

Employees Perception of HRM practices: A comparative study between Cooperative Banks and Public Sector banks with reference to Bhopal region

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ABSTRACT

Efficient employees are the requirement any business. Banks too need good and efficient employees. Banks are recognizing that an important element in business management practices is the need to successfully motivate and retain high talent employees who survive through tough times of consolidation, organizational restructuring, downsizing, and re-engineering. Banking is an industry which provides services to its customers and therefore human resource management practices is very important for banks in today's context. The private banks and public sector banks have improved their HRM practices to a considerable great extent but cooperative banks lag behind in HRM practices. The present study focuses on the comparative analysis of HRM practices between cooperative banks and public sector banks and in Bhopal region of M.P. It was found during the study that the employee perception of various HRM practices on the dimension of recruitment, training and compensation did not report any significant difference as opposed to previous notion of considering public sector bank better in HRM practices than cooperative banks.

Keywords: HRM practices, Public Sector Banks, Cooperative Banks

Introduction

HRM systems can be the source of organizational capabilities that allow firms to learn and capitalize on new opportunities (Ulrich and Lake, 1990). The banking sector is largely influenced by the public sector banks (PSBs). Nationalized banks are public sector banks whereas Cooperative banks are organized on a cooperative basis. With up gradation of technology private banks such as ICICI bank, Axis Bank, HDFC bank, IDBI bank, and UTI bank have reached new standards in customer satisfaction. Public sector banks like State Bank of India, Bank of India, Punjab national Bank Bank of Baroda, Syndicate Bank, and Canara Bank are backed by Government of India. With the inception of liberalization, Cooperative banks in India are under pressure to transform their practices of customer satisfaction. The external environment is becoming increasingly competitive as they have to compete not only from banks but also from non-bank financial institutions. The available human resources are believed to be the strongest instruments as well as an organization can explore the potentials for future positions in an organization. Participation of the young generation is to a limited extent in cooperatives. (Soni & Saluja, 2013). Today, almost 99% of the villages and 70% of the total rural households is covered by cooperatives. In agricultural credit approximately @ 20% of the total credit disbursed is to the cooperative sector. (Chauhan, 2002) Cooperative Banks in rural areas operate with their large network of primary agriculture credit societies popularly known as PAC's. Out of the 94000 PACS, 4500 are in Madhya Pradesh which indicates that the involvement and penetration of cooperative banks in rural areas.

1.1 Rationale for Study

Most of the prior research on HRM and organizational performance has focused on the manufacturing sector than the service sector despite the fact that today most employees work in

service sector industries (Ann and Bartel, 2000). There is alarming need to improvise sound human resources management practices in cooperatives covering recruitment, compensation practices, talent management, career growth and social security of employees of all cadres. A number of task forces and committees are created to improve upon the HR practices of cooperative, still the cooperative banks are way behind as compared to the PSB.

2. Review of Literature

Shah et al. (1004) in his book entitled "Human Resource Management in Banking Industry" provides selected Indian cases with a conceptual background in human resource management to highlight its practical considerations in Indian environment. Chanu (1998) highlighted in his research thesis the growing importance of HRM in service sector like banking sector. He also noted the problems associated with the human resource in co-operative Banks in Manipur State. He suggested that the important functions of HRM need to be improved to face the intense competitions in practices like manpower planning, recruitment, training and development of banks employees. Salokhe (2002) in his research thesis, conducted his study in Kolhapur District present Human resource Development practices in scheduled, co-operative and public sector banks. The researcher compared the HRD practices in Scheduled co-operative banks with public sector banks and found differences between two banks. Satpal (2007) compared in his research thesis, the HRM practices in two different nationalized banks SBI and PNB. He noted many differences between the compensation structure, promotion policy & transfer policy, training & development programs of SBI and PNB. a highlighted the need for a uniform induction of the staff into the cooperative bank and PACS. A minimum qualification for hiring staff at different level should be fixed. There is an urgent need to have manpower, skilled with understanding of technology and financial product's benefits. The performance appraisal system, Training activities and organizational development are better in ICICI Bank compared to PNB. From the comparative analysis, it is concluded that there is significant difference in the HRD Policies of ICICI Bank and PNB(Chander,Dhaka,2014) . (A.Shrivastava and P.Purang 2011) conducted a study on the differences between public and private sector banks about how employees perceive the fairness of the performance appraisal system and satisfaction of performance appraisal system. Vandana (2009) studied in her thesis the impact of organizational climate, training and development on the performance of banks. Syed (2009) noted in his research study that substandard recruitment methods badly influence the performance and productivity of the banks.

