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ANALYSIS OF HRM POLICIES AND PRACTICES IN COMMERCIAL BANKS – A STUDY

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ABSTRACT

The paper is focusing on awareness and attitude of the employees towards HRM practices viz., recruitment and selection, training and development and performance evaluation adopted by the commercial banks. The paper is based on primary sources collected from 300 employees serving in commercial banks in Shivamogga District. The study is confined to bank branches selected by using the purposive sampling method. There is no significant difference between recruitment and selection policies and practices, training and development practices, performance evaluation in commercial banks.

KEY WORDS: Recruitment and Selection, Training and Development, Performance Evaluation.

INTRODUCTION

Human Resources [HR] are vital for any organization. People working in the organization constitute human resources. Productivity, quality of the service, relationship with the customers, branding- everything depends upon the people working in the organization. People can be said to be the life-line of any organization. The concept of human resources has undergone many transformations since the importance of people in an organization was realized. Realizing the importance of human resources, keeping information about the people working in the organization is very vital. The term human resource system has evolved over a period of time to systematically recruit, train and retain the employees in the organization. The HR department in any organization administers human resources through human resource system. A human resources system includes processes such as; the selection of employees through raising vacancy adverts, calling for resumes and facilitating interviews to finalize the hiring of employees with good skill sets. It also includes identifying training needs and scheduling of optimum training of employees through participation in conference and seminars. Remuneration to employees is another important aspect that HR administers through the HR system.

LITERATURE REVIEW

Anjali Ganesh and Raghurama[1] (2007)., in their descriptive paper *Training Programmes in Banks: An Empirical Study* stressed that, the human capacity needs to be enhanced and enriched through systematically evolved training programmes have to be relevant to the operational realities and needs of the user systems in the organization. A well thought out training strategy should cover up the directions and guidelines of training, by prioritizing the training programmes with specific objectives for each programme with the backup of the management of the bank.

Satpal and Sunil Phougat[2] (2009)., in their study on *Comparative Study of SBI and PNB: Training and Development* opines that, the training and development variable of SBI is slightly more better than of PNB, yet it is a statistically insignificant related to all the five regions of Haryana State. The two types of banks also do not differ significantly in the matter of induction, training and quality sources of training programme as viewed by all the five regional managers i.e., Rohtak, Kurukshetra, Karnal, Hisar and Chandigarh as well as by the population as whole.

OBJECTIVES

The main objectives of the paper are:

1. To identify the awareness and attitude of the employees towards HRM practices viz., recruitment and selection, training and development and performance evaluation adopted by the commercial banks.
2. To study the effective implementation of the HRM policies and procedures in the commercial banks.
3. To give recommendations / suggestions on basis of study findings.

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HYPOTHESES

The following are the workable null hypotheses have been framed and tested in connection with the objectives of the study.

1. There is no significant difference between *recruitment and selection policies and practices in commercial banks*.
2. There is no significant difference between *Training and Development practices* in commercial banks.
3. There is no significant difference between *Performance Evaluation practices* in commercial banks.

RESEARCH METHODOLOGY

The descriptive paper is based on primary sources collected from 300 employees from commercial banks in Shivamogga District. The study is confined to bank branches selected by using the purposive sampling method. The analysis of the data is carried out with the statistical tools such as Percentage, Average Factor, Standard Deviation, t-test, One-Way ANOVA. The advanced statistical tools used by SPSS Beta Online Version.

HRM POLICIES AND PRACTICES- AN ANALYSIS

The present study focuses on some of the policies and practices in commercial banks viz., recruitment and selection, training and development, performance evaluation and importance of performance appraisal in study area.

1. Recruitment And Selection Policies

Recruitment is the process of locating potential individuals who might join an organization and encouraging them to apply for existing or anticipated job openings. In order to analyze the views of the bank employees on recruitment and selection policies the parameters such as *well defined recruitment and selection policies and practices, defining the mode of recruitment, quality of the written examination and oral interviews, adoption of interview techniques, relevance of questions to the day to day working of the banks, education qualification, attitude and values of the proposed employee* are collected. The employees were given with 3-point scale [good, average and below average] and asked to scale the parameter. The percentage-wise share of each parameter across the given three-scale is aggregated and average of the percentage share is calculated. The calculations reveal that 69.89 % employees have rated the parameters as 'good' and 25.74 % employees have rated the parameters 'average' and only 4.37% employees have rated 'below average' who might not be satisfied with the policies.

