

# HR Practices of Commercial Banks in Shivamogga

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**Abstract:** *The study of HR practices of commercial bank in India, change from a regulated environment to a free market environment has direct implications for HRM practices in India and HRM practices and the HRM departments are under severe pressure to bring about large-scale professionalized changes in their organizations in order to cope with the challenges brought about by economic liberalization. Human Resource Management has received a great deal of attention in recent years, most notably in the fields of Human Resource Management, Organizational Behavior, and Industrial Relations. An area that demands greater understanding is that of Strategic Human Resource Management. Human Resource Management with the help of a primary study based on the viewpoints of HR managers of six different Indian banks both from public and private sector. These innovative HRM practices have been listed under seven different heads of HR practices namely recruitment & selection, training and development, performance management, compensation management, career development, employee motivation and employee security. A few of the earlier studies have also been referred for the final conclusions*

**Keywords:** Human Resource Management, Indian Banking, Recruitment, Selection

## I. INTRODUCTION

Human resources management (HRM) practices in commercial banks in India are generally focused on attracting and retaining a talented and diverse workforce, while also ensuring compliance with labour laws and regulations. These practices help to promote a positive and productive work environment that is essential for the success of the banks. People-based organizations actively seek a varied range of skills, abilities, and attitudes that impact their financial success, quality standards, and overall productivity. People in organizations fundamentally manage and define objectives, produce services and goods, set strategies, build work processes, assess quality, market services and products, and allocate financial resources. The key components of human resource management learning, quality of work, teamwork, and reengineering are focused on achieving such excellence and are motivated by how an organization does business and treats its employees. Many economists and scholars have defined the multidisciplinary area of human resources management (HRM). These are a few HRM definitions from various economists: HRM practices in Nepalese commercial banks have evolved through time, from an emphasis on operational efficiency to a more strategic and employee centric approach. As India's banking sector grows and evolves, HRM practices will definitely adapt to fit the demands of workers and the company. Initially, the focus of HRM in Nepali commercial banks was mostly on hiring employees with suitable qualifications and experience. The core HRM practices were recruitment and selection, with little emphasis on employee development or retention.

## II. REVIEW OF LITERATURE

**Allen and Meyar 1990** the study aims to examining the impact of "Human Resources Management Policies and practices in Commercial banks with special reference to Shivamogga." Human Resource Management practices which were included in the study are; - Staffing, Training and development compensation and performance appraisal on the other hand the organizational commitment was measured by three dimensions: affective commitment normative commitment and continuance commitment which was developed. The study findings showed that human resources management practices (Staffing, training and development, compensation and performance appraisal) had a significant and positive effect on the employee's commitment of commercial Banks in Shivamogga.

**ReleYatin (1988)** the research paper identified several theoretical perspective that are relevant and important in examining the research questions in the study. It is the responsibility of the institutions offering higher education to produce skilled human resources. However, during the last two decades, with modern large scale production of innumerable of HR and their development has come to the forth. The importance of HR to any organization need not be over emphasized. Human Resources is the wealth of a nation and an organization. In addition, understanding the role of a bundle of HRM practices in these relationships is critical as the system of HRM practices in the primary way to influence the level of human capital that organizations possess way to influence the level of human capital that organizations possess and aggregate employee attitudes and behaviours that are exhibited for the organizations.

**Venkataraman K (1988)** Efficient HRM is one of the most essential requirements for survival in the competitive world. In this paper, an attempt has been made to test the hypothesis for administrative skills, competitive advantage and Human Resources Development policies. This study reveals that Indian Bank Managers have good administrative skills for industrial competitiveness. Also, they have good administrative skills to manage HRD policies.

