



HR PRACTICES IN STATE BANK OF INDIA

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ABSTRACT

Indian banking industry is functioning under the challenges thrown in by market economy. To survive in the highly competitive scenario, managers are being pressurised to improve quality, increase productivity, cut down cost and eliminate inefficiency. The collective efforts of the employer and the employees assume relevance in this context. And this is where HR practices can play a crucial role. The success of the Banks depends not only on the satisfaction of their customers but also the satisfaction level of the employees working in the banks. The level of satisfaction of the bank employees can be ensured and enhanced by effective HR-practices adopted by the Banks. In this regard, the author has made an attempt to verify the HR-practices of one among the Public Sector Banks situated in Nagappattinam District of Tamil Nadu. The results of the study have been discussed in this paper.

Key Words : Banks, HR-Practices, Public Sector, SBI.

INTRODUCTION

Indian banking is the lifeline of the nation and its people. Banking has helped in developing the vital sectors of the economy and usher in a new dawn of progress on the Indian horizon. The sector has translated the hopes and aspirations of millions of people into reality. Today, Indian banks can confidently compete with modern banks of the world. Before 20th century, usury, or lending money at a high rate of interest, was widely prevalent in rural India. Entry of Joint stock banks and development of Cooperative movement have taken over a good deal of business from the hands of the Indian money lenders, who although still exist, have lost their menacing teeth. In the Indian Banking System, Public Sector banks exist side by side with Private Sector banks and play a supplementary role in providing need based finance, especially for agricultural and agriculture –based operations including farming, cattle, milk, hatchery, personal finance etc. along with some small industries and self employment driven activities.

The success of the Banks depends not only on the satisfaction of their customers but also the satisfaction level of the employees working in the banks. The level of satisfaction of the bank employees can be ensured and enhanced by effective HR-practices adopted by the Banks. In this connection, the author has made an attempt to verify the HR-practices of one among the Public Sector Banks situated in Nagappattinam District of Tamil Nadu. The results of the study have been discussed in this article.

BRIEF HISTORY OF SBI

The evolution of State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the Bank of Calcutta in Calcutta, on 2 June 1806. The bank was redesigned as the Bank of Bengal, three years later, on 2 January 1809. It was the first ever joint-stock bank of the British India, established under the sponsorship of the Government of Bengal. Subsequently, the Bank of Bombay (established on 15 April 1840) and the Bank of Madras (established on 1 July 1843) followed the Bank of Bengal. These three banks dominated the modern banking scenario in India, until when they were amalgamated to form the Imperial Bank of India on 27th January 1921.

The State Bank of India emerged as a pacesetter, with its operations carried out by the 480 offices comprising branches, sub offices and three Local Head Offices, inherited from the Imperial Bank. Instead of serving as mere repositories of the community's savings and lending to creditworthy parties, the State Bank of India catered to the needs of the customers, by banking purposefully. The bank served the heterogeneous financial needs of the planned economic development.

The bank boasts of having as many as 14 local head offices and 57 Zonal Offices, located at major cities throughout India. It is recorded that SBI has about 10000 branches, well networked to cater to its customers throughout India.

The State Bank Group includes a network of eight banking subsidiaries and several non-banking subsidiaries. Through the establishments, it offers various services including merchant banking services, fund management, factoring services, primary dealership in government securities, credit cards and insurance.

REVIEW OF LITERATURE

D.V. Ramana Murthy(2009) has discussed in this article on “Knowledge Management Systems: Issues, Challenges and Benefits, Knowledge Management Systems” the significance of human factor and trade unions in the banks. **S.R.Varde(2010)** in his paper on “Human Resource Management practices in the Banking Industry” at the level of an Indian commercial bank dealt with the aspects like basic structure of manpower planning, linkage of manpower plan to other plans, interrelationship of various manpower functions, objectives of manpower planning in Indian commercial banks, anatomy of manpower plans and techniques of manpower planning. N.R. Seth discussed growth, functioning and progress of trade unions in Indian banks.

P. Subba Rao(2004) have discussed the role of counselling, performance counselling and action planning in his paper on “Changing Profile of Banking Impact on HRM policies and Process”, **T.V. Rao**, in his book on “Human Resource Management: need for a pragmatic approach, Indian Banking – Managing Transformation” explained HRD instruments, processes and outcomes, HRD Departments and their tasks, structuring the HRD function, qualities, and competence requirement of HRD managers, developing HRD managers, traps and temptations of HRD managers and HRD instruments”.

Baladev R. Sharma(2011) in his study “A study of Human Resource Management in Indian Banking Industry”, studied managerial beliefs, work technology and organizational climate. **P. Amsa(2014)** in her paper “Human Resource Development in Indian Public Sector Banks” studied HRD related areas in brief in addition to various issues related to human resource management. **T.P. Raman(2015)** in his paper on “Structural changes in banks”: HRM policies

and procedures” explained the practice of HRD and various techniques of HRD in State Bank of India. His paper is mostly based on his work experience in the bank rather than a study.

