

Role Of Performance Enhancement Measures In Banking Sector In India- A Case Study Of Select Banks In Andhrapradesh.

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ABSTRACT

This study employs an exploratory and quantitative research approach to systematically investigate the impact of Human Resource Management (HRM) practices on Organizational Performance within the Indian Banking sector. The research approach combines exploratory research, aimed at gaining insights into HRM practices, with a quantitative approach using a purposive sampling technique. Data is collected through a questionnaire from employees in both public (SBI) and private banks (HDFC Bank) who work in HR departments or are involved in HR activities. The Likert scale is utilized in the questionnaire to measure participant perceptions of HRM practices. The study utilizes two statistical tools: Neural Network and Exploratory Factor Analysis (EFA). The study's results stress the importance of promotion and transfer policies, considered paramount in influencing organizational performance in both public and private banks. Additionally, the study underscores the importance of training and development initiatives in enhancing employee skills and competencies. Clear and effective communication within HR policies is identified as pivotal in improving organizational performance. Lastly, aligning HRM practices with sector-specific goals is recognized as a significant contributor to improved employee satisfaction and overall execution in the financial area. The discoveries offer guidance for HR practitioners and policymakers in optimizing HRM practices to achieve better organizational performance.

Keywords: HRM procedures, HRM Software, Organisational Effectiveness, and the Indian Banking Industry.

JEL Codes: Go, G1, G2, G3, G4, G5.

1. INTRODUCTION:

Human resource management is in charge of evaluating workers' overall performance across all departments. This includes both performance management and talent discovery. In order to ensure that the bank benefits from their performance, underperforming personnel are given special attention and attempts are made to help and improve their performance.. In the banking sector, HRM effectiveness is closely linked to organizational performance and success. Assessing HRM effectiveness and

implementing performance enhancement measures are essential to remain competitive in a rapidly changing environment. By focusing on talent acquisition and retention, compliance, employee development, performance management, and engagement, banks can create a high-performance culture that drives excellence and customer satisfaction. Continuous monitoring, feedback, and adaptation of HRM practices are key to achieving sustained success in the banking industry.

About 7.7 percent of India's gross domestic product comes from the country's banking industry. Urban and rural banks, as well as those in the public and private sectors, are included in this. Everyone in the banking department and beyond is pulling in the same direction here. Human resources is now the only function in banking organisations responsible for hiring them and enhancing their human capital worth. HR should be updated with latest HR trend to hire relevant workforce.

It is the responsibility of the HR department to find and hire people who have the correct values and abilities. Verifying that the staff is in sync with the values and objectives of the company. The competitive banking industry is tough, but HR plays a crucial role in creating a dependable staff by encouraging a culture of trust, responsibility, and professionalism.



Banks have a lot of openings due to the "Great Resignation" wave. Human resource managers in financial institutions are tasked with anticipating needs and fine-tuning hiring procedures. It is challenging for financial organisations to maintain their staff up-to-date due to the financial markets. The moment has come for human resources to put money into cybersecurity and data visualisation courses. A decrease in recruitment and onboarding expenses may be achieved by facilitating greater opportunities for advancement. To find out where they are lacking in expertise and how to fill those gaps, they need to work together. Candidates must be sourced, screened, and evaluated to ensure they possess the required skills and are a good cultural fit. To maintain the institution's reputation and integrity in a highly regulated market, HR must also guarantee compliance with regulatory obligations and background checks. There will be huge changes in 2020 that will render the current systems of performance management and incentives obsolete. New difficulties and widespread uncertainty have made reimagining a must. We need to rethink how we measure performance and reorganise bonuses accordingly. A lot of banks have felt the effects of sales practise scrutiny in the last few years, so it's important that the new incentives don't force people to engage in unethical or immoral activity. Furthermore, digital abilities are in limited supply and should be paid in a way that goes beyond the existing baselined compensation and incentive system. Even the most well-intentioned organisation may be unable to embark on its digital journey without this fundamental shift. For this, a precise skill-market mapping is required.

2. REVIEW OF LITERATURE:

Khan (2023): This Paper investigated the impact of SHRM protocols on the efficiency and effectiveness of Pakistani financial institutions. Staff buy-in was identified as a mediator between SHRM practises and improved business outcomes. This suggests that banks should focus on implementing SHRM practices to create a positive work environment and engage their employees in order to improve performance.