**Bhatia S K (1986)** Banking in India has evolved through distinct phases and each phase could be separated from the other by a landmark development in the sphere of banking sector. The present study dealt which detailed literature review which reflected that HRM has moved more closely to the center stage and has evolved as an innovation approach towards managing the employment relationship. There existed a broad consensus among researchers that Human Resources strategies are translated into action through practices and HR strategies are formulated keeping in view the business objectives. The present study focused on Banking Industry in India, thus the population for the research was the bank employees in Shivamogga along with these commercial banks headquarters located in Mangalore. The collective options and experiences of the sample respondents were assembled tabulated and classified to draw meaningful influences and were presented in a textual format coupled with HR action plan and practise. Further keeping in mind the main findings of the study for effectiveness of HR practices, the recommendations were outline.

### Research Gap

From the available review of Literature, it is seen that most of the researches have been carried out several authors regarding HRM practices. But majority of the foresaid studies are based on HRM trends, climate, framework, human resources in different sectors and few works found particularly on banking industry. The research intends to put on honest of foot to provide sincere contributions in this regard at different levels of management from Public and Private sector Banks. This study is an attempt to understand the worth and significance of HRM practices in a productive manner in the interest of banks. The study examine the whether there is significant of HRM practices for employee in Public sector bank and a private sector bank at managerial and non- managerial level. Hence the present study has been designed to make efforts in the direction HRM practices especially public and Private sectors banks to explore in Shivamogga city.

### Statement of the problem

The statement of the problem for this study is that despite the importance of employee well-being and job satisfaction in private sector banks, there is a lack of comprehensive understanding of the complex relationships between these constructs, particularly in the context of the banking industry. Specifically, the problem statement can be articulated as follows: "What is the impact of employee well-being on job satisfaction in private sector banks, and how do organizational factors such as leadership, work environment, and technology use influence this relationship?" This problem statement highlights the need to investigate the multifaceted relationships between employee well-being, job satisfaction, and organizational factors in private sector banks, with the ultimate goal of identifying strategies to enhance employee well-being and job satisfaction, leading to improved organizational outcomes. Most of the employees are satisfied with their present job. They feel good about the work environment provided by the banks with job security, recognition, and well nature of work and support of superior. But Most of the employees feel to be neutral regarding promotional intervals in private banks.

**Objectives of the Study**

- To study HR practices implemented by the Commercial Bank.
- To analyze the opinion of the employees regarding HR practices of the Commercial Bank.

**Scope of the Study**

The present study is an attempt to HRM practices in Banking. The variable taken under study are recruitment, selection, training and development. Performance appraisal, quality of work life. The study is confined to the employees who are working in the banking sector. Banking employees are full time employees in their respective jobs. The data related to HRM practices of bank employees working in different positions with different academic qualifications with work experience etc. It has been analyzed interpreted and presented with various factors affecting HRM practices of employees in ICICI Bank and SBI are presented banks would to represent the performance of HRM practices. The scope of the study can be demonstrated with the following objectives.

**II. RESEARCH METHODOLOGY**

Research Methodology is the way of solving a problem scientifically and systematically. It exhibits the plan of a research process which will be carried out during the period of research. It includes research design. Sampling plan collection of data. Framework of analysis and limitation.

