Recruitment and Appraisal System in Select Public and Private Sector Banks

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Abstract

The purpose of this research is to learn about human resource practises in the Indian banking industry. HR techniques in manufacturing, service, and small medium businesses have all been thoroughly researched. Only a few studies, however, have focused on the banking business. In Telangana State, four public sector banks and four private sector banks have agreed to collaborate on this study. The research's ultimate goal is to examine four major aspects (recruitment, performance appraisal, retention, and training) that influence the development of the banking industry in Telangana and India as a whole. The main goal is to conduct a comparison between public and private sector banks in the above-mentioned areas. First, we looked at various facets of these essential categories. Second, the researcher did a comparative analysis on each of the main categories, focusing on the bank's HR Policy implementation.

Keywords: HR Practices, Recruitment Policy, Appraisal System, innovative HRM.

Introduction

Human Resource Development has been increasingly important in recent years. Whether it is a commercial organisation, a bank, or an office, human resource development is required for efficient and effective operation. When a rising economy strives to achieve higher standards of living, it cannot afford to ignore the need to develop its human resources in order to address the larger and new difficulties of improving the quality of life for the majority.

Human resource management is the foundation of any business, and the banking industry is no exception. As a service industry, banking is essentially dominated by people, or consumers. The success of the banking industry is largely dependent on the banks' effective and efficient human resources. The conduct and hospitality of banking staff can improve service quality and client satisfaction. In terms of human resource management strategies, this industry has undergone a significant transformation during

the last three decades. Furthermore, the HR department's prominence in this industry has grown over time. Employee recruiting, training, and retention are thought to be the most difficult tasks of our day. Many studies have been conducted on various elements of human resource management in the banking business, particularly in the Indian context.

Literature Review

Haid (2008) in one of his studies in India explored four key drivers of retention. These are the HR practices named: performance management, professional development practices, manager support, social responsibility leading to the employee attitudes and beliefs which in turn drive the retention. A model was developed for the same in this study. These HR practices were suggested to be implemented in the Indian organizations to increase the employee engagement and retention, resulting in boosting their competitiveness in the growing Indian market, enabling them to address changing market conditions quickly and nurturing a pool of talent that will give them the capabilities they need in the future.

Bharathi (2009) explained the value of HR functions in business and its impact on higher productivity, enhanced quality, better customer service, good industrial relations and lower cost which influence the profitability of an organisation. Effective HR practices could play important role in achieving all the above said factors.

Chakraborty (2009) explained as to why the managers should be proactive. According to him, —Every organisation, department, team has different people and these people have to be understood, handled and dealt properly. In case you do not act proactively with such people, it would end up destroying the work culture and vitiate the whole work environment.

Compton (2009) in his study mentioned that Human Resource Strategies must include recruitment and selection, education and development, performance management, succession planning, remuneration and finally retention of key players. He pointed out, that the previous approaches to Human Resource Management were largely incoherent with no real linking to strategic planning. Human Resource Management Models need to have clear link with the external environment, external customers, and suppliers. The internal strategic planning processes required to be developed so that it adds value to the organizations.

Nalband (2010) enquired into the HRM practices in the refrigeration industry and air conditioning industry and analyzed the outcomes of human resource management. The study covered areas of human resource management/development including performance appraisal, training, career planning and development. It was concluded in this study that to retain the employees, good HRM/HRD practices needed to be implemented.

Objectives of the Study

1. To study the recruitment policy in public and private sector banks in India.
2. To study the appraisal system in public and private sector banks in India.

Hypotheses of the Study

1. H1: there is no significant difference in recruitment policy between private and public sector banks
2. H2: there is no significant difference in appraisal system between private and public sector banks.

Research Methodology

A systematic approach to solving a research problem is known as research methodology. It outlines the numerous procedures that a researcher would take to investigate a problem, as well as the logic behind them.

Data Collection: For the present research work data have been collected both from the primary and secondary sources.

Primary Data: Primary data is a data that is gathered for a specific research in response to a particular problem through questionnaire. Primary data was derived from responses of participants in the research.

Limitations of the Study

The current study was conducted using information gathered from respondents (Bank employees). It's possible that the respondents' opinions are skewed. As a result, one of the study's shortcomings is the conclusion reached based on such data. Another limitation of the study in terms of geographical coverage is the choice of two districts in which the current investigation was conducted. The study's statistical methods and techniques have their own set of limitations. The study's additional constraints are the study's resource and time limits.

Sampling Population

the researcher restricted the study to four public sector and four private sector banks. the researcher conducted study in the two districts Nizamabad and Kamareddy. Further, it is a survey based research work, selecting only two districts. However, it allows the future researcher to extend the research work by covering more districts. Apart from this, time and resources are also the other constraints for which only two districts are chosen for the study. The following table depicts the details of banks included in the survey.