R. K. Agarwal (2013) in his paper on “The challenges in HR and IT Indian Banking–Managing Transformation” explained the objective and structure of HRD department, HRD climate and various techniques of HRD in the Bank. Management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage. Thus, unlike the traditional peripheral function of many personnel managers, the newer style of human resource managers attempts to: ‘ relate personnel practices to beliefs, to link each and every process of the recruitment, induction, training, appraisal rewarding of individuals to an overall set of articulated beliefs of organization’.

HR-PRACTICES IN INDIAN BANKS

In the booming and blooming Indian economy all the industries are doing well in the market and Indian banks are also performing well comparatively. In the booming economy and the continuing expansion most of the banks facing challenges to perform well and it clearly brought out by the fact that, contrary to public perception, it is not just the new private sector banks that are doing well. There are few public sector banks are also doing well and got the place in top 10 best performing Indian banks. And it’s worth mentioning that these public sector banks have performed so admirably in spite of the fact that they operate with many handicaps, such as strong unions and the inability to offer market salaries and incentives and burdened with huge workforce. The secret of success of any company simply depends on how they treat employees and keep them satisfied. For that they have design their human resource process like recruitment, selection, training and development, performance appraisal and other based on employee perspective in order to benefit them.

In India the banking industry becoming more competitive than ever, private and public sector banking are competing each other to perform well. The executives of the bank are now in the position to modify their traditional human resources practice in to innovative human resource practices in order to meet the challenges from other competitive banks. Effective human resource practices relate to Bank’s performance by contributing to employee and customer satisfaction, innovation, productivity and development of a favourable climate in the Banks.

In order to verify HR practices adopted by the chosen public sector bank in Nagappattinam District, the following functions have been chosen by the author as attributes of HR-practices.

- Recruitment and selection
- Training and development
- Performance appraisal
- Career development
- Motivation
- Compensation management
- Grievance Handling.

OBJECTIVES

The success of banks would depends upon the satisfaction of their customers and the efficiency of their employees. The success of the Banks operations could be enhanced by providing prompt services to the customers. On the other hand, the banks should ensure that the service providers (employees) in their banks are satisfied. Unless the employees of the banks are satisfied they can not make the customer of their Banks realize satisfaction. Therefore, every bank should design a well effective and sound HR – Practices system to keep the workforce

satisfied to provide a satisfactory services to their customers. By keeping above in mind the below stated objectives have been framed for this research.

- To explore the HR practices in Public Sector Banks of Nagappattinam District.
- To find out the satisfaction level of bank officers on HR practices of their banks.
- To measure the relationship between the demographic characteristics of bank officers and their level of satisfaction on HR practices.
- To offer suitable suggestions to increase the level of satisfaction of the Bank officers if needs.

Variables chosen for the study

- Demographic variables of Bank **Employees** (Age, Gender, Designation and Work Experience)
- HRM functions (Recruitment and Selection, Training and Development, Performance Appraisal, Career Development, Motivation, Compensation Management and Grievance Handling).

Hypotheses of the study

- ✓ Gender of the State Bank of India officers does not influence their satisfaction level on HR-practices.
- ✓ There is no significant relationship between the age of the State Bank of India officers and their satisfaction level on HR-practices.
- ✓ Designation of the State Bank of India officers does not have any influence on the satisfaction level on HR-practices.
- ✓ The satisfaction level of the State Bank of India officers on HR-practices does not differ with respect to their work experience.

SAMPLE

State Bank of India among the public Sector Banks operate in Nagappattinam District has been chosen for the study. In Nagappattinam District 57 State Banks are functioning. 171 officers (Drawn 3 officers per Bank) of different age group, different gender, different designation and different length of work experience have been chosen as respondents for this study (**Table-I**) by using simple random sampling technique.

DATA COLLECTION TOOL

Required data have been collected from the chosen respondents by using well structured schedule. The schedule contains the items related to the demographic variables of the employees and the major attributes of HR-practices namely recruitment and selection, training and development, performance appraisal, career development, motivation, compensation management and grievance handling.

STATISTICAL TOOLS USED

- Percentage Analysis
- One-Way ANOVA
- 't' test

ANALYSIS AND INTERPRETATIONS

It is found from the analysis of the data collected from the chosen officers of State Bank of India that all SBIs functioning in Nagappattinam district follow HR-practices. However, the efficiency and the performance of the HR-practices differ among banks. Further the satisfaction level of the chosen employees for the study differs on the HR-practices adopted by the State Bank of India. To find the answer in order to accomplish the research objective “To measure the relationship between the demographic characteristics of bank officers and the level of their satisfaction on the HR practices”, the hypotheses framed for the study have been tested by using the statistical tools ‘t’ test and One-Way ANOVA. The summarized results of these tests are illustrated in **Tables II and III** and the same is discussed here.

Hypothesis – I

H₀: Gender of the State bank of India officers does not influence their satisfaction level on HR-practices.

The **Table II** indicates that the calculated p value (0. 57) for the variables Gender and HR practices in State Bank of India is found to be greater than 0.05 at 5% level of significance. Since the calculated p value for the variables Gender and HR practices is greater than 0.05, the null hypothesis H₀ is accepted. Hence, it can be concluded that Gender of the State Bank of India officers does not influence their satisfaction level on the HR practices followed in their banks.