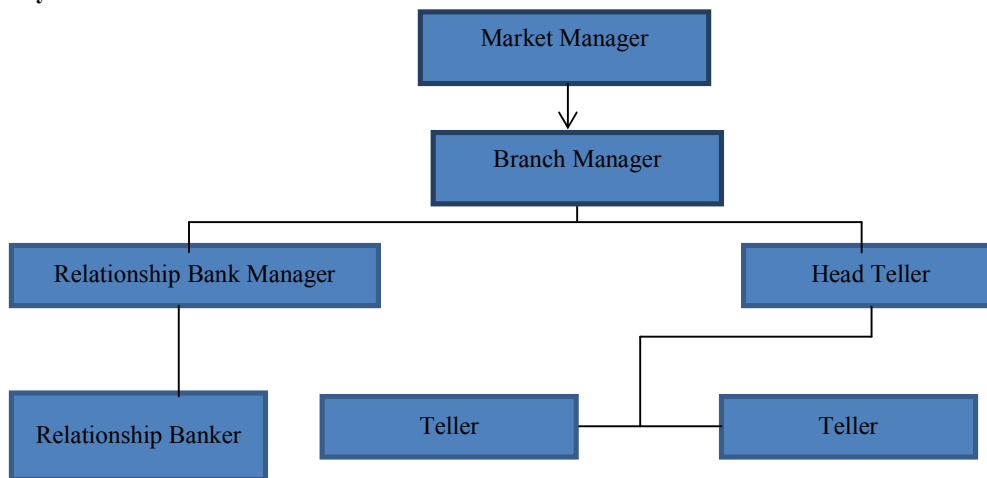
**Sources of Data**

- **Primary Data:** Primary data refer to the data that is collected for the first time through personal experiences or evidence, particularly for research.
- **Secondary Data:** Secondary Data refers to data that is collected by someone other than the primary data.

**Sample Design**

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt. In selecting items for sample, the size of sample is 40. Sample design is determined before data are collected.

**Communication Practices at Bank  
Hierarchy level of Commercial Bank**



**Managerial HR Functions in a Commercial Bank:**

- **HR Planning:** Forecasting staffing needs, aligning workforce strategy with business goals, succession planning.
- **Talent Acquisition Strategy:** Defining recruitment strategies, identifying key talent pools, managing employer branding.
- **Performance Management System:** Establishing performance metrics, conducting performance reviews, providing feedback and development plans
- **Compensation and Benefits Design:** Developing salary structures, benefits packages, and incentive schemes
- **Employee Engagement Initiatives:** Implementing programs to foster employee satisfaction, morale, and retention
- **Compliance Management:** Ensuring adherence to labor laws, regulations, and ethical practices
- **Organizational Development:** Facilitating change management, team building, and leadership development programs

**Operational HR Functions in a Commercial Bank:**

- **Recruitment and Selection:** Posting job openings, screening candidates, conducting interviews, onboarding new employees
- **Employee Training and Development:** Designing and delivering training programs, skill development initiatives, career path planning
- **Payroll Processing:** Calculating salaries, deductions, and issuing paychecks
- **Benefits Administration:** Managing employee benefits enrollment, claims processing, and communication
- **Employee Relations:** Addressing employee concerns, conflict resolution, disciplinary actions
- **Time and Attendance Management:** Tracking employee work hours, leave management
- **Performance Appraisal:** Conducting regular performance evaluations based on established criteria.
- **Staffing Optimization:** Managing workforce scheduling, headcount planning, and resource allocation

**Recruitment and Selection practices at Banks**

**Meaning of Recruitment**

Recruitment refers to the process of identifying, attracting, interviewing, selecting, hiring and onboarding employees.

The recruitment process for commercial banking positions can include:

- **Internships:** Many banks offer internships for juniors to gain experience and learn skills. You can find internships through your school's career development office or the bank's website.
- **On-campus or virtual hiring:** Banks may hire for full-time roles on-campus or virtually throughout the year.
- **Part-time jobs:** Banks may offer part-time jobs for students during the academic year and in the summer.
- **Performance-based assessments:** After the online application, the next step may be performance-based assessments, which can include tests, interviews, and group exercises.
- **Background checks:** Some banks may include background checks in their hiring process.
- **Psychological evaluations and IQ testing:** Some banks may use psychological evaluations and IQ testing in their hiring process.

**Meaning of Selection**

Selection is the process of choosing employees to fill specific jobs within an organization. This process typically includes reviewing applications or resumes, interviewing candidates and making a final decision.

The selection process for commercial banking jobs typically involves a series of performance-based tests, interviews, and group exercises.

Here are some examples of selection processes for commercial banking jobs:

- **SBI PO:** This selection process has three stages: a preliminary exam, a mains exam, and a psychometric test. The preliminary exam is qualifying, and the mains exam has both objective and descriptive tests.