Ro, S. (2023): The research looked at the Malaysian banking industry and how well a training programme that used the four-level Kirkpatrick model worked. A quantitative research methodology was used, with a sample of 36 trainees who participated in the training program. The training program worked at all four Kirkpatrick model levels, according to the study. Trainees liked the training and learned a lot. Training participants also reported being able to apply their skills and knowledge at work. The research discovered that the training programme increased both staff productivity and customer happiness. The conclusion of the study is that the training program was effective in meeting its objectives. Other banks in Malaysia may use the study's results to create and execute training programmes that will be beneficial.

Zhang, M. Khan (2022) : This Paper explained that "Human Resource Management Practices and Organizational Performance: Evidence from the Banking Industry in China": The study offers a focused investigation into the Human Resource Management (HRM) practices within the banking sector in China and their direct influence on organizational performance. Drawing from empirical evidence, the research assesses the connection between HRM practices and key execution results in the Chinese banking industry. By examining this sector-specific context, the study contributes valuable insights into the strategic significance of HRM practices and their role in enhancing organizational performance within dynamic and rapidly evolving Chinese banking.

Chaudhary and Singh (2022): This research sought to analyse the effect of human resource management strategies on engagement and performance in the Indian banking industry. Four hundred bank workers from both public and commercial institutions participated in the cross-sectional survey that formed the basis of the research. Human resource management practises were determined to have a favourable effect on both employee engagement and organisational performance, with employee engagement playing a mediating role in this connection. The study's findings suggest that banks should focus on implementing effective HRM practices in order to improve employee engagement and organizational performance.

Guna, Guest, D. E. (2020): The study presents a new analytical framework that examines the relationship between Human Resource Management (HRM) practices and representative prosperity. It investigates the effect of HRM rehearses on the prosperity of employees, recognizing the significance of employee well-being as a critical factor in organizational performance. While not specific to the banking sector, the article's insights are particularly relevant to industries like banking, where employee well-being can have a direct influence on overall organizational success.

Rajan K R (2020): The paper adds to a more profound comprehension of the convergence between HRM rehearses and employee well-being, offering a valuable perspective for organizations aiming to optimize their HRM strategies to enhance employee welfare and, by extension, organizational performance.

Bhuvaneshwar P. S. (2019): The study offers a profound exploration of Human Resource Management (HRM) practices within the distinctive contexts of developing countries. Recognizing that the banking sector often grapples with unique challenges in these settings, the book provides a rich tapestry of insights into how HRM is conceived, implemented, and adapted within diverse developing economies.

Vani M S (2019): This paper said that this research is to analyse the relationship between HRM practises and the happiness of both bank employees and customers in Saudi Arabia. A total of 350 workers from Saudi Arabian commercial banks were surveyed using a quantitative research approach

for the study. Both staff happiness and customer satisfaction were positively affected by HRM practises, according to the research. The study's findings suggest that banks in Saudi Arabia should invest in HRM practices that promote employee well-being and customer satisfaction. This will help them to attract and retain top talent, and to improve their customer service

4. OBJECTIVES OF THE STUDY:

1. To Study the Role Public Sector Banks in HR Practise.
2. To investigate how some public sector banks in India's banking sector deal with human resource management initiatives.
3. To Measures to improve the Organizational Performance with the HRM Practices in the Banking Sector in India.

4. HYPOTHESES OF THE STUDY:

Ho: There is no significant difference of HR Practices of Public sector banks in India.

H1: There is a significant difference of HR Practices of Public sector banks in India.

5. SCOPE OF THE STUDY:

This research looked specifically at the human resources strategies employed by public sector banks to improve their efficiency and effectiveness. The study's principal objective was to compare and contrast the human resources policies and procedures of public and private sector banks. I select five public sector banks namely.

- Stata Bank of India
- Union Bank
- Central Bank of India
- Bank of Baroda
- City Bank

6. RESEARCH METHODOLOGY:

Sources of Data: The Primary data were obtained from the Questionnaire regarding HRM practices and their impact on Organizational Performance. The Likert scale will be used in the questionnaire to measure the responses. An example of a Likert scale question or statement might be one with the alternatives "strongly agree" or "strongly disagree".

