-values of all the six variables are significant at 1% level. Therefore, the null hypothesis is rejected. This shows that there is significant difference among the mean responses given by employees of PSBs. Further, the mean values of the entire six variables are higher than the average score of 3. All the six variables, the first variable, organization involves the employees in HRP secured highest score. This shows that PSBs in India involve employees in HRP.

Perception towards Recruitment and Selection Process in PSBs

In the present competitive environment, an organization faces the problems of talent shortage. Fair recruitment and selection policy enables an organization to attract and select the best talents in a shorter period. An organization must develop a positive attitude among the employees and the general public about the recruitment and selection procedure. In this section, the perception of bank employees towards the recruitment and selection policy and procedure of PSBs is studied. Seven variables were taken to measure the perception. One sample t-test was applied to study the perception. To test significant difference among the mean values of the variables measured the following null hypothesis was formulated.

Table 3
Employee’s Perception towards Recruitment and Selection.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Statements</th>
<th>Mean</th>
<th>SD</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Recruitment policy of the organization attracts large number qualified candidates to apply for job</td>
<td>3.83</td>
<td>.913</td>
<td>15.69</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>2.</td>
<td>Selection procedures followed in the organization enable the company to select the best candidates</td>
<td>3.85</td>
<td>.812</td>
<td>18.06</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>3.</td>
<td>Organization adopts roaster system in the Recruitment</td>
<td>3.63</td>
<td>.845</td>
<td>12.97</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>4.</td>
<td>Recruitment and selection procedures enable the companies to fill vacancies quickly</td>
<td>3.69</td>
<td>1.03</td>
<td>11.57</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>5.</td>
<td>Recruitment and selection procedures help the company to fill vacancies at minimum cost</td>
<td>3.92</td>
<td>.846</td>
<td>18.83</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>6.</td>
<td>No discrimination in the selection on the basis</td>
<td>3.95</td>
<td>.870</td>
<td>18.91</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>
Table-3 reveals the results of t-test on employees Perception towards recruitment and selection policy and procedure of PSBs. It can be inferred from table - 3 that ‘t’ values for all the seven variables taken for the study are significant at 1% level. This shows that there is significant difference among the mean responses given by employees towards recruitment and selection policy and procedure of PSBs. Therefore, the null hypothesis is rejected. Further, the mean scores for all the seven variables are higher than the average mean score of 3. Of the even variables, the variables no discrimination in the selection on the basis of religion, race, caste, sex, etc. secured high of mean score (3.95). This indicates that PSBs do not discriminate the people on the basis of religion, race, caste, sex etc.

Perception towards Training and Development Practice in PSBs

Training and development (T&D) plays a critical role in upgrading the knowledge and skills of employees. In the fast changing business environment changes are taking places at a higher rate. Technology becomes absolute very fast. Therefore, T&D has become very much essential for bridging the competency gap in the organizations. T & D must be a need based one. Irrelevant training in no way helps the employees and the organization. In this section, the perception of bank employees towards the T & D practices of PSBs is studied. One sample t-test was used to study the perception of employees’. Seven variables relating to T & D were used for measuring the perception of employees. To test the significant difference among the mean values of variables used for measuring the perception of employees, the following null hypothesis was framed.

Table 4 shows the results of t-test on variables used for measuring the perception of employees towards T & D.

Table 4
Employee’s Perception Level towards T & D Practice of PSBs.

<table>
<thead>
<tr>
<th>No.</th>
<th>Statements</th>
<th>Mean</th>
<th>SD</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Organization gives proper orientation to new employees</td>
<td>4.17</td>
<td>.753</td>
<td>26.82</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>2.</td>
<td>Organization takes serious efforts in identification of training needs</td>
<td>3.83</td>
<td>.954</td>
<td>15.06</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>3.</td>
<td>Participants for the training programmes are selected on the basis of training needs of individuals</td>
<td>3.66</td>
<td>.956</td>
<td>11.95</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>4.</td>
<td>Organization gives periodical training to the employees</td>
<td>3.94</td>
<td>.741</td>
<td>22.05</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>5.</td>
<td>Training programmes are relevant to the employees</td>
<td>3.94</td>
<td>.718</td>
<td>22.76</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>6.</td>
<td>Training programmes help the employees to perform the job very effectively</td>
<td>4.31</td>
<td>.684</td>
<td>33.10</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>7.</td>
<td>Trainers employed for providing training are highly competent and involved people</td>
<td>3.81</td>
<td>.806</td>
<td>17.41</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Significant at 1% level

Table - 4 reveals that t-values for the variables used for measuring the perception of employees on T & D are 26.82, 15.06, 11.95, 22.05, 22.76, 33.10 and 17.41. All these t-values are significant at 1% level. This shows that there is significant difference among the mean response given by employees on their perception towards T & D in PSBs. Hence, the null hypothesis is rejected. Further, the mean values of all
the seven variables taken for measuring the perception towards T & D are higher than the average mean score of 3. This leads to conclude that the employees of PSBs have positive perception about T & D practices in PSBs. Of the seven variables, the variable training programmes help the employees to perform the job effectively scored highest mean score (4.31). Next, the variable organization gives proper orientation to new employees scored high mean score (4.17). This shows that PSBs in India provide proper orientation to the new employees. The mean values of other variables highlight that the training programmes of PSBs are relevant, need based and effective ones. PSBs in India by having a separate centre for training provide periodical training to their employees.

