



## HUMAN RESOURCE DEVELOPMENT PRACTICES OF PUBLIC SECTOR BANKS - AN EMPIRICAL STUDY

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### ABSTRACT

*Human resources are the most important and valuable resource available to every organization in the form of its employees. No organization can think of sustainability and efficiency without the efficient use of human resources, which is a very difficult task in the current era of technological advancement, knowledge explosion, social change and increased government intervention in business and industry. The key to successful management in the banking industry lies in the efficient use of the human resources they hire from time to time. The development of human capital is therefore the most important challenge that banks and the human resource management systems of banks must prepare to face this task. In this context, an attempt was made to study employee perceptions of the human resource development practices of select public sector banks in Puducherry. This study is empirical in nature and relies on a survey method. An essential part of the study, primary data was collected from 328 bank employees using a questionnaire. The questionnaire was constructed using the Likert Scaling technique. Secondary data was collected primarily from journals, reports and books. To ensure a positive outcome, it is important to pay attention to the factors identified in the suggested framework for the human resource development.*

**Key words:** HRD climate, employee development, organisational climate, human resource management, etc.

### INTRODUCTION

Human resources are the most important and valuable resource available to every organization in the form of its employees. No organization can think of sustainability and efficiency without the efficient use of human resources, which is a very difficult task in the current era of technological advancement, knowledge explosion, social change and increased government intervention in business and industry. The optimal use of natural resources and the inputs of capital and technology factors depend on the extent of the use of human resources. Human resource management is an important measure of the use of human resources to achieve organizational goals which include profit realization, survival and growth. It is a known fact that every country strives to ensure its steady and rapid economic development. Although factors such as the exploration of natural resources, the availability of physical and financial resources, and international assistance contribute to a country's economic development, none of these factors is more important than the workforce. In fact, it can be said that all development comes from the human mind. Human resources shape the organization from A to Z until the peak of success. It is important to note that the "most important resource of the organization is the human resource". The role of human resources in any organization is essential in the sense that different people have different perceptions and expectations and all need to be properly managed and developed from the perspective of the organization's success. Dynamic people can create dynamic

organizations. Effective employees can contribute to the effectiveness of the organization. Competent and motivated people can make a difference and enable an organization to achieve its goal. Therefore, organizations must constantly ensure that the dynamism, competence, motivation and efficiency of the employees remain at a high level. Human resource development is therefore an ongoing process to ensure the development of employees in a systematic and planned manner. It's an unfortunate sign that there is a link between human resources and business performance. No organization can grow and survive in today's environment without the growth and development of its people. The development of human resources, the improvement of their skills and the extension of their knowledge and skills would lead to organizational development. The efficiency with which various types of human resources are coordinated and utilized is responsible for its success. Therefore, human resource development is the key to improving and utilizing intellectual, technological and entrepreneurial skills.

### STATEMENT OF THE PROBLEM

The banking sector which underwent structural transformation after nationalization can only meet its obligations if its employees are completely reoriented in terms of new attitudes and skills. Given its growing role in the national economy and the enormous public funds made available to banks, the banking sector urgently needs to adapt to its functioning. Over the past two decades, public sector banks in India have witnessed a transition from traditional banking to modern technology-driven banking. Exposure to competition has prompted these banks to

reorganize and restructure their processes, systems and product line. Human resources are the key input and therefore more attention needs to be paid to the development of human resources so that the banking system can successfully meet emerging challenges. The key to successful management in the banking industry lies in the efficient use of the human resources they hire from time to time. The development of human capital is therefore the most important challenge that banks and the human resource management systems of banks must prepare to face this task. In this context, an attempt was made to study employee perceptions of the human resource development practices of select public sector banks in Puducherry.

**OBJECTIVES OF THE STUDY**

The objectives of this study are as follows:

1. To examine the human resource development practices of select public sector banks in Puducherry.
2. To study the level of employee satisfaction with the human resource development practices of select public sector banks in Puducherry.
3. To suggest measures to improve the human resource development of select public sector banks in Puducherry based on the findings of the study.