Hypothesis – II

H₀: There is no significant relationship between the age of the State Bank of India officers and their satisfaction level on HR- practices.

It is known from the **Table III** that the calculated ‘p’ value for the variables ‘Age’ and HR-practices is 0.63 which is greater than the value 0.05. So, it is needless to say that H₀ is accepted. Results of the One-Way ANOVA reveal that there is no significant difference among the State Bank of India officers of different age group towards their satisfaction on HR practices adopted by their Banks.

Hypothesis – III

H₀: Designation of the State Bank of India officers does not have any influence on the satisfaction level on HR-practices.

It is inferred from the **Table-III** that the ‘p’ value (0.49) calculated for the variables Designation and “HR practices is greater than 0.05. Since the calculated ‘p’ value (0.49) is greater than 0.05 at 5% level of significance, the null hypothesis H₀ is accepted. Hence, it is implied that the designation of the State Bank of India officers does not influence their level of satisfaction level on HR practices followed in their banks.

Hypothesis – IV

H₀: The satisfaction level of the State Bank of India officers on HR-practices does not differ with respect to their work experience.

It is clear from the data presented in the **Table-III** that the calculated ‘p’ value (0.42), for the variables “Work Experience and HR practices” is greater than 0.05 at 5% level of

significance. Since, the “p” value is greater than 0.05, the H_0 is accepted for the variables work experience and HR practices. Hence, it could be concluded that the work experience of the State Bank of India officers does not influence their level of satisfaction on the HR practices adopted in their banks.

FINDINGS AND SUGGESTIONS

Data collected from the various cadres of bank officers were converted as percentage and mean scores. The careful analysis of the percentage and mean scores reveals interesting findings such as:

- Both male and female bank officers expressed almost the same level of satisfaction on “HR practices” followed in their respective Banks.
- The older and younger bank officers fall in line with their level of satisfaction on “HR Practices” and middle aged bank officers expressed slightly low level of satisfaction on “HR practices” than their younger and older colleagues / counterparts.
- Among the bank officers, the Assistant Managers expressed slightly low level of satisfaction over “HR practices” than their superiors, namely Branch Managers and Senior Managers.
- The satisfaction level on “HR practices” of their banks expressed by highly experienced officers is found to be at higher level and at the same time the State Bank of India officers belong to low and medium experienced categories expressed almost same level of satisfaction toward the “HR practices” followed in their Banks.

SUGGESTIONS

The outcome of the research study offers certain valid suggestions to the policy makers of the bank, SBI such as: The banks should review their performance appraisal system by conducting an opinion survey among their officers. The chosen bank officers expressed concern over Compensation Management and Grievance Handling procedures. Therefore, the administrators of State Bank of India should look into the matter pertinent to compensation and grievance handling mechanism and redress their grievances on compensation. The existing HR practices of the chosen bank, the State Bank of India should be strengthened by incorporating the justifiable views of middle aged bank officers, the officers in the cadre of Assistant Managers level and low and medium experienced officers.

CONCLUSION

The research study “HR PRACTICES IN STATE BANK OF INDIA” carried out in State Bank of India situated in Nagappattinam District discloses various facts, such as the chosen Banks (N=57) in Nagappattinam District follow HR-practices. However, the efficiency and the performance of HR-practices differ among banks. Though the bank officers insignificantly differ themselves in the level of satisfaction on HR practices on different functional areas of HRM of their banks, yet all are satisfied over the HR practices. Further the demographic characteristics Gender, Age, Designation and Work Experience do not influence the level of satisfaction of the State Bank of India officers on the HR practices followed by the SBIs situated in Nagappattinam District of Tamil Nadu.

ANNEXURE

Table – I: Demographic Characteristics of SBI Officers

Characteristics	N	%*
Gender		
Male	143	84
Female	28	16
Age		
Below 30 yrs	23	13
31-50 yrs	107	63
Above 50 yrs	41	24
Designation		
Assistant Manager	123	72
Branch Manager	26	15
Senior Manager	22	13
Experience		
Below 10 yrs	20	12
11-25 yrs	117	68
Above 25 yrs	34	20

* Expressed in rounded off percentage.

Table – II: Results of ‘t’-test for Gender and HR practices

HR practices	Gender				‘t’ Value	‘p’ Value
	Male		Female			
	Mean	SD	Mean	SD		
	67.69	8.81	70.64	10.90		

Table – III Results of One-Way ANOVA for Demographic Characteristics and HR practices

HR practices	Age Group					Designation					Work Experience				
	Below 30yrs	31-50 yrs	Above 50 yrs	‘F’ value	‘p’ value	Assistant Manager	Branch Manager	Senior Manager	‘F’ value	‘p’ value	Below 10 yrs	11-25 yrs	Above 25 yrs	‘F’ value	‘p’ value
	69.52	73.38	65.18	0.72	0.63	69.30	74.29	78.35	0.41	0.49	66.96	73.82	76.85	0.63	0.42

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