Table-1 shows the parameters and scale chosen by the employees.

TABLE-1
RECRUITMENT AND SELECTION POLICIES AND PRACTICES

Parameters	Good		Average		Below Average		TOTAL	
	F	%	F	%	F	%	N	%
Well defined R & S policy	234	78.00	57	19.00	09	3.00	**300**	**100.00**
Well defined R &S practices	240	80.00	54	18.00	06	2.00	**300**	**100.00**
Defining the mode of recruitment	237	79.00	57	19.00	06	2.00	**300**	**100.00**
Quality / standard of written examination	261	87.00	36	12.00	03	1.00	**300**	**100.00**
Quality / standard of oral interviews	207	69.00	78	26.00	15	5.00	**300**	**100.00**
Adoption of interview techniques	201	67.00	87	29.00	12	4.00	**300**	**100.00**
Relevance of questions to the day to day working of the bank	174	58.00	105	35.00	21	7.00	**300**	**100.00**
Consideration of education qualification	171	57.00	111	37.00	18	6.00	**300**	**100.00**
Consideration of service attitude / Values of proposed employee	162	54.00	110	36.67	28	9.33	**300**	**100.00**
Average Factor	**69.89**		**25.74**		**4.37**		**100.00**	

Source: ***Field Survey Data***

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2. Significant difference between recruitment and selection policies and practices

Test for mean scores of opinion on one way level of recruitment and selection policies and promotions was tested with ANOVA test procedures and the results of the analysis are given Table-2 and Table-2 A.

Null Hypothesis H_0: *There is no significant difference between recruitment and selection policies and promotions.*

TABLE-2
ANOVA FOR RECRUITMENT AND SELECTION POLICIES AND PRACTICES

Particulars	N	Mean	Standard deviation
Good	9	209.67	35.38
Average	9	77.22	27.70
Below Average	9	13.11	8.16
TOTAL	**27**	**100**	**87.16**

TABLE-2 A
ANOVA RESULTS FOR RECRUITMENT AND SELECTION POLICIES AND PRACTICES

Source	*SS*	*df*	*MS*	*F*	*P Value*	*Result*
Between-treatments	1,80,857.56	2	9,0428.78	*F* = 130.05	0.00001	***Accept H_0***
Within-treatments	16,688.44	24	695.35			
TOTAL	**1,97,546**	**26**				

Source: ***Field Survey Data*** **Note:** Represents significant at Pα 0.05.

The above tables display the descriptive statistics sample size, mean and standard deviation. The column P value shows the probability value from the t-distribution. Since the P value is lesser than 0.05, the null hypothesis accepted i.e., There is no significant difference between recruitment and selection policies and promotions.

3. Training and Development Practices

This factor incorporates all such practices that generate tangible outcome (improved productivity, quality of products and services and resource optimization) and tangible results in terms of enhanced self-esteem, high morale and satisfaction of employees due to acquisition of additional knowledge, skills and abilities.[Khan M A [3] (2012).,]

Well defined Training and Development, Conduct of Training Test, Conducting Regular Training, Job Rotation, Assigning Specific Project / Work, latest issues in banking sector with the help of study material, evaluation of post training performance, use of technology related training an employee professional development are the training and development practice in the present study. The respondents were given with 3-point scale- good, average and below average and asked to scale the parameters. The below table -3 shows the parameters and opinion given by employees.

TABLE-3
TRAINING AND DEVELOPMENT PRACTICES

Parameters	Good		Average		Below Average		TOTAL	
	F	%	F	%	F	%	N	%
Well defined T & D policy	237	79.00	54	18.00	09	3.00	**300**	**100.00**
Conduct of trainee test	195	65.00	88	29.33	17	5.67	**300**	**100.00**
Conducting continuous / regular training	219	73.00	72	24.00	09	3.00	**300**	**100.00**
Job rotation	170	56.67	103	34.33	27	9.00	**300**	**100.00**
Assigning specific projects / work	161	53.67	98	32.67	41	13.67	**300**	**100.00**
Giving study material to acquire knowledge about latest issues in banking sector	255	85.00	37	12.33	08	2.67	**300**	**100.00**
Evaluation of post –training performance	189	63.00	86	28.67	25	8.33	**300**	**100.00**
Training related to use of technology in	261	87.00	29	9.67	10	3.33	**300**	**100.00**