**HYPOTHESIS TESTING**

In order to examine employee perceptions of the human resource development practices of select public sector banks in Puducherry, the following null hypothesis was formulated and tested:  $H_{01}$ : There is no significant relationship between the levels of satisfaction of respondents from different demographic profiles with the human resource development practices of select public sector banks.

**SAMPLING DESIGN**

In order to collect primary data for the study, a multistage sampling technique was adopted. In the first stage, 6 public sector banks, which are more numerous in branches, were selected from 22 public sector banks. In the second step, adopting simple random sampling, 50 per cent of branches, or 41 branches, were selected out of the 6 selected public sector banks. At the last stage, in each of the branches, 4 clerical staff, 3 officers and one manager were selected on a purposive basis. Therefore, the sample size consists of 164 clerical staff, 123 officers and 41 managers. The following table shows the sample distribution of the present study.

**Table 1**  
**Sampling Distribution**

Name of the Bank	No. of Branches	Samples			
		No. of Branches	Clerical Staff	Officers	Managers
Indian Bank	25	13	52	39	13
State Bank of India	23	12	48	36	12
Indian Overseas Bank	15	08	32	24	08
Canara Bank	6	03	12	09	03
UCO Bank	6	03	12	09	03
Central Bank of India	3	02	08	06	02
Total	78	41	164	123	41

**Tools for Data Collection**

This study is empirical in nature and relies on a survey method. First-hand information for the study was gathered from selected branches of banks. An essential part of the study, primary data was collected from 328 bank employees using a questionnaire. A pilot study was carried out with 25 employees. Based on the experience gained from the pilot study, few changes were incorporated into the revised questionnaire. Each question has been enhanced in its relevance and meaning through constant interaction with experts in the fields. The questionnaire was constructed

using the Likert Scaling technique. Secondary data was collected primarily from journals, reports and books. The data thus collected was entered into a master table and tabulated to arrive at useful conclusions. In order to know the employees' perception towards the human resource development practices of the select public sector banks, analysis of variance, student t-test, multiple discriminant function analysis, coefficient of variation, and multiple regression analysis were used. To arrive at possible solutions, comprehensive, descriptive and percentage analyzes were also used in this study.

Analysis and Interpretations

**Table 2**  
**Demographic Profile of Respondents**

Demographic Profile		No. of Respondents	Percentage
Gender	Male	261	79.57
	Female	67	20.43
Age (years)	Upto 35	54	16.46
	36-45	84	25.61
	46-55	142	43.29
	Above 55	48	14.63
Educational status	Upto H.Sc	23	07.01
	Degree	103	31.40
	P.G and above	202	61.59
Monthly salary (Rs.)	Below 30000	25	07.62
	30001-40000	82	25.00
	40001-50000	151	46.04
	Above 50000	70	21.34
Length of service (years)	Upto 10	38	11.59
	11-15	83	25.30
	16-20	143	43.60
	Above 20	64	19.51
Cadre	Clerical staff	164	50.00
	Officer	123	37.50
	Manager	41	12.50
Bank belongs to	Indian Bank	104	31.71
	State Bank of India	96	29.27
	Indian Overseas Bank	64	19.51
	Canara Bank	24	07.32
	UCO Bank	24	07.32
	Central Bank of India	16	04.88
Marital status	Married	272	82.93
	Unmarried	56	17.07

Source: Primary Data.

Of 328 respondents, 79.57 per cent are male and 20.43 per cent are female. The predominant age range of respondents (43.29 per cent) in select public sector banks is 46-55 years. A good majority of the remaining respondents are dispersed in the 36-45 age groups. 16.46 per cent and 14.63 per cent of respondents are dispersed in the age group up to 35 years and over 55 years respectively. The predominant literacy group (61.59 per cent) of respondents has a PG and a higher qualification. 31.40 per cent of respondents have a degree and 7.01 per cent of respondents have studied up to H.Sc. The majority of respondents (46.04%) earn a monthly salary in the range of Rs. 40001-50000, and 25% of respondents draw Rs. 30001-40000 as their monthly salary. 7.62% and 21.34% of those surveyed