Sample Population: The sample population for this study consist of employees working in the HR department and those responsible for HR activities in public and private banks. This population is chosen because they have direct involvement and insights into HRM practices and their impact on the organization's performance within the banking sector.

Questionnaire: The questionnaire has been designed to measure the perceptions and opinions of the selected participants regarding HRM practices and their impact on Organizational Performance. The Likert scale will be used in the questionnaire to measure the responses. The Likert scale typically consists of statements or questions with response options ranging from strongly agree to strongly disagree, allowing participants to express their level of agreement or disagreement with each statement.

Research tools:

Descriptive Statistics

Neural Network

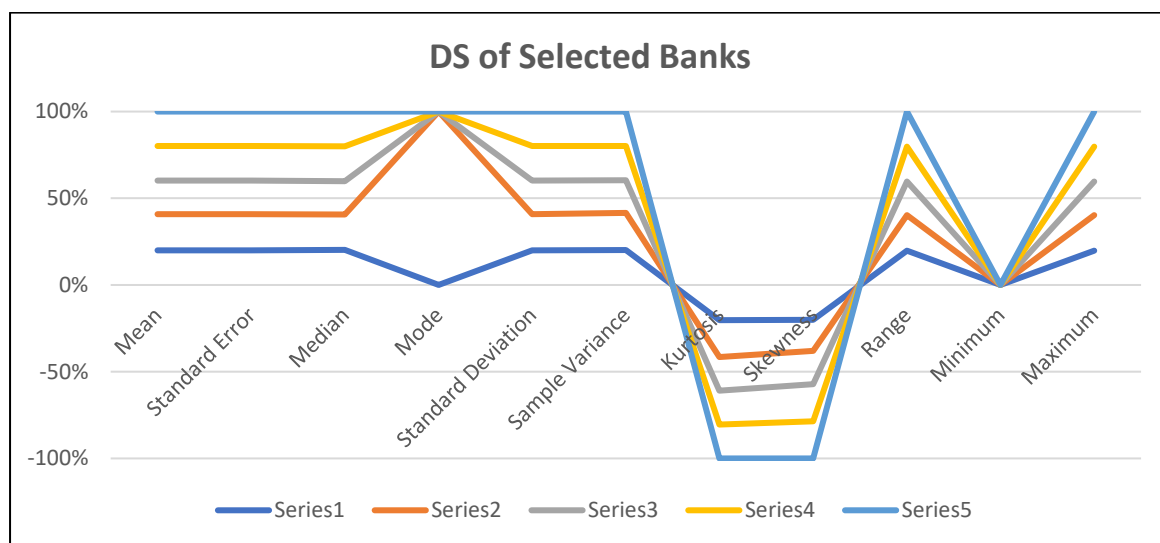
Regression Analysis

7. RESULT AND DISCUSSION:

- ❖ To investigate how some public sector banks in India's banking sector deal with human resource management initiatives.

Table No:1 DS of Selected Banks

	SBI	UB	CBI	BB	CB
Mean	104.92	108.385	101.36	104.385	104.385
Standard Error	22.0850	22.8875	21.3512	21.9475	21.94750941
Median	104.25	104.875	99	103.45	103.45
Mode	0	94	0	0	0
Standard Deviation	69.8390	72.3766	67.5186	69.4041	69.4041
Sample Variance	4877.49	5238.385	4558.77	4816.93	4816.93
Kurtosis	-0.28116	-0.294557	-0.268789	-0.27067	-0.27067
Skewness	-0.12246	-0.108401	-0.11604	-0.13010	-0.13010
Range	205	212.8	202	209.35	209.35
Minimum	0	0	0	0	0
Maximum	205	212.8	202	209.35	209.35
Sum	1049.2	1083.85	1013.6	1043.85	1043.85
Count	10	10	10	10	10

Graph No:1 DS of Selected Banks**Interpretation:**

According to the data presented in the table, the average opening value for banks is 3394.9, with a range of 3470.915 to 3422.18. The standard deviation for opening values ranges from 1483.176617 to 1448.342266, with a minimum of 1448.342266 and a maximum of 1487.189837. The kurtosis value for opening values is 1.100692924, with a range of 0.734192523 to 1.095037784 and a minimum of 0.678227491.