3. Bank Profiles under study

3.1 M.P. Rajya Sahakari Bank Mydt., M.P(Apex Bank)

M. P. Rajya Sahakari Bank Mydt. (Apex Bank) is a leading organization, with the help of NABARD through District Central Coop Banks and Primary Agriculture Credit Cooperatives Societies (PACCS) providing long term, medium term and short term Agriculture finance to farmers & different sections of the society. Apex Bank has 20 Branches in the state serving through the attractive Loan and deposit schemes. Apex Bank is playing a pivotal in the field of providing rural finance in the M.P.State providing Agriculture/Non-Agriculture Loans and Advances with the help of NABARD under various schemes also offering commercial loans to customer under the Loan portfolio such as Consumer Loans. Housing Loan, Higher Education Loan, Project Loan, Vehicle Loan etc.

Branch Network in Bhopal

Branch Network of Apex Bank in Bhopal constitutes 11 bank branches situated in different locations

of Bhopal city with nearly 210 employees working in different cadres. A Divisional Office is located in T.T. Nagar, Bhopal.

3.2 Punjab National Bank (PNB)

Punjab National Bank (PNB) is an Indian financial services company based in New Delhi, India. PNB is the third largest bank in India in terms of asset size. It was founded in 1895 as a private banking company by Lala Lajpat Rai and is currently the second largest state-owned commercial bank in India ahead of Bank of Baroda serving over 37 million customers. With about 5,000 branches across 764 cities. Hong Kong, Dubai and Kabul, and representative offices in Almaty, Dubai, Oslo, and Shanghai are some of the countries having branches of PNB along with a banking subsidiary in the U.K.

Branch Network in Bhopal

Branch Network of Punjab National Bank in Bhopal constitutes 29 bank branches situated in different locations of Bhopal city with nearly 325 employees working in different cadres. The Zonal office of PNB is located in PNB Building, Arera Hills, and Bhopal.

4. Aims and objectives of the study

The objectives as set for the present investigation were as under:

1. To identify current HRM challenges, risks, and issues in cooperative banks and nationalized banks in Bhopal city.
2. To study Recruitment Practices and Training Effectiveness of selective cooperative and nationalized banks.
3. To study Compensation and Promotion Practices of selective cooperative and nationalized banks
4. To suggest some measures in order to enhance the HR practices of the selected banks.

5. Research Design

The present study is basically an exploratory study with descriptive research design. 168 employees were selected through purposive sampling technique. They were officers and staff of the selective cooperative and nationalized banks. Information/data were obtained from different data gathering instruments that included administration of questionnaires, interviews and discussion with HR managers and individual employees and consultation of country papers. Self-scale was developed to measure the perception of both bank employees on 5-point scale and reliability being tested by Cronbach's alpha.

H1.1: HRM practices dimension, "Recruitment Practices" will not significantly differ between cooperative bank and nationalized bank.

H1.2: HRM practices dimension, "Training Effectiveness" will not significantly differ between cooperative bank and nationalized bank.

H1.3: HRM practices dimension, "Compensation and Promotion Practices" will not significantly differ between cooperative bank and nationalized bank.

6. Data Collection

Primary information was gathered from the sampled Cooperative and Nationalized bank employees of Bhopal city. The Cooperative and Nationalized Banks selected for the present investigation were M.P. Rajya Sahakari Bank Mydt. (Apex Bank) and Punjab National Bank (PNB) respectively. The

primary data was collected through the questionnaires which were classified, tabulated and analyzed with the help of arithmetic averages and percentages; and Sandler's A-Test and Wilcoxon's Matched Pairs Test were used to test the hypotheses at 5% level of significance.

