



# THE IMPACT OF HR PRACTICES ON EMPLOYEES COMMITMENT IN BANKING SECTOR A STUDY WITH REFERENCE TO PUBLIC AND PRIVATE SECTOR BANKS IN THOOTHUKUDI DISTRICT

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## **ABSTRACT**

The nature and scope of HRD is indeed very wide. The scope of HRD covers the manpower planning for ensuring optimum utilization of HR and improving the work practices. Organizations could use HRD to carry out the activities like recruitment, selection, placement, training and appraisal of the work force. Unless the employees receive attention through systematic HRD activities, organizational effectiveness would not improve. Effectiveness may be in the form better productivity, reduction of costs, generation of internal resources, better customer service. The basic philosophy of HRD is directed towards collective responsibility for growth in organizations. The study is confined to HR practices towards employee's commitment in banking sector. This study includes the HRD practices followed in banks and strategies to overcome HR challenges. It also focuses how HRM practices and employees commitment are related and seeks to gain descriptive information on HRM policy and practices in the banking sector.

Key words:

HR challenges, Banking sector, HRM policy and practices, Manpower planning.

## Introduction

The purpose of this study is to examine the impact of human resource management practices on employees commitment in the banking sector. In this context, three high involvement work practices being investigated are (1) orientation of recruits (socialization) (2) career planning and development (3)The use of formal operating guidelines. The three HRM practices are strong predictors of organizational commitment for the following groups of employee's line managers, core service personnel and specialist staff. Organizational commitment is a three dimensional construct characterizing an employee's relationship with an organization. The three dimensions are affective commitment; continuance commitment and normative commitment were used in the study. The significance of the study is to provide evidence to support the relationship between HRM practices and employees commitment. The study also seeks to gain descriptive information on HRM policy and practices in the banking sector together with an assessment of the organizational and environmental factors that drive HRM strategy and policy. The result will 7 lend support for the design of high involvement work practices to foster organizational commitment and to improve long term organizational performance in developing economies. The findings will also contribute to an organizational ability to understand the different components of commitment in order to experience overall efficiency and effectiveness from employees. Finally the study will contribute to the growing body of literature on HRM practices and employee commitment. IT will strengthen the existing knowledge that HRM practices are to be content specific, rather than universalistic, in order to better address the unique circumstances of the banking sector.

## REVIEW OF LITERATURE

**Krishnamurthy K.V (2003)** focused on the product development; customer support and marketing were required with superior managerial skills. Value addition, product development, customer support and marketing were required with superior managerial skills.

**Lisa Bryant, Denise A. Jones and Sally K. Widener (2004)** - This paper investigate the relationship that existed among multiple performance measures to determine how they understand the creation of firm value. The designing of performance measurement system was supposed to consider all aspects of the business, not just the financial results. The data from 125 firms over a five year period were used to measure the outcome. The findings showed that the value creation process was better in all higher level BSC perspectives.

**Jane A Boorman (2003)** identified the tools, techniques and approaches for the development of organisation. He discussed at length organisation development imperatives, making organisation development acceptable and application of organisational development initiatives. The author was of the opinion that the challenge for the organisation is to introduce a range of new innovative organisation development programs.

**Minwir M Al-Shammari (1993)** aims at differentiating organisational climate from other related concepts of job satisfaction, corporate culture and leadership style. They concludes that while these latter

concepts were related to the concept of organisational climate, they were not synonymous. They addresses several theoretical and methodological differences between organisational climate and these related terms.

**Mark Stam, Eric Molleman (1999)** - This article highlighted the role of career development and strategic training policies among IT companies and young IT professionals. The study examined the ability of the IT professionals to integrate the business processes, strategic issues and handling information technology. Organisations were expected to plan both for short and long term, quantitatively and qualitatively for IT professionals by means of strategic training policy and being a part of the learning organisation sharing knowledge.