- **IBPS PO:** This selection process has two online tests and an interview stage. There is a 0.25 negative marking for each wrong answer in the IBPS PO exam.
- **Federal Bank:** This selection process has an online aptitude assessment, a potential assessment through a group discussion or preliminary interaction, and a personal interview.
- Here are some examples of public sector banks in India:
- **Punjab National Bank:** The second largest public sector bank in India, with the government holding 76.87% of its shares.
- **Canara Bank:** A popular public sector bank, with the government holding 69.33% of its shares

### **Retention Practices in Bank**

Retention is always look for chances to promote teamwork, collaboration, and employee engagement. You can encourage active participation by clarifying company objectives, goals and employee goals and employee roles and celebrate victories as a team, whether business goals or personal successes.

Customer retention for banks refers to the ability of a bank to retain its existing customers over time. It involves keeping customers satisfied, engaged, and loyal to the bank's products and services, which ultimately leads to long-term relationships and repeat business. Customer retention is the backbone of a successful banking institution. That's because, in an ever-evolving financial landscape, banks must prioritize retaining their existing customers to foster long-term profitability and growth. As we've discussed, acquiring new banking customers can be significantly more expensive than retaining existing ones. Therefore, offering targeted incentives to retain customers is often more cost-effective than investing in extensive marketing and acquisition efforts. As we've discussed, acquiring new banking customers can be significantly more expensive than retaining existing ones. Therefore, offering targeted incentives to retain customers is often more cost-effective than investing in extensive marketing and acquisition efforts.

### **Type of Training programs conducted at Bank**

Banks operate in a highly regulated and competitive environment, making it essential to have well-trained employees to maintain compliance, provide excellent customer service, and stay abreast of industry trends. To achieve these goals, banks should offer a variety of training programs tailored to different roles and levels within the organization:

#### **1. Compliance training**

Compliance training is crucial in the banking industry due to the complexity of laws and regulations governing financial institutions. Programs cover anti-money laundering (AML), Know Your Customer (KYC), data privacy laws, and other regulatory requirements. Keeping employees updated on these topics helps banks avoid penalties and reputational damage.

#### **2. Customer service and sales training**

Excellent customer service is a cornerstone of banking success. Training programs should teach employees effective communication, problem-solving, and conflict-resolution skills to enhance customer relationships. Sales training is also vital, helping staff understand the bank's products and services and how to match them to customer needs.

#### **3. Product knowledge**

Employees must have a thorough understanding of the bank's products and services, including loans, mortgages, investment options, and digital banking solutions. Bank training programs should ensure staff can effectively communicate the benefits and features of these offerings to customers.

#### **4. Risk management and fraud prevention**

Banks face various risks, including credit, market and operational risks. Training in risk management helps employees identify and mitigate potential threats to the bank's stability. Fraud prevention training educates staff about recognizing signs of fraud and taking appropriate action.

#### **5. Cyber security training**

Cyber security threats continue to evolve, posing significant risks to banks and their customers. Training in banking should include programs on data protection, secure handling of customer information, and awareness of cyber threats help employees safeguard sensitive data and maintain trust.

## **6. Technology updates and digital banking**

As banks embrace digital transformation, employees must be proficient in using new technologies and platforms. Training on digital banking tools, online customer service, and emerging technologies ensures employees can provide seamless experiences and leverage digital solutions effectively.

### **Motivating factor at Bank**

Motivation is the inner driver to behave or act in a certain manner. These inner conditions are wishes, desires, goals, activate to move in a particular direction. Motivation is the general desire or willingness to do something. Motivation is the result of conscious and unconscious factors such as intensity of the desire or need, incentive or reward value of the goal and expectations of the individual. These factors play a vital role to promote the individual towards the specific goal. Motivation is the important feature in any organization, to motivate the employees towards the success of the organization. Actually motivation is an internal process that makes the person move toward a goal. Motivation can't be measured. This study is concern about the factors that directly affect the employee's motivation. How different variables are related to the motivation and what are impacts on the employee's motivation. This study is related to the banking sector and to find out the impact of different factors including financial rewards, personal characteristics, high salary plan, supervision and job design on employee's motivation specifically in banking sector in Pakistan. These variables affect the motivation at what extend or level. Motivation has also the great importance in organizational performance. These factors determine the motivational impact on employees. This study also checks how these variables affect the motivation either positively or negatively. Already many studies determine the positive impact on employee's motivation but this study will check this relationship again.

