Impact Of Human Capital Management On Organizational Effectiveness And Employees' Satisfaction In State Bank Of India

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ABSTRACT

This paper studies on Impact of Human Capital Management on Organizational Effectiveness and Employees' Satisfaction in State Bank of India. The objectives of the paper are to study the impact of human capital management on organizational effectiveness and employees' satisfaction in State Bank of India. The study adopts descriptive research design and it imbibes both primary and secondary data. Convenience sampling method is applied for collecting the data through administering a structured questionnaire which are distributed to respondents. The sample size for the study is 200. The study is carried out in State Bank of India employees in Gorakhpur region.

Keywords: Human capital management, Organizational, Effectiveness, SBI, Employees, Satisfaction, Banking sector.

I. INTRODUCTUION

The practice of managing employees in a business to ensure their productivity, efficiency, and job satisfaction is known as human capital management, or HCM. HCM is a comprehensive method of managing staff members that include hiring, on boarding, development, performance reviews, training, and succession planning. HCM is crucial to the public sector's ability to carry out government policies effectively and contribute to national economic growth. The study aims to investigate the effects of HCM in public sector banks, specifically concentrating on the State Bank of India . An introduction to HCM and its significance for the public sector will be given first. State Bank of India is the dominant player in the Indian banking sector, employing over 500,000 people across more than 24,000 facilities. SBI, a significant participant in the Indian banking industry, is in charge of offering a variety of services to its clients, such as loans, deposit accounts, remittance services, and other financial services. SBI must have a strong HCM system in place because of its significance to the Indian banking industry. A variety of initiatives and activities are also included in the SBI HCM system to support the growth and development of employees. These include of career development opportunities, training and development programs, and other efforts to support staff in realizing their full potential. The degree to which an organization accomplishes its aims and objectives is known as its organizational effectiveness. Numerous elements, including the calibre of goods or services, client happiness, business success, and

staff involvement, influence it. Because it aids in developing a competent and motivated staff that can contribute to accomplishing the organization's goals, HCM is essential to organizational effectiveness. To sum up, HCM is essential to the efficacy of organizations. It is in charge of attracting, keeping, and training a competent and driven personnel that can help the company reach its objectives. When we talk about employee happiness, we're talking about how content and happy workers are with their jobs generally, including their positions and the company. Sustaining a positive and effective work environment depends heavily on employee satisfaction. It affects productivity, retention rates, and overall business effectiveness. Employers and employees alike can gain a great deal by putting strategies in place to increase employee happiness. Organizations can use HCM to track, evaluate, and improve many areas of employee engagement and satisfaction in order to manage and improve employee satisfaction more successfully.

II. CONTRIBUTION OF THE STUDY

In the context of public sector banks, this research makes a contribution to the subject of human capital management by focusing on State Bank of India (SBI). This research analyses how the Human Capital Management practises of SBI have affected organizational effectiveness and employee's satisfaction. The findings of this study can be useful for other public sector banks in India as well as other countries.

III. OBJECTIVES OF THE STUDY

The research aims to achieve the following objectives:

- To study the impact of Human Capital Management on Organizational effectiveness in SBI.
- To study the impact of Human Capital Management on employees satisfaction in SBI.

IV. HYPOTHESIS OF THE STUDY

The following hypothesis are taken for this study:

H1: Human capital management has a positive impact on organisational efficiency.

H2: Human capital management has a positive impact on employee satisfaction.

V. RESEARCH METHODOLOGY

This study depends on data collected from a variety of primary and secondary sources. The study has been designed to understand the Human Capital Management practices followed by the SBI Branch's, Gorakhpur.

VI. DATA COLLECTION

Primary and secondary sources of information were used to compile the results of this research. Employees at the chosen SBI branch were surveyed using a questionnaire to acquire the primary data used in this study. The questionnaire was designed to collect information regarding Human Capital Management practices followed by the SBI. Secondary data was collected from the published sources such as Annual Reports, Prospectus, Memorandum of Association, Articles of Association, Guidelines & Brochures issued by SBI and other sources such as books, journals, reports, periodicals, websites, publications, bank manuals, files and records of SBI, RBI and other banks.

