

## **STUDY OF HUMAN RESOURCE MANAGEMENT AND PERFORMANCE OF EMPLOYEES IN INDIAN BANKING SECTOR**

**Divya Jangid**

(Research Scholar)

Jayoti Vidyapeeth Women's University

**Abstract** -Human resource management is new term for our traditional concept which is particularly known as personnel management. The main purpose of bank is to fulfill their customer's requirement and afterwards their own benefits. Banks are also facing different problems in their field area in terms of technology, resources etc. in such atmosphere HRM plays an important role in safeguarding the employees contribution by providing them effective training and other complimentary perks to improve the effectiveness of their work and proceedings and in overall contribution in appraisal of the employees performance..

**Keywords:** - HRM, Training and Development, Employees Performance.

### **INTRODUCTION**

The major issue which is faced by the banking sector is to assimilate the human resource properly with other different strategies prevailing in the organizational environment. As there is very intense competition in this technical world it becomes very difficult to manage and compete with other organization. In order to improve the performance of organization and optimum utilization of the resources, all the human resources available need to be managed properly and effectively. It is the important responsibility of the managers and managing committee to go through all the resources of an organization. With proper human resource management performance of the employees becomes more efficient and satisfactory in the long run. In developing country like India, HRM plays a very important role in developing prospect. But many problems are also associated with this as

many of the employees are not able to deal with the self-satisfactory goal as well as organizational goal, as many of them get low level of salaries, short term rewards, lack of training opportunities, low or nil incentives. In order to deal with all these factors HRM plays a very role in the competitive scenario.

### **WHY HRM IS IMPORTANT FOR BANKS?**

In service industry like banking sector Human Resource Management plays very dramatic role. The key issues which are faced by the banking industry is management of people and risk which are both associated with the HRM. Without skilled manpower it may not be possible to manage the risk effectively in efficient manner. Banking has always been a “people business” and customer satisfaction is very important for banks to maintain their optimum image otherwise it becomes difficult to survive. All the HR resources are becoming scarce in terms of quality and quantity as well. Thus we can say clearly that human resource management plays very important role in effective growth of organization as well as performance of employees.

### **REVIEW OF LITERATURE**

Ahmad and Schroeder (2003) in his research of strengthened the evidence of a positive relationship between HRM practices and organizational performance(OP) which concluded that, there is a positive influence of HRM practices on organizational performance. There has been the research into particular HRM practices out of the bundle that contribute significantly to OP.

Bhaskar, Bhal and Mishra (2012) studied the influence of strategic HRM practices and proactive communication during mergers and acquisitions of Indian banks. A case study approach was used to analyze the HRM practices employed by two different banks in India (one public sector bank and one private sector bank). The analysis indicated that in the case of the public sector bank, the HRM practices and proactive

communications were not efficiently followed leading to a decrease in organizational performance. In case of the private sector bank, the merger process was handled efficiently through effective HRM practices and proactive communication. The study concluded that effective HRM practices and communication strategies are vital for organizational success during mergers and acquisitions.

Chahal, Jyoti and Rani (2016) examined the effect of perceived high-performance HRM practices on business performance of employees in Indian telecommunications sector in Jammu and Kashmir in India. The HRM practices considered in the study were extensive training, performance management, performance appraisal, performance based compensation, empowerment and competency development. Additionally, the authors explored the role of organizational learning as a mediator between high-performance HRM practices and business performance. Results of the research concluded that high-performance HRM practices positively impact organizational business performance. It was further concluded that.

Chinnadurai (2014) studied the HRM practices in private sector banks situated in Cuddalore district (Tamilnadu) in India. The author had chosen the following HRM practices for the research – recruitment & selection; training & development; performance appraisal; career development; motivation; compensation management and grievance handling. A sample of 260 officers drawn from 52 private banks (5 officers per bank) was chosen as respondents for the research. Data analysis was undertaken using percentage analysis; one-way ANOVA and t-test. The results concluded that majority of the respondents were satisfied with the overall HRM practices adopted by various private sector banks considered for the study.