### **Methods of Career Development at the Bank**

Commercial banks are an organization which normally performs certain financial transactions. For analysing financial transactions human resource of that organization must be perfect. So, career oriented commercial bank is the necessity for extending financial transactions. Career of bank is associated with everyone, regardless of race, gender, national origin, age or physical capabilities. Banks needs employee who is interested in learning and working. Ability and approach are essential to every employee's success. To the individual seeking expansion and challenge and are willing to accept responsibility, banks will be interested in you. Bank employees are typically very well organized and have strong skills. Employer must have good message skills, are excellent at dealing with people, and are service-oriented. The success of the bank is due to the devotion and skill of its people. To work in any aspect of banking can be very satisfying and rewarding. The banks must hire and train talented, motivated, resource oriented people to compete with all the commercial bank.

The main success on banks de depends on the knowledge skills and obligation towards bank and skills for developing knowledge with positive attitude, and capability to work well with others and become as costumed to change. Management of career is a further generally mentioned precursor of development of the career. Once people have organized their career objectives, they require abilities, competencies and principles to perform their career objectives with appropriate Management of career methods. The main career development in bank for career development programs is associates with assigning different job duty with rotation, clear communication system, different career oriented programs associated with bank, clear mission, vision, different kinds of training programs, good presentation skills, good learning environment etc. Commitment towards job for career is another result of career growth environment. The employees joined the organization for developing career and enhancing endeavours for their promotion.

### **Compensation Management practices in the Bank**

Compensation management is the practice of rewarding employees for their labour through several methods. A well-thought-out compensation management strategy guarantees that your company's pay in terms of wages and bonuses is competitive, reasonable, and equal compared to others in the industry. Your compensation management program should be tailored to the demands of your company's chief executive officers and reviewed regularly. Pay management officers should be competent to evaluate employment data, understand industry laws and regulations, and manage

various complicated compensation and benefits administration tasks. Although many firms use similar approaches to structuring compensation plans, each organization is unique, at the end of the day, and must develop its own compensation management approach. The banking industry is very competitive, and compensation accounts for 70% of an organization's total labour cost. The best compensation structure will benefit all levels of the organization, from shareholders to executives, and help meet company-wide goals. Compensation and Compliance Be mindful of the regulations placed on compensation in the banking industry. As rules and regulations change over time, be aware of how your organization can stay competitive, creative, and remain compliant with federal laws and regulations on incentive compensation in the banking industry. In response to the 2008 financial crisis, two regulatory requirements were placed on the banking industry. The FDIC states that banking institutions should do the following to remain compliant with incentive compensation laws:

- Provide employees incentives that appropriately balance risk and reward
- Remain compatible with adequate controls and risk-management
- Be supported by strong corporate governance, including active and effective oversight by the organization's board of directors

Under the Dodd-Frank act, excessive incentive compensation has been discouraged. The Wall Street Reform and Consumer Protection Act determined financial institutions must follow risk-appropriate incentive program design backed by strong corporate governance and risk management strategies. After these regulations passed many organizations had to take the time to restructure their incentive programs to remain competitive and compliant.