VII. SAMPLE SELECTION

This study's sample was drawn from the SBI Gorakhpur Branches'. The study's sample consists of personnel from the designated SBI branch office.

VIII.   SAMPLING TECHNIQUE

The sampling technique used for the present study was convenience sampling. A sample size of 200 employees has been selected from various SBI Branches', Gorakhpur. The sample included officers, clerks, and other staff working in the branch.

IX.   DATA ANALYSIS

Statistical analysis of the acquired data was performed with the help of the SPSS programme. Frequencies, percentages, the mean, and the standard deviation are all examples of descriptive statistics that have been used so far in the process of analysing and interpreting the collected data.

X.   DATA ANALYSIS AND INTERPRETATION

Data gathered from the research study's respondents are presented in this paper along with statistical findings related to them. In this paper, there is discussion of the statistical outcomes of the study. The researches results from the quantitative data are presented in the paper. Before being imported into SPSS 22.0, the data was initially placed in an excel file. Hence, the current study's data was analysed in SPSS. The n=200 chosen as the study's sample size is a significant number. Human Capital Management was taken into consideration as an independent variable, along with Organizational Effectiveness and Employee Satisfaction as a dependent variable. Cronbach's alpha is used for reliability analysis, which measures the internal consistency of a set of data. The main purpose of Confirmatory Factor Analysis (CFA), a subset of factor analysis, is to reveal the structural connections between variables. Data summaries are generated using descriptive statistics. The mean as well as standard deviation (mean ± SD) of a set of variables. The relationship between independent and dependent variables may be determined by regression analysis. By employing route diagrams, Structural Equation Modeling (SEM) illustrates the connection between a dependent (unobserved) variable as well as independent (observed) variables.

Table 1: Descriptive statistics, Reliability Analysis and Pearson's correlation coefficients for the study variables

	No. of items	Mean	SD	Cronbach's Alpha	HCM	OE	ES	Remark
Human Capital Management	10	3.63	1.37	0.989	1			Excellent
Organizational Effectiveness	10	3.92	1.23	0.973	.738**	1		Excellent
Employee Satisfaction	10	3.96	1.23	0.993	.836**	.687**	1	Excellent

*Note(s): **Correlation is significant at the 0.01 level (2-tailed), SD: Standard deviation*

Descriptive statistics, a reliability analysis, and Pearson's correlation coefficients for the variables in the research are all shown in Table 1. Internal consistency of data within each component is evaluated using Cronbach's alpha in the research. The table lists the results of the reliability study, including descriptive statistics for each contributing element. Values for Cronbach's alpha for each component in the model range from 0.973 to 0.993, indicating high levels of internal consistency. The factor Employee Satisfaction has high in mean of 3.96 which means that most of the respondents strongly agreed with the factor Employee Satisfaction. Human Capital Management demonstrated a significant positive linear relationship with Organizational Effectiveness (r=0.738, p0.01) and Employee Satisfaction (r=0.836, p0.01), while Employee Satisfaction demonstrated a significant positive linear relationship with Organizational Effectiveness (r=0.687, p0.01). Thus, there is a significant connection among Human Capital Management, Organizational Effectiveness, as well as Employee Satisfaction.

Table 2: Association between Human Capital Management, Organizational Effectiveness and Employee Satisfaction

DV	Independent Variables	Unstandardized Coefficients		R Square	T value	P value
		Beta	SE			
OE	(Constant)	1.539	0.165	0.544	9.295	0.000**
	Human Capital Management	0.656	0.043		15.381	0.000**
ES	(Constant)	1.248	0.136	0.698	9.205	0.000**
	Human Capital Management	0.748	0.035		21.386	0.000**

*Dependent Variable: Organizational Effectiveness and Employee Satisfaction, **p<0.01*

The above table 2 illustrates the correlation between Human Capital Management, Organizational Effectiveness, as well as Employee Satisfaction. Human capital management is significantly related to both organisational effectiveness and employee satisfaction (p0.01). The R^2 value for organisational effectiveness is 0.545, while the value for employee satisfaction is 0.698; these numbers may be explained in part by HCM. Furthermore, Human Capital Management has a positive beta coefficient. Results show that more investment in Human capital Management is correlated with higher levels of both organisational effectiveness and employee satisfaction.