receive a monthly salary of up to Rs.30000 and above Rs.50000 respectively. Additionally, 11.59 per cent of respondents have up to 10 years of service. 25.30 per cent and 43.60 per cent of respondents have 11-15 years of service and 16-20 years of service, respectively. 19.51 per cent of respondents have more than 20 years of service. Out of 328 respondents, 12.50 are managers, 37.50% are officers and 50% of the respondents are clerical staff. With regard to banks, 31.71% of those surveyed work in the Indian Bank, 29.27% in the State Bank of India and 19.51% in the Indian Overseas Bank. 7.32%, 7.32% and 4.88% of the respondents work respectively at Canara Bank, UCO Bank and Central Bank of India. 82.93 per cent of respondents are married and 17.07 percent are not married.

**Table 3**  
**Comparison of Male and Female Employee Satisfaction with HRD Practices**

Calculated Vale	Table Value	DF	Result
0.247	1.965	326	Not significant

Source: Primary Data.

At the 5% significance level, the calculated t-value for gender is (0.247) smaller than the table value (1.965). As a result, there is no significant difference in the satisfaction levels of male and female employees with human resource development

practices.

**Table 4**  
**Relationship between Employee Demographics and Satisfaction with HRD Practices: F Test**

	Source of Variation	Sum of Squares	DF	Mean Square	F	Table Value	Result
Age	Between groups	928.938	3	309.646	1.482	2.632	Not significant
	Within groups	67686.962	324	208.910			
	Total	68615.899	327				
Education	Between groups	811.394	2	405.697	1.945	3.024	Not significant
	Within groups	67804.505	325	208.629			
	Total	68615.899	327				
Monthly salary	Between groups	469.954	3	156.651	0.745	2.632	Not significant
	Within groups	68145.945	324	210.327			
	Total	68615.899	327				
Cadre	Between groups	34726.981	2	17363.490	166.519	4.671	Significant
	Within groups	33888.919	325	104.274			
	Total	68615.899	327				
Length of experience	Between groups	561.261	3	187.087	0.891	2.632	Not significant
	Within groups	68054.639	324	210.045			
	Total	68615.899	327				
Bank belongs to	Between groups	375.589	5	75.118	0.354	2.242	Not significant
	Within groups	68240.310	322	211.926			
	Total	68615.899	327				

Source: Primary Data.

At the 5% significance level, the calculated F-value for age is (1.482) smaller than the table value (2.632). Therefore, there is no significant relationship between employees of various ages and satisfaction with human resource development practices. At the 5% significance level, the calculated F-value for education is (1.945) less than the table value (3.024). Therefore, there is no significant relationship between education and satisfaction with human resource development practices. At the 5% significance level, the calculated F-value is (0.745) smaller than the table value (3.065) in the case of monthly salary. Therefore, there is no significant relationship between employees of various monthly salary groups and satisfaction with human resource development practices. At the significance level of 1%, the calculated F value is (166.519)

greater than the value in the table (4.671). Therefore, there is a significant relationship between employees with varying cadres and satisfaction with human resource development practices. At the 5% threshold, the calculated F value (0.891) is less than the value in the table (2.632) in the case of the length of experience. Therefore, there is no significant relationship between employees of different experience groups and satisfaction with human resource development practices. At a significance level of 5%, the calculated F-value (0.354) is less than the table value (2.242) in the case of the bank to which belongs. Therefore, there is no significant relationship between satisfaction with human resource development practices and employees of various banks.

**Table 5**  
**Effect of Personal Variables on Respondents' Satisfaction with Human Resource Development Practices**

Personal Variables	B	Std. Error	t	Result
(Constant)	336.731	4.313	-	-
Gender	1.639	1.403	1.619	Ns
Age	-1.080	0.604	-1.787	Ns

Educational status	-0.921	0.912	-1.010	Ns
Monthly salary	0.114	0.657	0.173	Ns
Cadre	14.698	0.810	18.142	**
Length of service	-1.054	0.617	-1.708	Ns