7. Survey Analysis

7.1 Descriptive Statistics

1. A total of 112 bank employees responded to the questionnaire, structured for the present investigation. Of them, 45 (40.2%) respondents belonged to cooperative bank and 67 (59.8%) respondents to nationalized bank. Manager and non-manager grade bank employees in cooperative bank were 21 (46.7%) and 24 (53.3%) respectively while they were 24 (35.8%) and 43 (64.2%) respectively in nationalized bank.
2. A total of 112 respondents involved 80 (71.4%) males and 32 (28.6%) females. There were 39 (86.7%) male and 6 (13.3%) female respondents of cooperative bank while 41 (61.2%) male and 26 (38.8%) female respondents of nationalized bank.
3. The mean age of employees of cooperative and nationalized banks was 41 years.
4. The percentage of employees who were graduates in selective cooperative and nationalized banks was 40.0% and 60.0% respectively. Similar figures were observed for the employees who had other qualifications.
5. Graduate non-manager grade employees were 52.2% and 58.8% in cooperative and nationalized banks respectively as compared to 47.8% and 41.2% among manager grade in cooperative and nationalized banks respectively.
6. The mean value or average length of job experience of bank employees in selective cooperative and nationalized banks were 17.89 + 6.06 and 18.16 + 5.67 years respectively.

7.2 HRM Practices: The Perspectives of Cooperative and Nationalized Banks

This study focuses on the perception of employees in human resource management practices adopted by both banks. By keeping in mind, the research objectives of the study, the survey method has been chosen to collect the data. Responses of Bank Employees towards various stimulants of HRM practices were observed on five-point scale using a structured questionnaire. This instrument consists of three dimensions that involve:

1. Recruitment Practices
2. Training Effectiveness
3. Compensation & Promotion Practices

It was designed to test employee's perceptions about HRM practices. The present study consisted 18 items related to HRM, which were grouped according to the individual variables (Recruitment Practices-06, Training Effectiveness -05, Compensation & Promotion Practices-07) the responses were noted on five-point scale from 1 for "strongly disagree" to 5 for "strongly agree". The reliability of the dimensions was ascertained by findings of the internal consistency of the measures by using the Cronbach's coefficient alpha.

Table 1. Cronbach's alpha as a measure of reliability scale

S.No	Scale	No. of Items	Cronbach's Alpha (α)
1	Recruitment Practices	6	.798
2	Training Effectiveness	5	.676
3	Compensation & Promotion Practices	7	.711

8. Recruitment And Staffing Policies

8.1 STIMULANTS FOR RECRUITMENT POLICIES

1. Recruitment of staff through job advertisement in newspaper
2. Recruitment of qualified applicants
3. Applicants undergo formal examination for their selection for jobs
4. Applicants undergo structured interviews before their appointment
5. Vacancies are filled by friends and relatives of current employee
6. Job related questions are asked in interviews

Cooperative and nationalized Banks use both methods of recruitment i.e., internal and external markets. Usually, for clerical and officer posts, external market is used through advertising etc whereas the managerial/executive positions are filled up through promotions and transfers. For higher positions the internal labour market is usually relied upon as suggested by (Christian McComb,2013). Both Cooperative and Nationalized Banks recruit management trainees through open advertisement and tests along with interviews. The recruitment process consist of written examination, online preliminary examination and interview for middle level managers and lower management level.

The average scores for all the six Recruitment activities was 3.17 for cooperative bank employees and 3.77 for nationalized bank employees on a 5-point scale. But, the difference between these two averages was not found statistically significant as per the Wilcoxon's Test and the Sandler's Test at 5% level of significance. For, the calculated value of T-Statistic was 11 as against its table value 0 and the calculated value of A-Statistic was 23.19 as against its corresponding table value 0.293 at 5% level of significance for 5 degrees of freedom; a condition leading to the acceptance of the Null Hypothesis [H1.1] denoting that both the averages were not different. This implies that that there is not much significant difference between the perceptions of both bank employees.

9. Training Policies

9.1 Training Strategies in Apex Bank

According to the website information of Apex Bank, Apex Bank has been imparting training to the employees of short term cooperative credit structure viz Apex Bank, District Central Cooperative Banks (DDCB) and Primary Cooperative Credit Society (PACS). The training is being imparted by, Apex Banks Training College, (ACSTI) Bhopal. Apex Bank has been supported by NABARD and World Bank to upgrade their quality of training. Well-equipped computer labs are maintained to impart computer training. To make effective training ACSTI, Bhopal has been using modern visual-Aids. There exists a good library also participants and Faculty members. In 2015-16 49 training sessions were delivered and 1162 participants were trained in the training college of APEX BANK,Bhopal. There is a standing committee to review and approve course calendar and other activities as per Soft Cob scheme of NABARD. Major training programs conducted by Apex Bank are as follows:

For Apex Banks –

- Executive development program for senior middle management Officers.
- Capacity development program for Dy. Managers/ Asst. Managers.
- Performance development program for A.O./G.A.