**Perception towards Compensation System in PSBs**

Compensation system plays a critical role in the HR Practices of an organization. Fair compensation system enables the organization to attract highly talented people and to retain the best talents in the organization. This section attempts to study the perception of banks employees towards the compensation system in the PSBs. One sample t-test was applied for this purpose. The results of t-test are given in table - 5. To test the significant difference between mean values of the variables used to measure the perception of employees towards compensation of PSBs the following null hypothesis

<table>
<thead>
<tr>
<th>No.</th>
<th>Statements</th>
<th>Mean</th>
<th>SD</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Incentive systems adopted by the bank are reasonably good.</td>
<td>3.72</td>
<td>1.012</td>
<td>12.31</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>2.</td>
<td>Bank gives bonus to the satisfaction of Employees</td>
<td>3.51</td>
<td>1.017</td>
<td>8.63</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>3.</td>
<td>Allowance given by management to the employees are adequate</td>
<td>3.81</td>
<td>1.002</td>
<td>14.00</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>4.</td>
<td>Management involves properly the representatives of employees in the process of pay fixation</td>
<td>3.93</td>
<td>.897</td>
<td>18.01</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>5.</td>
<td>Bank always adopts collective bargaining mechanism to settle the wage and salary revision</td>
<td>3.95</td>
<td>.845</td>
<td>19.54</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>6.</td>
<td>Wage and salary structure in the bank is highly Satisfactory</td>
<td>3.64</td>
<td>1.212</td>
<td>9.14</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Table -5

**Employee’s Perception Level towards Compensation System in PSBs.**

Significant at 1% level

Table -5 reveals the t-values for the variables used for studying the perception of employees towards the compensation system of PSBs. The t-values of all the six variables are significant at 1% level. This shows that there is significant difference among the mean responses given by employees towards compensation system of PSBs. Therefore, the formulated null hypothesis is rejected. The mean values for all the six variables are higher than the test average score 3. Therefore, it can be concluded that the employees of PSBs have positive perception towards the compensation system of the bank.

**Findings**

The important finding related to HRP is given below:

The results of the confirmatory factor analysis of HRP in Categories of 13 factors namely, Personnel policies, Human Resource Planning (HRP), Recruitment and Selection, Training and Development, Compensation System, Employee Motivation, Performance Appraisal, Promotion and Transfer, Interpersonal Relations, Employees Grievance Handling, Working Environment, Safety and Labour Welfare Measures were used to measure and factors structure was conformed to single factor. The goodness of fit (GFI) for all factors lies between 0.921 and 0.971 and Adjusted Goodness of
Fit Index (AGFI) values lies within the range from 0.899 to 0.946. Hence it indicated reasonably good fit. The Root-Mean Square Error Approximately (RMSEA) value lays between 0.71 to 0.113 for all the factors. This indicated a better model fit. The Expected Cross Valuation Index (ECVI) revealed the value ranges from 0.072 to 0.235 of all factors, which were positive within the limit. And, finally the Chi-Square ratio values (2.509 to 3.874) also indicated a reasonably good fit.

To test significant difference in the mean values with respect to different factors of the study, a null hypothesis was framed. The null hypothesis is given “There is no significant difference in the mean scores relating to (i) Personnel policies, (ii) Human Resource Planning (HRP), (iii) Recruitment and Selection, (iv) Training and Development, (v) Compensation System, (vi) Employee Motivation, (vii) Performance Appraisal, (viii) Promotion and Transfer, (ix) Interpersonal Relations, (x) Employees Grievance Handling, (xi) Working Environment, (xii) Safety and Labour Welfare Measures”. One sample t-test was used to test the hypothesis. It was found that there is significant difference among the mean scores with respect to all the factors selected for the study. Therefore, the null hypothesis was rejected and the alternative hypothesis accepted.

For measuring the HRP in Bank employees of the public sector companies, 12 factors consisting 79 items were taken into account. The factor selected for the study were Personnel policies, Human Resource Planning (HRP), Recruitment and Selection, Training and Development, Compensation System, Employee Motivation, Performance Appraisal, Promotion and Transfer, Interpersonal Relations, Employees Grievance Handling, Working Environment, Safety and Labour Welfare Measures. The perception of respondents on the factors was studied on the basis on mean scores, the item relating various factors were classified into strongly agree, agree, neither agree nor disagree, disagree, strongly disagree. The items which secured above prevailing among the bank employees

**Findings Related to Performance of Employees**

The result of the confirmatory analysis on the performance of employees and the factor structure was confirmed with nine factors. The GFI for performance is 0.933 and the AGFI value is 0.909, indicating a reasonably good fit, the RMSEA value is 0.113 which is within the range, indicating a better model fit, the ECVI value is 0.089, which is positive and within the limit, the Chi-square ratio value of this model is 3.029 indicating reasonably good fit. The performance of employees variables, namely, job knowledge, quality of work, initiative and dependability, creativity and decision making, communication skills, interpersonal relation skills, team-spirit, trust & value, and commitment & loyalty were taken for measuring the performance. One sample t-test was used to analyze the data on the performance of respondents. The results revealed that, the significant difference among the mean score relating all the factors lay between 4.01 to 4.28. Hence, it was concluded that all the factors of performance of employees were highly influential.. The personal variables such as age, gender, and marital status, and education qualification, place of education, family background, experience and position were taken for the analysis

**II. Conclusion**

To conclude, the present study has brought out the Human Resource Practices in the Perception of selected bank employees. Most of the bank employees have positive perception about their banks as well as the result of analyzing reflects that their perception for development of banks is also good. Employees have good perception about the bank Personnel policies, Human Resource Planning, Recruitment and selection, compensation system, employees motivation, performance appraisal and
interpersonal relationship. Banks provide proper training for employees to improve their individual skills. The recruitment process for banking employees in selected banking sectors is good. Considering the limitations of the present study, much work on a larger scale is to be carried out at the national’s level before developing any theoretical model to describe about the perception of bank employees in India.

III. REFERENCE


