

SYNOPSIS ON
COMPARATIVE STUDY OF HRD POLICIES AND JOB SATISFACTION
OF EMPLOYEES OF PUBLIC AND PRIVATE SECTOR BANKS IN
RANCHI

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By

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1. Introduction :

Human life has become very complex and complicated these days. In modern society the needs and wants of the people are changing with varied interests. When people are ever changing and their demands are also varying it is but natural that with time their satisfaction will turn into dissatisfaction. The result is that they may not contribute to the full of their potential. This raises an important aspect to be probed and discussed.

2. Motivation and Job Satisfaction

Job Satisfaction is one of the most popular and widely research topics in the field of organizational psychology. Locke (1976) defines job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. Job Satisfaction has been studied both as a consequence of many individual and work environment characteristics and as an antecedent to many outcomes. Employees who have higher job satisfaction are usually less absent, less likely to leave, more productive, more likely to display organizational commitment and more likely to be satisfied with their lives. (Lease 1998).

Job Satisfaction of employees is very important for the proper functioning of service industry. Apart from managerial and technical aspects, employees can be considered as backbone of any industrial development. To utilize their contribution they should be provided with good working conditions. Recently the newly appointed chairman of State Bank of India, **Mr. Rajneesh Kumar** has said "*A bank is as good as its frontline people. They are the face of bank. They make what SBI brand stands for. We*

may have best of the product, technology, but if we are not courteous and polite to customers our business will not endure. Politeness is what builds a bank great bank. A man without smiling face must not open a shop". He coined acronym **STEPS** which means strong ethics, transparent and high standard of corporate governance, empathy and compassion, politeness and sincerity. Job satisfaction is an attitude, which Porter, Steers, Mowday and Boulian (1974) state is a more "rapidly formed" and a "transitory" work attitude "largely associated with specific and tangible aspects of the work environment".

There are different perspectives on job satisfaction and two major classifications of job satisfaction (Neumann, 1993) are content (Herzberg, 1968, Maslow, 1987, Alderfer, 1972) and process theories (Adams 1965, Victor Vroom, 1964, Locke 1976; Hackman and Oldham 1975). Job Satisfaction is considered in terms of intrinsic and extrinsic factors. Intrinsic factors comprises of opportunities for advancement and growth, recognition, responsibility and achievement. These factors promote job satisfaction. On the other hand, Extrinsic factors like supervision, pay, policy, working conditions, interpersonal relations, security prevent job dissatisfaction (Szymanski and Parker, 1996). Various theories like **Maslow's Need Hierarchy, Herzberg's Two Factor Theory of Motivation, Equity Theory, and Vroom's Expectancy Model** have been extended to describe the factors responsible for the job satisfaction. In these theories satisfaction is related to a number of variables like age, occupational level, and size of the organization, organizational climate, educational qualifications, educational and economic background, and size of the family, gender of the employee.

The success of any organization depends upon its employees. In sustaining the market competition, every organization has a big responsibility of keeping its workforce

satisfied. Employees' of the day not only expect decent living but also a satisfied life. Personal satisfaction in the life of an employee depends upon the satisfaction he/she gets in his/her job. A worker in stress cannot perform well in the job. The higher employee turnover and dissatisfaction in the job are the two serious competitive disadvantages faced by many of the modern day undertakings.

It is an undeniable fact that the future of any business enterprise depends upon the level of satisfaction of its workforce. Dissatisfied workforce causes immediate problem to their business. If the problems are left unattended they have a tendency of spiraling out to other business, or industry and even to other region. Hence in course of time it could become a serious threat to the growing economy.

Commercial banks including the nationalized and non-nationalized banks provide banking services to the people in the country. Quiet a long period of time nationalized banks in India enjoyed a monopoly right in the distribution of financial services. The non-nationalized banks provided a supporting service in the sector. In the post globalization era, the growing competition among banks forced them to be customer centered. In the provision of Customer oriented services the employees working in the banks have a formidable role. The employees in banks serve better to their customers and attract further more customers towards their bank and make it much competitive in the market. It is a known fact that the satisfied employees positively perform better in their job and add more and more customers towards their bank. Such employees are the real asset of the bank. The customers getting poor services in a bank due to lack of services by dissatisfied employees switch over to other banks.

2. Literature Review :

Khandelwal Anil¹ in his paper “Moving HRD from the Periphery to the Centre for Transformation of an Indian Public Sector Bank: Keynote Address” studied the rise and fall of Bank of Baroda in terms of Human Resource Development practices, changing demographic profile rising competition in the market and customer orientation. The findings were related to the future scope for the researchers in the bank in terms of implementing the philosophy of management at all levels of employees. It is through mobilizing the passion of people that leadership can transform organizations and put them on high growth trajectory.