Computer training for Apex Bank personnel.

For District Central Cooperative Banks –

Training workshop on Prudential Norms and Section-11 (1) of B.R.Act.

Training Program on Internal checks and control.

Computer training for DCCBs personnel.

Training program on audit and Inspection.

Training program for Clerks.

S. No.	Managers	Clerical	Staff at lower level
1	Advances in Accounting	Accounting	Basic computer skill
2	Advances of banking	Balance Sheet	Customer service
3	Agriculture finance	Balance Sheet Analysis & Funds Management	Negotiation skills for management of NPA
4	Animal Husbandry	Banking Laws	Banking Laws
5	Asset Liability Management	ERP,DATABASE MANAGEMENT	Basic computer skills

9.2 Training Strategies in PNB

According to the website information of PNB, following strategies for optimal utilization of training infrastructure and implementation of the 3 year Training Policy - 2011-14 has been proposed to be adopted:

Training Areas: Bank's Training Colleges / Centres prepare their Quarterly Training Plans (QTPs) under 2 channels:

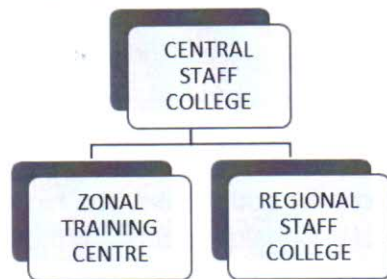


Figure 1 TRAINING AT PNB

- Channel - I (Uniform Channel): Training programs on universal / uniform areas of banking keeping in view the Training Policy, including Intensive Training on subject like Loans / Foreign Exchange etc.
- Channel - II (Specific Training Channel): Training programs based on training requirement / training gaps in the Circles / Offices allotted to them & advised by corporate office .
- All Circle / Divisional Heads ensure that for trainings in 'Management Skill' areas, focus is to the Middle & Senior Management Grade officers. For trainings in "Functional Skill" areas, the Junior and Middle Management Grade officers and clerical staff.
- As per the requirement the needs of specialized cadre in Banking, CSC and the 3 RSCs have run 3channel of training, including training on Specialized subjects viz. Risk

Management, Foreign Exchange, Large Corporate Advances, SMEs, CBS/IT, Agriculture etc.

- Nominations to these specialized courses may be done from amongst the 'Team 2020' officials & officials who have more than 2 years of service left, so as to develop a specialized cadre of officers in each area.
- Every employee specifies his/her Training requirement in 'HRMS' under 'Employee Self Service' during a year. The employee is entitled to specify maximum two trainings every year in 'HRMS' under 'Employee Self Service' .
- Punjab National Bank institute of information technology has been set up by PNB .It provides training under the following areas:
- Finacle, Core Banking Systems, Linux/Unix , Oracle Database Management, Business Continuity Plan.

9.3 Stimulants For Training Satisfaction

1. Employees had formal job training in the financial year 2017
 2. Employees had formal job training in the last 3 financial years, 2015, 2016, 2017
 3. Employee has training opportunities to learn and grow
 4. Employees get the training for their next promotion
 5. Available training match with the job
- The average scores for all the five Training Effectiveness activities was 4.04 for cooperative bank employees and 3.92 for Nationalized bank employees on a 5-point scale. But, the difference between these two averages was not found statistically significant as per the Wilcoxon's Test and the Sandler's Test at 5% level of significance. For, the calculated value of T-Statistic was 9 as against its table value 0 and the calculated value of A-Statistic was 1.05 as against its corresponding table value 0.243 at 5% level of significance for 4 degrees of freedom; a condition leading to the acceptance of the Null Hypothesis [H1.2] denoting that both the averages were not different. As both banks provide specialized training, the satisfaction is more or less same for both banks. The highest score being 4.40 was in the case of element No. 1. In case of Nationalized Banks, all the elements except 2 recorded their average scores below 4 and there were no considerable variations in the average scores. The highest score in the series in case of Nationalized Banks remained 4 for element no. 2