Figure 1: Confirmatory Factor Model of for Human Capital Management, Organizational Effectiveness and Employee Satisfaction
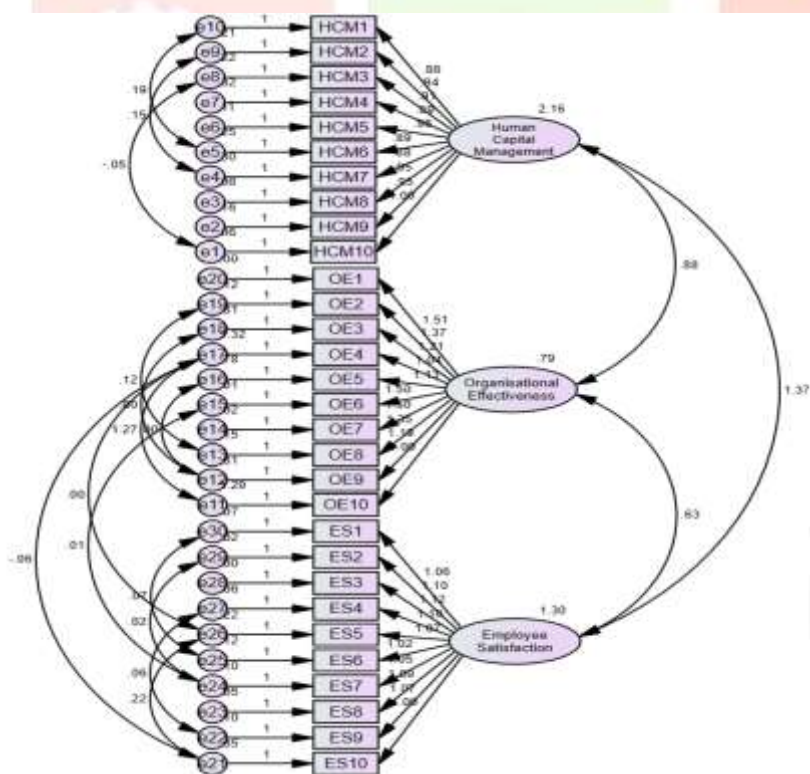
Table 3: Confirmatory Factor Model of for Human Capital Management, Organizational Effectiveness and Employee Satisfaction

			Unstandardized coefficient	S.E	Standardized coefficient	p-value
HCM10	<---	Human_Capital_Management	1		0.987	
HCM9	<---	Human_Capital_Management	0.946	0.022	0.961	<0.0001***
HCM8	<---	Human_Capital_Management	0.951	0.017	0.981	<0.0001***
HCM7	<---	Human_Capital_Management	0.88	0.029	0.920	<0.0001***
HCM6	<---	Human_Capital_Management	0.886	0.026	0.934	<0.0001***
HCM5	<---	Human_Capital_Management	0.982	0.02	0.975	<0.0001***
HCM4	<---	Human_Capital_Management	0.889	0.029	0.917	<0.0001***
HCM3	<---	Human_Capital_Management	0.913	0.029	0.945	<0.0001***
HCM2	<---	Human_Capital_Management	0.943	0.025	0.949	<0.0001***
HCM1	<---	Human_Capital_Management	0.883	0.03	0.914	<0.0001***
OE10	<---	Organisational_Effectiveness	1		0.618	
OE9	<---	Organisational_Effectiveness	1.195	0.129	0.764	<0.0001***
OE8	<---	Organisational_Effectiveness	1.348	0.125	0.953	<0.0001***
OE7	<---	Organisational_Effectiveness	1.497	0.136	0.993	<0.0001***
OE6	<---	Organisational_Effectiveness	1.502	0.136	0.996	<0.0001***
OE5	<---	Organisational_Effectiveness	1.127	0.123	0.752	<0.0001***
OE4	<---	Organisational_Effectiveness	1.044	0.017	0.629	<0.0001***
OE3	<---	Organisational_Effectiveness	1.205	0.13	0.766	<0.0001***
OE2	<---	Organisational_Effectiveness	1.373	0.127	0.961	<0.0001***
OE1	<---	Organisational_Effectiveness	1.514	0.137	1.000	<0.0001***
ES10	<---	Employee_Satisfaction	1		0.887	
ES9	<---	Employee_Satisfaction	1.071	0.042	0.968	<0.0001***
ES8	<---	Employee_Satisfaction	1.085	0.04	0.985	<0.0001***
ES7	<---	Employee_Satisfaction	1.049	0.041	0.966	<0.0001***
ES6	<---	Employee_Satisfaction	1.022	0.041	0.959	<0.0001***
ES5	<---	Employee_Satisfaction	1.075	0.019	0.935	<0.0001***
ES4	<---	Employee_Satisfaction	1.102	0.041	0.982	<0.0001***
ES3	<---	Employee_Satisfaction	1.118	0.039	1.000	<0.0001***
ES2	<---	Employee_Satisfaction	1.102	0.039	0.993	<0.0001***
ES1	<---	Employee_Satisfaction	1.06	0.04	0.976	<0.0001***