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banking operations								
Result of training on your professional development	234	78.00	59	19.67	07	2.33	**300**	**100.00**
Average Factor	**71.14**		**23.19**		**5.67**		**100.00**	

Source: ***Field Survey Data***

An evaluation from table-3 shows the percentage –wise share of each parameters across the given three point scale is aggregated and average of the percentage share is calculated. The above calculations reveals that 71.14% employees have rated the parameters as 'good' and 23.19% and 5.67 % respondents have rated the parameters 'average' and 'below average'.

More clearly Training and Development may be understood as any attempt to improve current or future employee performance by increasing an employee ability to perform through learning, usually by changing the employees attitude or increasing his or her skills and knowledge. The need for training and development is determined by the employees deficiency is computed as follows:

Training and Development Need =Standard Performance × Actual Performance. [Randall. S. Schuler et. al.[4] (1985).]

4. Significant difference between training and development practices in commercial banks.

Test for mean scores of opinion on one way training and development practices in commercial banks was tested with ANOVA test procedures and the results of the analysis are given Table-4 and 4 A.

Null Hypothesis H_0: *There is no significant difference between training and development practices in commercial banks.*

TABLE-4
ANOVA FOR TRAINING AND DEVELOPMENT PRACTICES

Particulars	N	Mean	Standard deviation
Good	9	213.44	36.35
Average	9	69.56	26.46
Below Average	9	17.00	11.71
TOTAL	**27**	**100**	**88.45**

TABLE-4 A
ANOVA RESULTS FOR TRAINING AND DEVELOPMENT PRACTICES

Source	*SS*	*df*	*MS*	*F*	*P Value*	*Result*
Between-treatments	1,86,169.56	2	93084.78	*F* = 129.34	0.0001	***Accept H_0***
Within-treatments	17,272.44	24	719.69			
TOTAL	**2,03,442**	**26**				

Source: ***Field Survey Data*** **Note:** Represents significant at Pα

The above tables display the descriptive statistics sample size, mean and standard deviation. The column P value shows the probability value from the t-distribution. Since the P value is lesser than 0.05, the null hypothesis accepted i.e., There is no significant difference between training and development practices in commercial banks.

5. Performance Evaluation Practices

Performance is defined as the record of outcomes produced on specified job function or activity during a specified time period. [Bernardin. H J and E A Russell[5] (1993).] Performance appraisal has received reasonably sufficient importance in HR, its alignment with strategic control is inadequate without such alignment. Performance appraisal becomes an exercise in fertility instead of a vital control measurement, after resulting in not only personnel dissatisfaction but also more importantly, an impediment, to systematic strategy implementation. [Donald L Caruth and John H Humphreys [6] (2008).,]

Training is well linked to key performance areas, performance appraisal is well linked to key performance, good review system in bank, multiple source reviewing the performance, challenge appraisal, creating awareness among employees as to evaluation practices and procedures are six parameters

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performance appraisal in the present survey. The respondents were given with 3 point scale as good, average and below average and asked to scale the parameters. The below Table-5 show the parameters and opinion given by employees.

TABLE-5
PERFORMANCE EVALUATION PRACTICES

Parameters	Good		Average		Below Average		TOTAL	
	F	%	F	%	F	%	N	%
Training is well linked to key performance areas	191	63.67	93	31.00	16	5.33	**300**	**100.00**
Performance appraisal is well linked to key performance areas	203	67.67	75	25.00	22	7.33	**300**	**100.00**
Good review system in bank	216	72.00	57	19.00	27	9.00	**300**	**100.00**
Multiple source reviewing the performance	201	67.00	90	30.00	09	3.00	**300**	**100.00**
Challenge appraisal (seeing how employee faced)	224	74.67	65	21.67	11	3.67	**300**	**100.00**
Creating awareness among employees as to evaluation practices and procedures	240	80.00	54	18.00	06	2.00	**300**	**100.00**
Average Factor	**70.84**		**24.11**		**5.05**		**100.00**	

Source: ***Field Survey Data***

Table-5 shows the percentage-wise share of each parameters across the given three-scale and average of the percentage share is calculated. The above calculations shows that, 70.84% employees have rated the parameters as 'good' and 24.11 and 5.05% respondents have rated the parameters 'average' and 'below average'.