### **Objectives**

1. To assess the levels of risk factors involved in E-Banking among bank customers
2. To analyze the service quality of E- Banking adoption on the traditional banking scenario.
3. To identify the factors that are responsible for the faster adoption of E-Banking among the youth and the middle age customers

### **Scope of the study**

This study is mainly concerned with identifying the factors that are responsible for the faster adoption of E-Banking among the different age bank customers . The researcher makes an attempt to study the socio-economic background of the customers,analyze the effects of adoption of e-banking is the traditional banking scenario and the level of risk factors involved in e-banking among bank customers.

### **STUDY HYPOTHESES**

The following are the hypotheses of the study:

1. To examine the different elements of HR practices in both public and private sector banks.
2. To evaluate the present scenario of employees commitment in banking sector.
- 3.To analyze the outcomes of rigorous HR practices and organizational climate in the study domain.

### **Research Methodology**

The methodology of the study is based on the primary as well as secondary data. The study depends mainly on the primary data collected through a well-framed and structured questionnaire to elicit the well considered opinions of the respondents. The Purposive Sampling is adopted to obtain the responses from the managers of both Public and Private Sector Banks

### **Sample design:**

Purposive sampling has been adopted by the researcher to select the samples. This sampling design is defined as a non- probability sample where the researcher selects population members who are good prospects for accurate information. The individuals who are the customers of Banks Thoothukudi have been selected for the

study. Selected respondents were given the questionnaire in person. The filled in questionnaires are collected and compiled for the data analyses.

### Age-wise Classification

Age is an important factor in analyzing the HR practices on employees commitment in banking sector . Age wise classification is necessary to analyze and categorize the respondents. The following table reveals age wise classification of the respondents.

**Age-wise Classification of Sample Respondents**

Sl. No	Age	No. of Respondents	Percentage
1.	Below 25 years	25	16.7
2.	25-35 years	65	43.3
3.	35-45 years	45	30.0
4.	45-55 years	10	6.7
5.	Above 55 years	5	3.3
	<b>Total</b>	<b>150</b>	<b>100</b>

Source: Primary data

The above table shows that 16.7 percent of the respondents are under the age group of below 25 years, 43.3 percent of the respondents are under the age group of 25-35 years, 30.0 percent of the respondents are under the age group of 36-45 years and 6.7 percent of the respondents are under the age group of above 55 years.

### Educational Qualification-wise Classification

Education is the dynamic side of philosophy. The level of education gives lot of knowledge about HR practices on employees commitment in banking sector. The following table shows the educational qualification-wise classification of sample respondents.

**Educational Qualification-wise Classification**

Sl. No	Educational Qualification	No. of Respondents	Percentage
1.	Up to HSC	12	8.0
2.	Graduates	70	46.7
3.	Professionals	46	30.7
4.	ITI	12	8.0
5.	Diploma	10	6.7
	<b>Total</b>	<b>150</b>	<b>100</b>

Source: Primary data

The above table illustrates that 8 percent of the respondent that completed up to HSC, 46.7 percent of the respondents are Graduates. 30 percent of the respondents have completed professional degree, 8 percent of the respondents have completed ITI and 6.7 percent of the respondents have completed Diploma.

**HRD practices in the public and private sector banks create certain important impacts on the organizations. They have been classified into four categories.**

1. Affirmative commitment
2. Normative commitment
3. Normative commitment
4. Relationship commitment

The impact of HRD is included as common statements in the questionnaire for all levels of executives in the public sector banks and private sector banks. The scores are obtained from top level executives, middle level managers and operational level employees respectively for each organization of public sector banks and private sector banks. These scores for the three level executives are considered as a dependent variable. There are totally four dependent variables of impact as introduced in this section. All the HRD elements of the respective executive's levels are considered as independent variables. In top level executives as it was identified. Transformational practices, employee upgradation, policy enforcement is taken for the analysis, to check the impact of HRD elements; the Multiple Linear Regression Analysis is used.