***p<0.001, **p<0.01, *p<0.05

These three factors—Human Capital Management, Organizational Effectiveness, and Employee Satisfaction—reveal a confirmatory Factor analysis model of the relationships among them. All relevant paths, measurements, mistakes, and feedbacks may be tested using this approach and instantly included into the model. The fit indices verify that the model is appropriate after the significance of the components has been established at the p0.05 level (Table 4). To test how well the suggested model fits the existing data, we used global fit (a collection of seven separate fit indices) and r as measures of goodness of fit. The three concepts—Human Capital Management, Organisational Effectiveness, and Employee Satisfaction—are intertwined in a meaningful way.

Table 4: Model fit summary

Variable	Value	
Chi-square value(χ^2)	937.102	
Degrees of freedom (df)	388	
P value	0.057	P-value >0.05 (Hair et al., 2006)
GFI	0.964	> 0.90 (Daire et al., 2008)
RFI	0.936	>0.90 (Hair et al., 2006)
NFI	0.943	>0.90 (Hair et al., 2006)
IFI	0.966	> 0.90 (Daire et al., 2008)
CFI	0.966	>0.90 (Hu and Bentler, 1999)
RMR	0.036	< 0.08 (Hair et al., 2006)
RMSEA	0.074	< 0.08 (Hair et al., 2006)

The structural model, the quality of fit was an acceptable representation of the sample data (χ^2 (388) = 937.102, GFI (Goodness of Fit Index) = 0.964, CFI (Comparative Fit Index) = 0.966, RFI (Relative fit index) = 0.936, and NFI (Normed Fit Index) = 0.943, which are greater than the 0.90 criteria as recommended by Hu and Bentler (1999) and Joreskog and Sorbom (1981). Likewise, RMR (Root Mean Square Residuals) =0.036 as well as RMSEA (Root Mean Square Error of Approximation) =0.074 are less than the 0.08 threshold value[20].