Banks Selected as Sample Units

Sl.No.	Public Sector Banks	No. Of Respondents	Private Sector Banks	No. Of Respondents
1	State Bank of India	25	HDFC Bank	25
2	Bank of Baroda	25	ICICI Bank	25
3	Canara Bank	25	Axis Bank	25
4	Union Bank of India	25	Kotak Mahindra Bank	25
	Total	100	Total	100

Source: Collected from Bank records

Analysis and Findings

Descriptive Statistics and ANOVA Results for Recruitment Policy in Public and Private Sector Banks

Banks	Mean	Std. Deviation
State Bank of India	3.4708	.52353
Bank of Baroda	3.4433	.57642
Canara Bank	3.5587	.52344
Union Bank of India	3.4740	.52209
HDFC Bank	3.5265	.51953
ICICI Bank	3.5840	.59087
Axis Bank	3.4354*	.45123
Kotak Mahindra Bank	3.6771**	.51900
Total	*3.5203*	*.53125*

Source: Primary source of data

ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.353	27	.336	1.195	.000
Within Groups	110.819	173	.281		
Total	113.172	200			

Source: Primary source of data

Above tables explains the descriptive statistical and ANOVA test results of the surveyed banks for Recruitment Policy in selected Banks. This table shows that although all the eight banks are implementing the innovative recruitment practices to more than moderate extent but less than high extent, yet, the Kotak Mahindra Bank is implementing these practices at the highest level with a mean score of 3.6771 when compared among all the eight banks. However, the lowest scoring bank is the Axis Bank whose mean score is 3.4354. There is a difference among all the eight banks in the implementation of these innovations but to check whether these results are significant or not, ANOVA test has been applied. These results depict that there exist *no significant difference between the implementation of innovative recruitment practices* as p-value is significant. P value is less than 0.05 this shows that rejected the null hypothesis and implies that all the banks are using these practices but there is difference in recruitment policies.

Descriptive Statistics and ANOVA Results for Appraisal System in Public and Private Sector Banks

Banks	Mean	Std. Deviation
State Bank of India	3.6336	.60366
Bank of Baroda	3.3814	.74102
Canara Bank	3.4615	.79614
Union Bank of India	3.3067*	.52716
HDFC Bank	3.6905	.52347
ICICI Bank	3.5917	.63314
Axis Bank	3.5174	.50205
Kotak Mahindra Bank	3.8299**	.59498
Total	*3.5493*	*.64002*

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups Within Groups	10.080	7	1.440	3.680	**.001**

Total	154.177	394	.391		
	164.258	401			

Source: Primary source of data

Above table shows that the mean scores and standard deviations of all the surveyed banks for implementing the Appraisal System. As per the results of this table, Kotak Mahindra Bank is implementing the Appraisal System to an extent of 3.8299 which is the *highest* score among all eight banks. Union Bank of India is the lowest in the race with a mean score of 3.3067. There is variation in the level of implementation of these practices among all the public and private sector banks. Despite the above results, it can't be said that there lies a significant difference among all the surveyed banks in implementing Appraisal System until and unless it is statistically proved by applying ANOVA. The results of the ANOVA show that the p-value is less than 0.05. This leads to the acceptance of alternate hypothesis, i.e. there is a significant difference in the level of implementation of Appraisal system in all the eight banks. This may be because of the reason that the all banks are not paying similar attention to the innovations in the appraisal criteria of their employees. Traditional methods are still being used in some banks; which has been confirmed in the earlier results of public private sector comparison of these practices.

Conclusion

The evidence presented in this study suggests that, in the field of creative HRM, public and private sector organisational policies and practises differ in many key ways. Private-sector banks have been shown to be much ahead of public-sector banks in terms of implementing these practises. The banking sector, particularly in growing nations like India, is suffering a lot of harsh competition, talent shortages, and skill shortages in today's competitive globe. All of this has led banks to believe that internal customers are just as important as external customers, and as a result, each bank is attempting to devise innovative HR practises in order to attract the best talent and provide them with a pleasant working environment, allowing the banks to retain talent. Training, getting the proper personnel, retaining/developing the people, motivational activities, and performance appraisal are some of the primary problems faced by bank HR management.

The most essential challenge for Indian banks is to make the most use of their existing human resources and compete on the basis of new HRM practises. In the race to adopt this, public sector banks are falling behind. The public sector banks contribute significantly to the country's GDP. As a result, they must place a greater emphasis on such innovations so that employees may focus on their work rather than their HR difficulties. In comparison to public sector banks, private sector banks have been proven to be more innovative in their performance management procedures. Public sector banks must employ innovative performance management approaches at a higher level to boost HR performance.

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