### **DIFFERENCE IN THE MEAN SCORES OF AFFIRMATIVE COMMITMENT, NORMATIVE COMMITMENT, NORMATIVE COMMITMENT AND RELATIONSHIP COMMITMENT**

In the last section, it was known that the HRD elements in top level executives significantly create the impact on affirmative commitment, continuance commitment, normative commitment and change executives in both the public sector organizations Public sector banks and Private sector banks. So it is necessary to check whether Public sector banks and Private sector banks significantly differ in the mean scores of impacts of HRD practices. The parametric T-test is brought to bear on analysis.

#### **1. Affirmative Commitment**

**t = 1.42      df = 94      Sig = 0.1563**

	<b>Public Sector Banks</b>	<b>Private Sector Banks</b>
Sample size	96	54
Mean	22.22	20.58
SD	4.32	2.66

There is no significant difference between mean scores of Public sector banks and Private sector banks in Affirmative commitment.

## 2. Normative Commitment

	Public Sector Banks	Private Sector Banks
Sample size	96	54
Mean	19.62	21
SD	5.02	2.64

$t = 1.44088$      $df = 94$      $Sig = 0.1622$

There is no significant difference between mean scores of Public sector banks and Private sector banks in normative commitment.

## 3. Normative Commitment

	Public Sector Banks	Private Sector Banks
Sample size	96	54
Mean	18.91	20.5
SD	4.32	2.62

$t = 1.4822$      $df = 94$      $Sig = 0.1416$

There is no significant difference in the mean scores of Public sector banks and Private sector banks in normative commitment.

## 4. Relationship Commitment

	Public Sector Banks	Private Sector Banks
Sample size	96	54
Mean	19.26	20.92
SD	4.44	2.88

$t = 1.7302$      $df = 94$      $Sig = 0.0869$

There is no significant difference in the mean scores of Public sector banks and Private sector banks in relationship commitment.

So on the whole, it is concluded that the top level executives of Public sector banks and Private sector banks are of the same view that HRD practices increased affirmative commitment, continuance commitment, normative commitment and change executives significantly.

### **IMPACT OF PERSONAL VARIABLE, AFFIRMATIVE COMMITMENT, NORMATIVE COMMITMENT, NORMATIVE COMMITMENT AND RELATIONSHIP COMMITMENT ON THE HRD EFFECTIVENESS OF TOP LEVEL EXECUTIVES – PUBLIC SECTOR BANKS**

The four personal variables and four effectiveness variables are taken as independent variables and the HRD effectiveness is taken as dependent variable. The Linear Multiple Regression analysis revealed that the above mentioned independent variables explain 93.2% of the variation in HRD effectiveness for Top level executives (R – square .932). The regression constructed is highly significant (F = 25.596).

#### **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.965(a)	<b>.932</b>	<b>.895</b>	3.31494

Predictors: (Constant), Education, Income, T-Exp. P-Exp, AC, CC,NC,RM.

#### **ANOVA(b)**

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	2250.125	<b>8</b>	281.266	<b>25.596</b>	.000(a)
Residual	164.833	<b>15</b>	10.989		
Total	2414.958	<b>25</b>			

a Predictors: (Constant), Education, Income, T-Exp. P-Exp, AC, CC,NC,RM. b Dependent Variable: CC

#### **Coefficients(a)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	BETA		
(Constant)	0.3215	.2456	.324	.2314	.2145
Education	.5698	.2547	0.213	0.2145	.2143
Income	.2314	.2465	0.254	0.321	.2147

T-experien	.125	.2587	0.2365	0.1474	.2147
P-experien	.0052	.0056	0.25	0.2147	.0203
Affirmative commitment	.321	.2314	.325	0.3695	.003
Continuance commitment	.2356	.0258	0.233	0.2458	.0045
Normative commitment					
Relationship managment	.2564	.1125	.0245	0.2315	.0145

### Dependent Variable:

CC (3.33) In personal variable total experience ( $t = 3.200$ ) is significant at 5% level of significance. The effectiveness variables are equally good in constructing the regression perfectly. So in public sector banks the top level executives believe HRD effectiveness is built up by the impact of HRD in the organization.