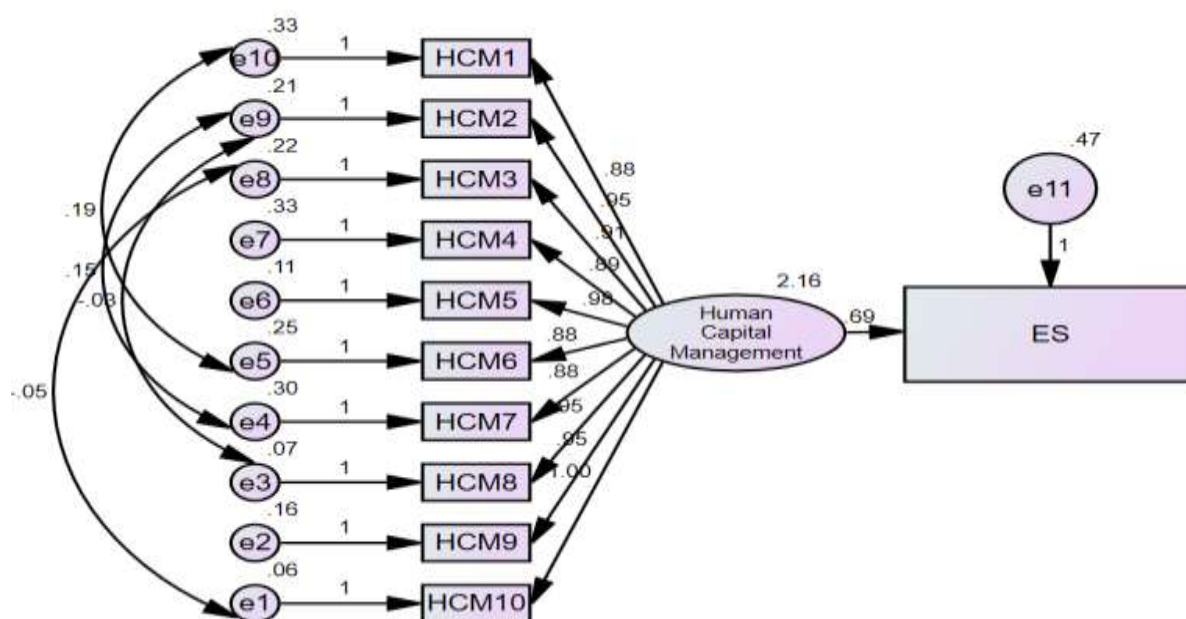### Figure 2: Structural Equation Model of association between Human Capital Management and Employee Satisfaction

Table 5: Structural Equation Model of association between Human Capital Management and Employee Satisfaction

			Unstandardized coefficient	S.E	Standardized coefficient	p-value
HCM10	<---	Human_Capital_Management	1		0.987	
HCM9	<---	Human_Capital_Management	0.946	0.022	0.961	<0.0001***
HCM8	<---	Human_Capital_Management	0.952	0.017	0.982	<0.0001***
HCM7	<---	Human_Capital_Management	0.88	0.028	0.921	<0.0001***
HCM6	<---	Human_Capital_Management	0.885	0.026	0.933	<0.0001***
HCM5	<---	Human_Capital_Management	0.982	0.02	0.975	<0.0001***
HCM4	<---	Human_Capital_Management	0.889	0.029	0.916	<0.0001***
HCM3	<---	Human_Capital_Management	0.912	0.029	0.944	<0.0001***
HCM2	<---	Human_Capital_Management	0.945	0.024	0.951	<0.0001***
HCM1	<---	Human_Capital_Management	0.883	0.3	0.914	<0.0001***
ES	<---	Human_Capital_Management	0.695	0.034	0.831	<0.0001***

***p<0.001, **p<0.01, *p<0.05

It's an Equation of Structure The aforementioned five provide a template for how Human Capital Management may boost morale in the workplace. All relevant paths, measurements, mistakes, and feedbacks may be tested using this approach and instantly included into the model. When the significance of the components has been established at the <p0.05 level, the fit indices demonstrate that the model is well-fit (Table 6). To test how well the suggested model fits the existing data, we used global fit (a collection of seven separate fit indices) and r as measures of goodness of fit. According to the data in the previous table, Human Capital Management has a substantial impact on worker happiness (=0.831, p<0.01). As a result, HCM and happy workers are inextricably linked.

Table 6: Model fit summary

Variable	Value	
Chi-square value(χ^2)	105.350	
Degrees of freedom (df)	40	
P value	0.098	P-value >0.05 (Hair et al., 2006)
GFI	0.914	> 0.90 (Daire et al., 2008)
RFI	0.968	>0.90 (Hair et al., 2006)
NFI	0.976	>0.90 (Hair et al., 2006)
IFI	0.985	> 0.90 (Daire et al., 2008)
CFI	0.985	>0.90 (Hu and Bentler, 1999)
RMR	0.022	< 0.08 (Hair et al., 2006)
RMSEA	0.071	< 0.08 (Hair et al., 2006)

The structural model, the quality of fit, was an adequate representation of the sample data (χ^2 (40)= 105.350, GFI (Goodness of Fit Index)=0.914; CFI (Comparative Fit Index)=0.985, RFI (Relative fit index)= 0.968 as well as NFI (Normed Fit Index) = 0.976, which are greater than the 0.90 criteria as

recommended by Hu and Bentler (1999) as well as Joreskog and Sorbom (1981). Likewise, RMR (Root Mean Square Residuals) =0.022 as well as RMSEA (Root Mean Square Error of Approximation) =0.071 are less than the 0.08 threshold value[20].