10. COMPENSATION AND PROMOTION PRACTICES

10.1 STIMULANTS FOR COMPENSATION PRACTICES

1. Pay raises for employees in the bank are based on job performance
2. Non managerial employees in the bank have the opportunity to earn individual bonuses
3. Bank has a written promotion policy
4. Job promotions are fair and equitable
5. Priority is given for seniority in promotion decision
6. Priority is given to merit in promotion decisions
7. Bank promotion policy is satisfactory

Both banks have proper wages and salary management, benefits, bonus and ESOPs. The banks

doesn't link compensation with productivity which is highly motivating factor. Due to the absence of a proper appraisal system to identify the performers and the non-performers. Both the banks are also facing major challenges on the Talent Management front.

Compensation and Promotion activities were 3.82 for cooperative bank employees and 3.81 for nationalized bank employees on a 5-point scale. But, the difference between these two averages was not found statistically significant as per the Wilcoxon's Test and the Sandler's Test at 5% level of significance. For, the calculated value of T-Statistic was 11 as against its table value 0 and the calculated value of A-Statistic was 11.58 as against its corresponding table value 0.329 at 5% level of significance for 6 degrees of freedom; a condition leading to the acceptance of the Null Hypothesis [H1.3] denoting that both the averages were not different. The highest score being 4.13 was in the case of element No. 3. On the other hand, in case of Nationalized Banks, all the elements except 2 and 3 recorded their average scores below 4 as observed in case of Cooperative Bank and there were no considerable variations in the average scores.

RESPONSES OF BANK EMPLOYEES

S.NO	HRM PRACTICES	Stimulants	AVERAGE SCORES		RANK DIFFERENCES	
			Cooperative banks	Nationalized banks	Cooperative banks	Nationalized banks
1	Recruitment Practices	6	3.71	3.77	10	11
2	Training Effectiveness	5	4.03	3.92	6	9
3	Compensation & Promotion Practices	7	3.82	3.81	17	11

Source: Primary Data

11. Results & Suggestions

Although, the present study was confined to explore and compare the HRM practices prevalent in selective cooperative and nationalized banks being Apex Bank and Punjab National Bank respectively operating in Bhopal, it may be appropriate to state briefly the policy implications for the study.

1. In context of recruitment and selection, it was noted that nationalized bank employees had the higher levels of satisfaction than that of the cooperative bank employees hence; Apex bank should upgrade their recruitment and selection process.
2. Services of the Regional Banking Services of Recruitment Boards and similar organizations can be taken by Cooperative banks to ensure more transparency in recruitment policies.
3. Cooperative Banks should evolve scientific staffing and recruitment programs.
4. Training being an important factor, both banks should offer extensive training and development programs for the employees. BIRD, NBSC and NABARD are some of the regional training colleges at Mangalore can be approached by cooperative banks for undertaking TNA and draw up customized training programmes cooperative banks.
5. Employees of both Cooperative and Nationalized Banks should be trained to adopt new technology.

6. The compensation should be based on experience and performance the criteria for promotion, and providing greater clarity in role definition and job enrichment.
7. Bank Employees' Association is not formed at Apex Bank under study. The reason behind this is that there is fear in the employees' mind regarding the job security.
8. PNB being a public sector bank still has no inclination to strategic HRM

12. Recommendations for Further Studies

Although the study provides insight into HR policies within the banking sector; the study was specific to Co-operative bank and PSU'S of Bhopal with only three dimensions; however other dimensions like grievance handling system, perception of HRD climate etc can be included in future researches. Therefore, it is recommended that a similar research on the effect of HR policies on performance of both sector employees to be carried out in both banks for a better comparison of the results and findings.

13. Conclusion

Cooperative Banks are rural oriented institutions, today they are facing intense competition from other players in the banking sector who are well equipped with better human resources, technology, products and efficiency. The study indicates that there is no significant differences in perception of HRM practices in both the sector banks but still today cooperative banks are not up to the aspiration of people applying for jobs in these cooperative banks. The research findings may be generalized by improving the sample size and comparing HRM practices of other co-operative and public sector bank employees.

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