Table No:2 Regression summary of Selected Banks

Regression Statistics					
Multiple R		0.999540312			
R Square		0.999080835			
Adjusted R Square		0.99896594			
Standard Error		2.327403329			
Observations		10			
ANOVA					
	df		df		df
Regression	1	Regression	1	Regression	1
Residual	8	Residual	8	Residual	8
Total	9	Total	9	Total	9
	Coefficients		Coefficients		Coefficients
Intercept	-	Intercept	-	Intercept	-
	0.217945306		0.217945306		-0.217945306
X Variable 1	1.071457629	X Variable 1	1.071457629	X Variable 1	1.071457629

Table No: 2 Summary of DS

H₀: There is no significant difference of HRM Practices effectiveness between the Public and Private sector Banks.

H₁: There is a significant difference of HRM Practices effectiveness between the Public and Private sector Banks

Parameters		N	Percent
Sample	Training	79	57.5%
	Testing	41	42.5%
Valid		120	100.0%
Excluded		0	
Total		120	

Interpretation:

From the above table we can see that for Banks, the data sampling under training and testing category. 57.5% of the data are under training sample and the remaining 42.5% are under testing sample.

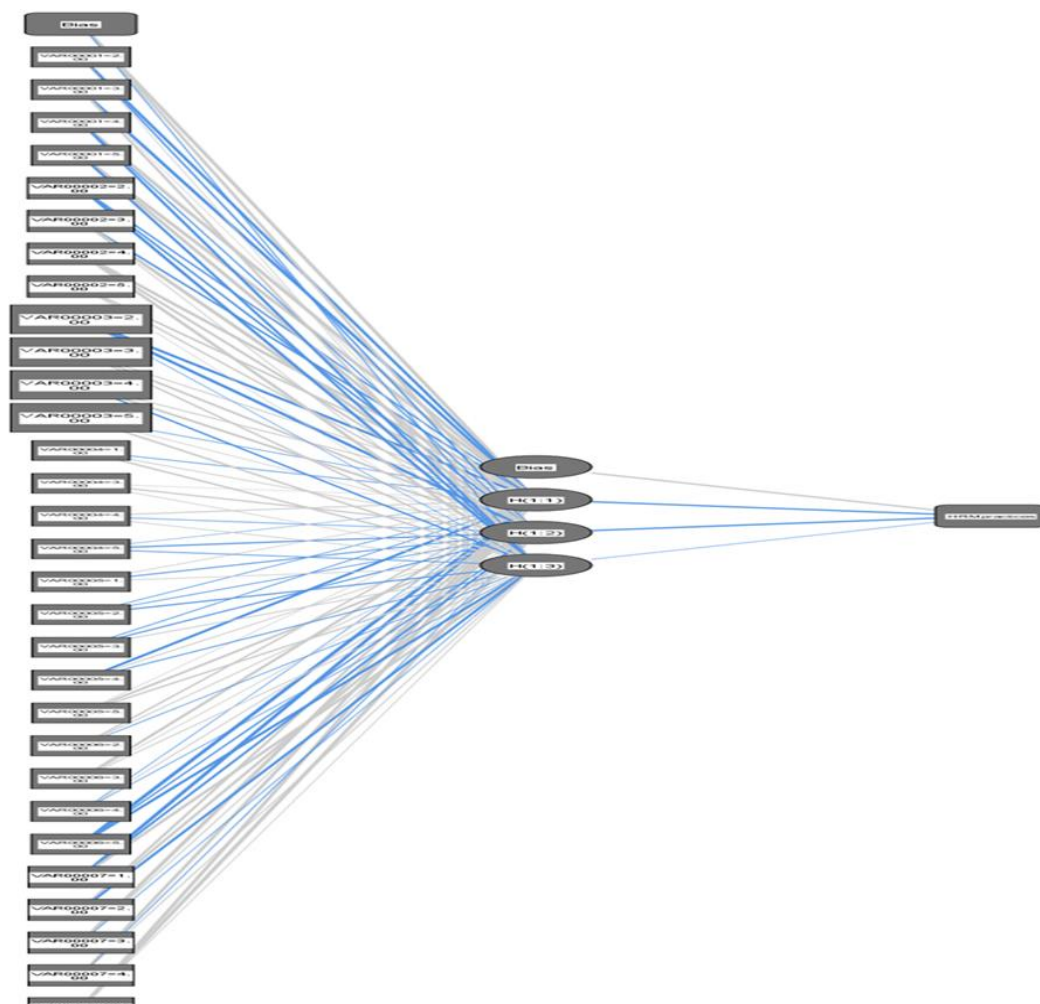
Table No: 3 Variables Parameter

	Importance	Normalized Importance
Recruitment & Selection	.079	18.4%
Training and Development	.152	32.8%
Promotion and Transfer	.368	98.0%
Compensation	.098	38.2%
Welfare facilities	.089	42.6%
Social Security	.110	32.3%
Organizational Relation	.164	82.2%

Interpretation:

The table represents the independent variable importance of HRM practices for the evaluation of select Public and Private Sector Banks. Promotion and Transfer stand out as the most critical factor, with a significance level of 100.00%, indicating its pivotal role in influencing organizational performance. Training and Development closely follows with a significance level of 41.80%, underscoring the importance of nurturing employee skills and competencies. Organizational Relation (39.20%) also ranks high, emphasizing the value of maintaining positive workplace interactions. Social Security (29.30%) and Recruitment & Selection (28.40%) demonstrate moderately significant impacts on HRM effectiveness. Compensation (26.20%) and Welfare facilities (26.60%) hold relatively lower but still noteworthy levels of importance in the study. The study results indicate that an emphasis on promotion and transfer policies, alongside investment in training and development, can significantly enhance HRM practices and ultimately contribute to improved organizational performance within the banking sector. While the study rejects the null hypothesis and accepts that there is a significant and effective utilization of HRM practice in the select banks.

Graph No:2 Neural Networks of select Banks



Interpretation:

Both staff happiness and customer satisfaction were positively affected by HRM practises, according to the research. The study's findings suggest that banks in Saudi Arabia should invest in HRM practices that promote employee well-being and customer satisfaction from the above graph shows that the network information in the form of layers. In this graph, each input is linked to a hidden layer and this hidden layer helps to generate the output layer to identify the the effectiveness of HRM practices of Select Public Banks. It indicates that there is one layer that is used to generate the output layer.

	Component	
	1	2
Aligned HRM strategy with insurance sector goals.	.620	
Clear and well-communicated HR policies.	.739	
Ongoing training for insurance sector staff.	.701	
Fair and regular performance evaluations.		.595
Effective grievance resolution system.	.589	
Promotes diversity and inclusion.		.784
Complies with legal and regulatory requirements.		.334

Interpretation:

The table represents the component matrix resulting from exploratory factor analysis, which aimed to identify the relationship between HRM practices and their impact on organizational performance in the banking sector. In this analysis, values above 0.5 are considered high-loading factors, indicating a strong correlation between the HRM practice and the identified component. Clear and well-communicated HR policies (0.739), ongoing training for insurance sector staff (0.701), and the promotion of diversity and inclusion (0.784) all exhibit high loading factors on Component 2, suggesting that these practices are closely linked and contribute significantly to enhancing organizational performance. Aligned HRM strategy with insurance sector goals (0.620) and effective grievance resolution system (0.589) also exhibit high loading factors on Component 1, indicating their importance in aligning HRM practices with sector-specific goals and maintaining employee satisfaction and engagement. However, compliance with legal and regulatory requirements (0.334) shows a lower loading factor on both components, indicating that while important, it may not have as strong a direct impact on organizational performance as the other practices as per the study.

8. CONCLUSION:

The study identified that aligning HRM practices with sector-specific goals (0.620) significantly contributes to improved employee satisfaction and enhanced overall performance in the banking sector. The study has highlighted the critical significance of various HRM practices in influencing organizational performance within select Public and Private Sector Banks. Notably, promotion and transfer policies emerged as pivotal factors, emphasizing their substantial impact. Training and development initiatives were found to be crucial in nurturing employee skills, while clear and effective HR policies played a central role in improving overall performance.

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