Figure 3: Structural Equation Model of association between Human Capital Management and Organizational Effectiveness
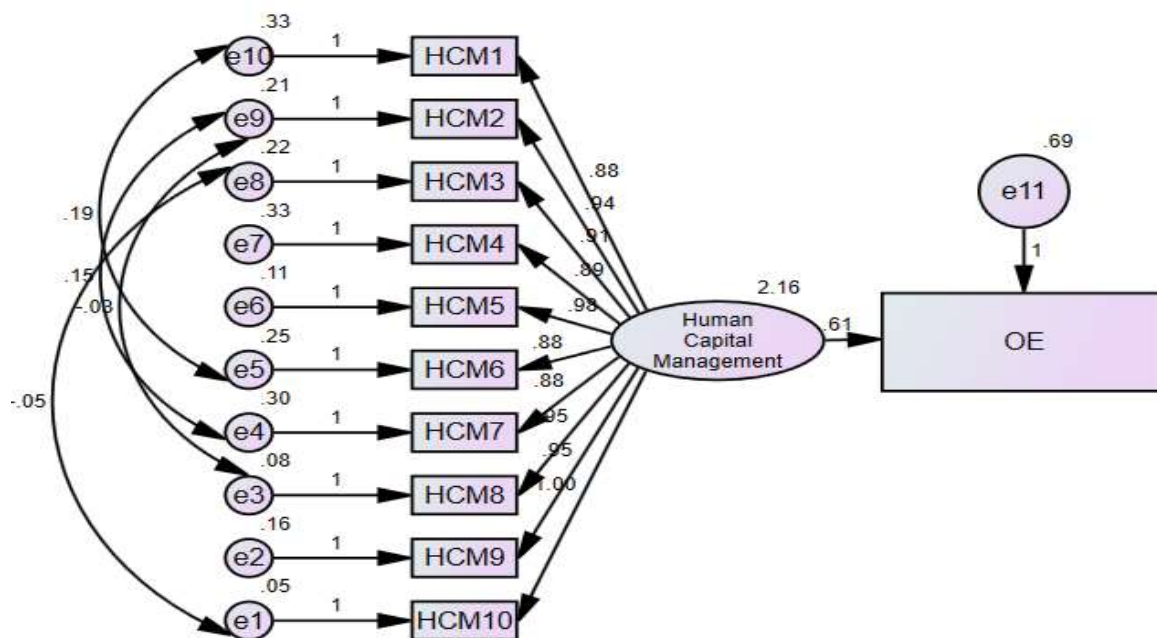

Table 7: Structural Equation Model of association between Human Capital Management and Organizational Effectiveness

			Unstandardized coefficient	S.E	Standardized coefficient	p-value
HCM10	<---	Human_Capital_Management	1		0.988	
HCM9	<---	Human_Capital_Management	0.946	0.022	0.961	<0.0001***
HCM8	<---	Human_Capital_Management	0.951	0.017	0.981	<0.0001***
HCM7	<---	Human_Capital_Management	0.879	0.028	0.920	<0.0001***
HCM6	<---	Human_Capital_Management	0.885	0.026	0.933	<0.0001***
HCM5	<---	Human_Capital_Management	0.982	0.019	0.975	<0.0001***
HCM4	<---	Human_Capital_Management	0.888	0.029	0.916	<0.0001***
HCM3	<---	Human_Capital_Management	0.912	0.029	0.944	<0.0001***
HCM2	<---	Human_Capital_Management	0.944	0.025	0.95	<0.0001***
HCM1	<---	Human_Capital_Management	0.882	0.03	0.914	<0.0001***
OE	<---	Human_Capital_Management	0.609	0.041	0.732	<0.0001***

*__***p<0.001, **p<0.01, *p<0.05__*

A Structural Equation The aforementioned 7 provide a model of connection between Human Capital Management and the efficiency of an organisation. All relevant paths, measurements, mistakes, and feedbacks may be tested using this approach and instantly included into the model. When the significance of the components has been established at the $p<0.05$ level, the fit indices demonstrate that the model is well-fit (Table 8). To test how well the suggested model fits the existing data, we used global fit (a collection of seven separate fit indices) and r as measures of goodness of fit. The correlation between Human Capital Management and Organizational Effectiveness seen in the previous table is statistically significant (=0.732, $p<0.01$). Thus, HRM is closely linked to a company's success.