7. Significant difference between performance evaluation practices in banks

Test for mean scores of opinion on one way performance evaluation practices in banks was tested with ANOVA test procedures and the results of the analysis are given Table-6 and Table-6 A.

Null Hypothesis H_0: *There is no significant difference between performance evaluation practices in banks.*

TABLE-6
ANOVA FOR PERFORMANCE EVALUATION PRACTICES

Particulars	N	Mean	Standard deviation
Good	6	212.5	17.81
Average	6	72.33	16.56
Below Average	6	15.67	8.09
TOTAL	**18**	**100**	**86.46**

TABLE-6 A
ANOVA RESULTS FOR PERFORMANCE EVALUATION PRACTICES

Source	*SS*	*df*	*MS*	*F*	*P Value*	*Result*
Between-treatments	1,23,710.33	2	61,855.17	$F = 282.56$	0.0001	***Accept H_0***
Within-treatments	3,283.67	15	218.91			
TOTAL	1,26,994	17				

Source: ***Field Survey Data*** **Note:** Represents significant at Pα 0.05.

The above tables display the descriptive statistics sample size, mean and standard deviation. The column P value shows the probability value from the t-distribution. Since the P value is lesser than 0.05, the null hypothesis accepted i.e., There is no significant difference between performance evaluation practices in banks.

8. Importance of Performance Evaluation

The aim of performance evaluation is: i) to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organizations; ii) to clarify how individuals are expected to contribute to the achievement of organization goals by aligning individual objectives with the strategic objectives of the organization. [Shields J[7] (2007).]. Shields J highlights that performance management system has a fourfold purpose: i) strategic communication; ii) relationship building; iii) employee development and iv) employee evaluation. The below Table-7 indicates the respondents opinion regarding importance of performance appraisal.

TABLE-7
IMPORTANCE TO PERFORMANCE EVALUATION IN BANKS

Opinion	No. of Employees	% to TOTAL
Yes	263	87.67
No	37	12.33
TOTAL	**300**	**100.00**

Source: ***Field Survey Data***

An examination from Table-7 that 263 employees constituting 87.67% to total are opined that as there is a need to make performance appraisal in banks. Remaining 37 employees [12.33%] opined that there is no need of performance appraisal in banks.

9. **Association between opinions on employees regarding importance to Performance Evaluation in banks.**

In order to see the relationship between opinions regarding performance evaluation in banks, chi-square test was used and the result of the test is shown in the following Table-8.

Null Hypothesis: H_0: *There is no association between opinions on performance evaluation in banks.*

TABLE-8
CHI-SQUARE TEST FOR IMPORTANCE TO PERFORMANCE EVALUATION IN BANKS

Particulars	Value	df	P Value	Result
Pearson Chi Square	170.253	1	0.00001	***Accept H_0***

Source: ***Field Survey Data*** **Note:** Represents significant at Pα 0.05.

It is noted from the above Table-8 that P value is lesser than 0.05 and hence the result is significant at 5% level of significance. Hence the null hypothesis accepted i.e., There is no association between opinion on performance evaluation in banks.

SUGGESTIONS

The paper offers the following suggestions

1. Adopting the need based fine tuning of recruitment and selection policies and practices.
2. The bank management can think of adoption of interview techniques by assigning the actual works at banks.
3. It is suggested to conduct regular training in order to equip the bank employees in the new digital era.
4. Providing more and more technology based training to the needy employees.
5. Focusing on the management of stress faced by the employees which helps in improving the employees performance.
6. Regular review of the employee performance is needed to revise the training curricula for the employees.
7. The post training performance evaluation of bank employees shall be done on regular basis.

CONCLUSION

In the present competitive world the banking sector facing lot of tuff competition, talent crunch and skill shortage. All these have made the banks to recognize the importance of customers. To meet the expectations of new age customers every bank is required to devise the HR practices embodied with suitable recruitment and selection practices, training methods and judicial placement of the employees. The HR practices should not be a random collection of practices but be *'best practices'* suitable to the functioning style of the banks.

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