**Labor welfare practices** in the bank Employee welfare means anything done for the comfort and (intellectual or social) improvement of the employees, over and above the wages paid. In simple words, it means "the efforts to make life worth living for workmen." It includes various services, facilities and amenities provided to employees for their betterment. These facilities may be provided voluntarily by progressive entrepreneurs, or statutory provisions may compel them to provide these amenities; or these may be undertaken by the government or trade unions, if they have the required funds. The objectives of employee welfare are to improve the life of the working class, to bring about holistic development of the worker's personality and so on. Employee welfare is in the interest of employee, employer and the society as a whole. It enables workers to perform their work in healthy and favourable environment. Hence, it improves efficiency of workers and keeps them content, thereby contributing to high employee morale. It also develops a sense of responsibility and dignity amongst the workers and thus makes them good citizens of the nation. Apart from the wages and salary, anything done by the organization to improve the living standard of employees and keep them contented comes under the realm of employee welfare. All those services, benefits and facilities offered to employees by the employer to make his life worth living, are included in employee welfare. According to International Labour Organization (ILO), "Employee welfare should be understood as such service, facilities and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and peaceful surroundings and to avail of facilities which improve their health and bring high morale"

#### **Human Resources Development Practices at the Bank**

The Human Resource Development (HRD) is an emerging concept today which no organization with long term objectives can afford to ignore or take lightly in case it wants to achieve the standards of excellence. Human Resource Development is an important component for the success of any organization. Effective management of human resources plays a vital role in sound management is a central sub system of modern management system. HRD facilitated for all round development of banks in addition to allowing them to be dynamic and responsive to the environmental changes. The Human Resource Development in Banks, under present scenario in the country is essential to understand bank's present HRD philosophy, practice and outcome with a view to offer suggestions for formulation of right philosophy and practice of HRD in Banks. The present study has been undertaken in view of the absence of systematic studied on the subject. Nationalization has changed the complexion and dimensions have placed the varying responsibilities on the shoulders of commercial banks such as expansion branch offices to unbanked and remote rural areas on a massive scale so as to cover small scale sector, cottage and rural industries, self-employed persons, artisans, weaker sections of the society, small traders and other persons of small means. This paper covers all the important areas of Human Resource Development in Banks. These areas include conceptual clarification about Human Resource and Human Resource Development in Banks, essentials of HRD, the sub-system of Human Resource Development like Performance Appraisal, Training & Development, Career Planning and Development, Organization Development, Participative

Management, Quality Circles etc. These primary areas of Human Resource Development will be studied thoroughly to the maximum extent through the means of discussions, reports, accounts, observations etc.

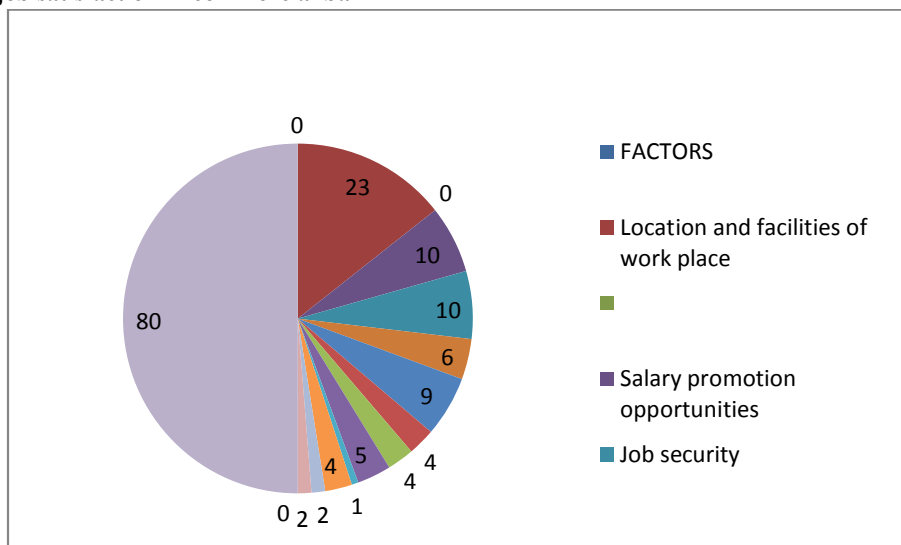
**Implementation of Various HRM practices in The Bank**