Table 8: Model fit summary

Variable	Value	Suggested value
Chi-square value(χ^2)	106.100	
Degrees of freedom (df)	40	
P value	0.053	P-value >0.05 (Hair et al., 2006)
GFI	0.915	> 0.90 (Daire et al., 2008)
RFI	0.967	>0.90 (Hair et al., 2006)
NFI	0.976	>0.90 (Hair et al., 2006)
IFI	0.967	> 0.90 (Daire et al., 2008)
CFI	0.985	>0.90 (Hu and Bentler, 1999)
RMR	0.025	< 0.08 (Hair et al., 2006)
RMSEA	0.073	< 0.08 (Hair et al., 2006)

The structural model, the quality of fit, was an adequate representation of the sample data ($\chi 2$ (40)= 106.100, GFI (Goodness of Fit Index)=0.915; CFI (Comparative Fit Index)=0.985, RFI (Relative fit index)= 0.967 as well as NFI (Normed Fit Index) = 0.967, which are greater than the 0.90 criteria as recommended by Hu and Bentler (1999) as well as Joreskog and Sorbom (1981). Similarly, RMR = 0.025 and RMSEA = 0.073 are less than the 0.08 threshold value[20].

Hypothesis Summary Table

Path	Standard Coefficient	Standard Error	P value	Hypothesis	Remarks
Impact of Human Capital Management on Employee Satisfaction	0.831	0.034	0.000	H1	Supported
Impact of Human Capital Management on Organizational Effectiveness	0.732	0.041	0.000	H2	Supported

XI.   CONCLUSION

The study's overarching goal is to learn how human capital management influences business success and employee satisfaction. In this research, we analysed structural equation modelling in order to determine the influence of many factors, including human capital management, organisational efficiency, as well as employee happiness. Human Capital Management (HCM), Organizational Effectiveness (OE), and Employee Satisfaction (ES) have a significant positive link, as shown by the study's findings .The correlation between HCM as well as OE is significant and highly positive (r=0.738, $p<0.01$), while the correlation between HCM as well as ES is even stronger (r=0.836, $p<0.01$). The relationship between ES as well as OE is also significant and highly positive (r=0.687, $p<0.01$). These results indicate that HCM plays a significant role in both OE and ES. The results further suggest that an increase in HCM is associated with an increase in both OE and ES. This is supported by the significance values of HCM (β=0.831, $p<0.01$) in relation to ES as well as (β=0.732, $p<0.01$) in relation to OE. These values indicate that HCM is a strong predictor of both OE and ES. Therefore, it is reasonable to conclude that if HCM is increased, it will lead to an increase in both OE and ES.

XII. FINDINGS AND SUGGESTIONS

These findings are important for organizations as they demonstrate the importance of investing in HCM. Organizations can maximize their return on investment by investing in HCM initiatives such as recruiting the best talent, providing the best training and development, implementing effective performance management systems, and providing competitive compensation and benefits packages. These investments will not only result in higher levels of employee satisfaction, but also higher levels of organizational effectiveness.

Furthermore, the results of the study suggest that organizations should prioritize HCM initiatives. By doing so, organizations can ensure that their employees are satisfied and that the organization is achieving its goals. This study also highlights the importance of measuring and monitoring the impact of HCM initiatives on OE and ES. By doing so, organizations can ensure that their investments are having a positive effect on the organization. Overarchingly, we want to gain insight into how HRM affects organisational performance and worker contentment. By investing in HCM initiatives, organizations can ensure that their employees are satisfied and that the organization is achieving its goals. This study also highlights the importance of measuring and monitoring the impact of HCM initiatives on OE and ES so that organizations can ensure that their investments are having a positive effect on the organization.

XIII. REFERENCE

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