Source: Primary Data

Ns: Not significant \*\* Significant at 1% level of significance

**Multiple Correlation Coefficients between Personal Variables and Satisfaction with HRD Practices**

R	R Square	F	Result
0.720	0.519	57.749	Significant

We deduce that there was a moderate correlation (0.720) between the respondents' overall satisfaction score with regard to human resource development practices and the personal variables selected. Square R indicates that 51.90 per cent of the variation in HRD practices is explained by all personal variables taken together in public sector banks. The value F indicates that the multiple correlation coefficients are significant at the 1% level. In addition, the gender, age, education, monthly salary and experience of employees do not have a significant effect on the human resource development practices of public sector banks. Cadre of employees has a significant effect on human resource development practices at a significance level of 1%.

**FINDINGS**

1. There is no significant relationship between the satisfaction levels of respondents belonging to different genders, age groups, educational status groups, salary groups, length of service and bank to which they belong to with respect to human resource development practices. A significant relationship is found between the satisfaction levels of respondents belonging to different cadres with human resource development practices.
2. Male respondents, respondents in the 36-45 age groups, respondents who studied up to H.Sc, respondents earning a monthly salary of up to Rs.30000, officers, respondents with experience up to 10 years and Central Bank of India employees are more satisfied with human resource development practices.
3. There is consistency in the level of satisfaction of female respondents, respondents aged up to 35, respondents who have studied up to H.Sc, respondents earning a salary up to Rs. 30000, officers, respondents with more than 20 years of experience and Central Bank of India employees towards human resource development practices.
4. The applied MDA technique resulted in two discriminating functions, of which factors such as strengthening the HRD climate, human resource research, networking and directing HRD efforts towards goals and strategies contributed to the first function (reinforcement) and the factors, monitoring the implementation of the HRD, creating motivation for development and inspiring unions and associations contributed to the second discriminating function

(continuous transformation). The effectiveness of these functions was tested using a classification matrix that correctly predicted 72.90% of cases. MDA results further show that clerical staff and managers differ more on these two dimensions. The effects of these two dimensions on clerical staff were lower than on managers, while officers scored moderate and fell between clerical staff and managers.

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**SUGGESTIONS**

1. Training programs can be provided to union leaders to impart knowledge on various labour laws such as trade union law, labour disputes law, payment law salaries, etc. This type of training will enable them to take an active part in trade union activities and carry out their tasks effectively. The training of union leaders not only helps union leaders but also management to maintain industrial harmony, which is most crucial in creating a climate for human resource development. The importance of task rotation, redeployment, standard strength, etc. must be educated to union leaders in order to create a climate conducive to the development of human resources. Union leaders can also organize training programs for their members to enrich their knowledge of work culture, personality development, company policies and procedures, etc.
2. Monitoring the HRD system is imperative for the human resource development climate. Therefore, it is suggested that appropriate research be conducted in the field of induction program, performance appraisal, career progression, training and development, promotion, etc. which are the main components of the HRD system.

3. Periodic meetings can be held with employees to discuss issues arising from daily work, seek suggestions, improve work practices, and highlight areas in which performance needs improvement. Such meetings can be conducted in a pleasant and non-threatening atmosphere to build confidence in the minds of the employees. Employees should be encouraged to express their valuable views and ideas. A review meeting should be held at least once a month to discuss issues related to the implementation of HRD practices.
4. The HRD department will pay particular attention to the design of training programs for employees in the areas of executive development, team building, cost control, personality development, etc. Employees can also be sponsored to attend training programs organized by various institutions at the national level.

## CONCLUSION

The human resource development is taking on greater importance in the service sector, in particular in banking sector. In this study, a review of human resource development practices was carried out and employee perceptions were examined. Most respondents are satisfied with human resource development practices. The sample employees has few issues with HRD policies, such as lack of training of union leaders on HRD roles, lack of research to monitor HRD systems, lack of review meetings to discuss HRD issues, inadequate training, and lack of stress audit and stress research, etc. To ensure a positive outcome, it is important to pay attention to the factors identified in the suggested framework for the human resource development. If this study prompts those concerned to take positive steps to improve it, the researcher will feel amply rewarded.

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