Human resources management (HRM) practices in commercial banks is generally focused on attracting and retaining a talented and diverse workforce, while also ensuring compliance with labour laws and regulations. These practices help to promote a positive and productive work environment that is essential for the success of the banks. People-based organizations actively seek a varied range of skills, abilities, and attitudes that impact their financial success, quality standards, and overall productivity. People in organizations fundamentally manage and define objectives, produce services and goods, set strategies, build work processes, assess quality, market services and products, and allocate financial resources. As a result, persons or individuals become 'human resources' as a result of the obligations and tasks they feel at work.

**The opinion of the employees regarding HR practices of the Commercial Bank**

FACTORS	NO OF RESPONDENTS	PERCENTAGE
Location and facilities of work place	23	28.7
Salary promotion opportunities	10	12.5
Job security	10	12.5
Recognition and other benefits	6	7.5
Participation in decision making	9	11.3
Acceptance of feedback given by employees	4	5
Opportunities to utilize skill	4	5
Training and development initiatives	5	6.3
Working knows	1	1.2
Fair appraisal system	4	5
Welfare measures	2	2.5
Career opportunities	2	2.5
Other place specific	0	0
<b>TOTAL</b>	<b>80</b>	<b>100</b>

**Showing the job satisfaction in commercial bank**





The data presents factors influencing employee satisfaction related to the workplace. The most significant factor identified is the location and facilities of the workplace, with 28.7% of respondents citing it as important. This is followed by salary and promotion opportunities, which are noted by 12.5% of respondents, alongside job security, also at 12.5%. Other factors such as participation in decision-making (11.3%), recognition and benefits (7.5%), and training and development initiatives (6.3%) receive lower percentages. The remaining factors, including acceptance of feedback (5%), opportunities to utilize skills (5%), a fair appraisal system (5%), welfare measures (2.5%), and career opportunities (2.5%), reflect minimal influence on overall satisfaction.

The analysis indicates that the location and facilities of the workplace are paramount in shaping employee satisfaction, suggesting that a comfortable and accessible working environment significantly impacts perceptions. While salary and promotion opportunities and job security are also recognized as important, the relatively low percentages associated with recognition, feedback acceptance, and development initiatives imply that these areas might need more attention to enhance overall job satisfaction. The minimal emphasis on factors like welfare measures and career opportunities indicates potential areas for improvement, suggesting organizations could benefit from creating more comprehensive strategies that address both the physical aspects of the workplace and employee engagement initiatives. Ultimately, focusing on enhancing the most valued factors while addressing less emphasized areas may lead to a more satisfied and productive workforce.

### III. CONCLUSION

At present banking sector provide different services through E- Banking systems. The customers is looking for quality services which can provides satisfaction. From the study it is understood that the customers are highly satisfied with the E-banking services in Shivamogga city. This study reveals that the demographic conditions of the customers are very important in creating the satisfaction level among the customers of the Coimbatore city. The usage of E-banking services differs based on the demographic condition of the respondents. The suitable services available may be improved to give better customers satisfaction leading to retention of existing customers and attracting new customers.

In recent years many changes have been taken place in the banking industry. These changes do not reduce the errors and mistakes in terms of operational activities. The customers are still facing various problems while using banking transactions. Therefore, the banks need to focus more comfort and satisfied in dealing with banking activities.

Furthermore, the study also revealed that overall satisfaction of responds is affected by gender and level of experience but not by age level of education. They must improve the customer satisfaction through customer relation management, online market research and business intelligence. Internet banking customer tend to be much more concern with the security of their banking transactions and the privacy of their personal information. An online banking service has become important phenomenon in the banking industry and it will continue with progress in information communication technology. The financial industry thus is gradually experiencing and transforming from cash based system to a cashless system that is more convenient and reliable, where online banking services are provided to be of immense important.

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