### Findings

- It is found that 60 percent of the respondents are male and remaining 40 percent of the respondents are female.
- It is identified that 16.7 percent of the respondents are under the age group of Below 25 years, 43.3 percent of the respondents are under the age group of 25-35 years, 30.0 percent of the respondents are under the age group of 36-45 years and 6.7 percent of the respondents are under the age group of above 55 years.
- It is observed that 60 percent of the respondents are married and 40 percent of the respondents are unmarried.
- CC (3.33) In personal variable total experience ( $t = 3.200$ ) is significant at 5% level of significance. The effectiveness variables are equally good in constructing the regression perfectly. So in public sector banks the top level executives believe HRD effectiveness is built up by the impact of HRD in the organization.

### Findings of Commitment

- HRD practices in public sector banks helped them to achieve affirmative commitment and it is inferred that the HRD practices in the top level increased the efficiency of the organization.
- It is concluded that in public sector banks the HRD practices in top level executives paved the way to increase the normative commitment which is a very important goal of the organization.
- HRD practices in Public sector banks made enormous changes in the environment which is considered as healthy to achieve the ultimate goals of executives. Further the public sector banks are practicing HRD in top executives level to increase production and normative commitment.
- The top executives in public sector banks show special enthusiasm on HRD Elements Employee upgradation and policy enforcement. In Private sector banks top executives feel that the relationship between HRD elements and normative commitment is profound. Normative commitment is another important target of HRD, followed by relationship commitment and affirmative commitment.



- The impact of HR practices in public sector banks influences the Affirmative commitment, continuance commitment, normative commitment and relationship commitment significantly.
- It is concluded that the top level executives of Public sector banks and Private sector banks are of the same view that HRD practices increased affirmative commitment, continuance commitment, normative commitment and change executives significantly.

### **Suggestions**

1. Measures must be taken to educate middle level managers and Operation level employees to adopt HRD practices as a part of a learning programme throughout their service.
2. Top level management's policy should integrate both Policy enforcement and employee upgradation simultaneously.
3. The collective and equal enthusiasm must be created among all the executives to practice HRD and they might be told the significance of HRD practices as the long term process to accrue maximum benefits.
4. The HRD department should organize classes, debates, panel discussions etc. to create a view among the executives that HRD is an integrated system meant for every one in an organization.
5. The top level executive should invest more on strengthening the HRD practices among all level executives.
6. The efforts must be made by the HR departments to restructure all the HRD elements to generate sense of responsibility among all the executives in public and private sector banks.
7. Special care must be taken by the HR department to monitor the short term effects of HRD practices on affirmative commitment, continuance commitment, normative commitment and relationship commitment and the long term benefits of building good HRD practices.
8. Concerted efforts must be made by all the executives of public sector banks to restructure HRD programmes and implementing effectively. Much more focus and emphasize on identifying and developing employees and inner and hidden potential for the own and organizational betterment in the present competitive banking and economic scenario.

### **Conclusion :**

This article became prevalent in explaining the HRD sub-systems affirmative commitment, continuance commitment, normative commitment and relationship commitment at Middle level managers of public sector banks and private sector banks and their impact on total organizational climate change. The Middle level managers in these banks is highly cooperative and optimistic in HRD practices to achieve affirmative commitment, Organizational efficiency and normative commitment. The coming chapter encounters with practices of HRD in the form of training and development programs at Operation level employees. personality development and development programs in public sector banks and private sector banks at operational level employees are significantly contributing to achieve affirmative commitment, continuance commitment normative

commitment and relationship commitment. The next chapter gives out the summary, findings, conclusions through torrent of results obtained by the study using statistical analysis.

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