Fahad Mahmood (2014) in his article “The Impact of Human Resource Management Practices on Employees Performance in Banking Industry of Pakistan” says that Banking sector of Pakistan is one of the most developed and still growing sectors of Pakistan. It is related to the service industry. So it is very important for the development of this sector to have competent and

knowledgeable employees in this sector. As banking sector provides services to customers through the employees of bank, it is important for banks to retain right people and one way is to provide them what an employee wants in addition to its pay. Benefit packages are an important way to attract employees and also to retain them.

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.

Joshi (2016) analyzed the influence of HRM practices on the job satisfaction levels of employees in selected branches of State Bank of India (SBI) in Gujarat state in India. The sample size considered for the study was 100 using convenient sampling method. The results of the research indicated that HRM practices influence the job satisfaction level of the employees. The study concluded that SBI needs to make efforts to improve co-worker relations, work environment and compensation issues to achieve job satisfaction among the employees. Ramakrishna, P. and Rao, K.S. (2017) have attempted to compare the human resource management (HRM) practices of public and private sector banks in Telangana state. They concluded that the HRM practices in the Indian banking industry have evolved over a period of time and the HRM practices of Indian private sector banks are better than the Indian public sector banks.

Shrivastava and Rai (2012) evaluated 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.

Shruti Lamba & Nirmala Choudhary (2013) conducted a study on the impact on HRM practices on organizational commitment. The results of the study showed that HRM practices such as training & development, compensation and welfare activities has significant effect on organizational commitment. HRM practices are playing a key role in improvement of employee satisfaction

Savaneviciene, A., Stankeviciute, Z. (2010) in his article “The Models Exploring the “Black Box” says that Expectancy theory of motivation explains the link between motivation and performance. The theory proposes that performance at individual level depends on high motivation, possession of the necessary skills and abilities and an appropriate role and understanding of that role.

### **HRM IN BANKING SECTOR**

In banking sector, the importance of human resource management has grown rapidly as nature of banking industry is service based. All the management of the people in the organization is held along with handling of financial and economic risks as it is most frequent challenge which banking industry comes through. All these risk can be handled easily by the efficient and skilled employees with the help of proper and adequate human resource management programs. Apart from these risk related issues, customer satisfaction also lead the task as many people deal in day to day affairs in banks as people working at front office are the face of the bank they have to resolve all the queries faced by the people.

### **IMPORTANCE OF HUMAN RESOURCE MANAGEMENT IN BANKING SECTOR**

- **Planning for recruitment:** - with a steady and fast growth in the banking industry from the past few decades, the banking sector has adopted a growth resulting in many vacancies. The branches of public sector banks has risen significantly in context with the growth of

skilled and effective manpower required for optimum achievement of organizational goals.

- **Maintaining the balanced and fruitful relationship between experienced and fresher:** - with the changing scenario of the banking sector due to emergence of online banking activities it becomes very important in order to manage both experienced and fresher employees effectively. The HR management team is responsible for the maintaining the balance between these two so that people working there feels free from burden.
- **Training of the employees:-**As we know technology is changing very rapidly with the method of working in the banking sector. Not only the machineries but also the various schemes, policies and different facilities are changing with the moving time. The human resource management plays a vital role in managing that employees are not suffering from any discrepancy. Providing training to the employees and also measuring their performance after training period is the main task which HRM has to fulfill.
- **Performance management:** - The overall performance of the employees working in different departments of the organization is mainly measured with the help of process of human resource. HR management team mainly focus on the employees who are lacking the spirit of working in the organization and helps them to improve their performance for the achieving the satisfaction level which is required in order to obtain the optimum and overall growth of the organization.
- **Self-satisfaction of the employees:** - Employees are greatest priority in any organization they have their own value in the company. They work with more dedication when they come to know that they are most important part of the organization in each and every circumstance. Providing good perks and incentives, allowing them to work freely in the healthy environment, giving them good opportunities and training and development plays very important role.

## **CONCLUSION**

From the above discussion we can conclude that HRM practices in the Indian banking sector have evolved in some past few decades. It can be strongly said that HRM practices plays very vital role in the organizational growth and self-satisfaction of the employees which helps in overall achievement of goals of the organization.

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