Kennedy, Virile (2007)² in his paper titled “Do Human Resource Development Practices Differ among the Categories of Indian Commercial Banks?” Studied the HRD practices in different commercial banks viz. Public sector, old private sector, and new private sector to bring out the differences between Human Resource Development practices among public sector banks to analyze inter-relationship among their practices. The Methodology adopted was Primary data collection through employees, selection through stratified random sampling method, done in 10 PSB, 8 OPS, 4NPS. Total number of respondents were 260. The findings suggested that more and more emphasis should be given to performance counseling in Indian banks. Performance counseling helps employees understand their own strengths and weaknesses. This in other way paves the way to understand the emotional attributes of the employee and decide their

¹ Anil Kumar khandelwal , *Moving HRD from the periphery to the centre for transformation of an Indian public sector bank: keynote address 4, Asian Conference of the Academy of HRD, Human Resource Development International , vol 10, no. 2 , 203-213, June 2007,*

² Kennedy, Vizila (2007). *Do HRD Practices Differ Among the Categories of Indian Commercial Banks? The ICFAI Journal of Management Research, Vol 6No. 12.*

affirmative likeness and dislikeness about the job in general. Banks are required to give more weight age to Organizational Development which is a major factor in defining the employee's efficiency in banks. Banks should introduce change in a well-planned manner and employee's readiness to be ensured. The study confirmed that human resource practices in private sector banks are higher than public sector banks.

Samartha Vishal (June 2010)³, in his paper “Impact of Occupational Stress on Employee Performance in Banks – An Empirical Study” studied the impact of occupational stress on the performance of bank employees. He also made an attempt to understand the factors influencing stress among the bank employees.

The Methodology adopted was collection of primary data from 100 sample respondents from various banks of Mangalore city, respondents were chosen by convenience sampling method; questionnaire was used to collect the primary data from selected sample respondents. The findings were interesting. Due to rapid changes like globalization increased competition, downsizing, introduction of new technologies, the employees in the banking sector are experiencing a high level of stress. The advent of technological changes has changed the work patters of bank employees. Moreover Female employees are more exposed to stress as they have more responsibilities in family. Employees with lower qualification experience more stress.

³ *Samartha Vishal (June 2010), Impact of Occupational Stress on Employee Performance in Banks – An Empirical Study. Paradigm, Vol 14, No. 1, 65-70*

Singh Shilpi (January 2013) ⁴in her paper “Face Of HR Practices In Today’s Scenario In Indian Banks published in International Journal of Application or Innovation in Engineering and Management (ISSN 2319 – 4847) inquired into HRD philosophy of the banks. To study the organizational and HRD climate in the bank. To inquire into the practices of various HRD techniques To study the outcome of HRD for the banks, individual employees, group and the society at in both private as well as public sector banks. Methodology: interviews and discussion from various commercial banks , staff training colleges, Indian Institute of Banker (Mumbai) NIBM (Pune) Indian Bankers Association (IBA – Mumbai) . Separate questionnaire to be made and circulated throughout. Findings: there should be a balanced compromise between organizational need and individual need. Total insensitiveness to individual preference gives rise to frustration at some point of time. While there must be rewards for performance, non – performance must be punished/ reprimanded. Promotion must be on the basis of merit. There must be uniform, impartial and balanced “employee performance review system”. This system in fact needs a total review. Enthusiastic and pleasant behavior of staff towards the customer is necessary. There must be clearly defined system of succession planning and career growth in banks. Attitudinal change is required at the top level. Human resource balance sheets should accompany financial statements.

Vijay Chaitanya (Jan 2018) in his paper HRD practices – a comparative study of public and private sector commercial banks, International journal of economic and business review ,volume 6, issue 1, ISSN 2347-9671 examined the nature of HRD practices in SBI and ICICI bank operating at Vijayawada in Krishna district . 105 each

⁴ *Singh Shilpi, (January 2013) “ Face of HR Practices in Today’s Scenario In Indian Banks , International Journal of Application or Innovation in Engineering and Management (ISSN 2319-4847)*

were taken from both the banks with the help of simple random sampling. The findings stated that intensive efforts should have to be initiated for designing well structured training and orientation program for the new recruiters in the bank. Although it exists in banks, it needs to be enhanced and promoted in the present scenario This should be done to expose them to different functions and duties in the organizations.

- Also management should give due chance to employees to implement new methods and creative ideas. The top management should also focus on developing new career paths and new career planning schemes in more proactive manner to improve the motivation of employees.

3. Problem Statement :

- (a) There is a gap between job satisfaction of public and private sector bank employees.
- (b) There is difference of job satisfaction among different genders of public sector and private sector bank employees.
- (c) There is a difference in career progression of employees in public and private sector banks.
- (d) There is a trend of exodus of senior level employees from public sector banks to private sector banks.

Objectives of the study:

Following objectives have been identified for the research work:

- 1) To measure job satisfaction factors/ variables that causes differences in job satisfaction between employees of public sector and private sector banks.
- 2) To analyze the job satisfaction level of employees in public sector and private sector
- 3) To know the trends of HRD policies followed in public and private sector banks post 1990.

Significance of the study:

Employees are the backbone of any industry. Their functions, tasks, behavior all affect the productivity of the organization in which they are working. Therefore, it is important for the top management of the organization to keep their employee pool motivated and satisfied. For this to achieve the human resource policies of the organization should focus on issues like better remuneration, better work environment and better welfare policies. This requires that frequent changes should be brought in the HRD policies.

At a point of time when banking industry is undergoing so many changes in terms of ownership, talent pool etc, it is imperative to study the HRD policies of banks to come out with the best practices available in them. This will help other bank to reframe and modify their own HR policy to suit the needs of their employees.

Another very important aspect for the study is the assessment of satisfaction of the employees of the bank. This way it will become clear to the board of the banks as to which are the important factors in the perception of the employees which needs more and more focus. This study deals with demographics of the respondents, their perception of job satisfaction.

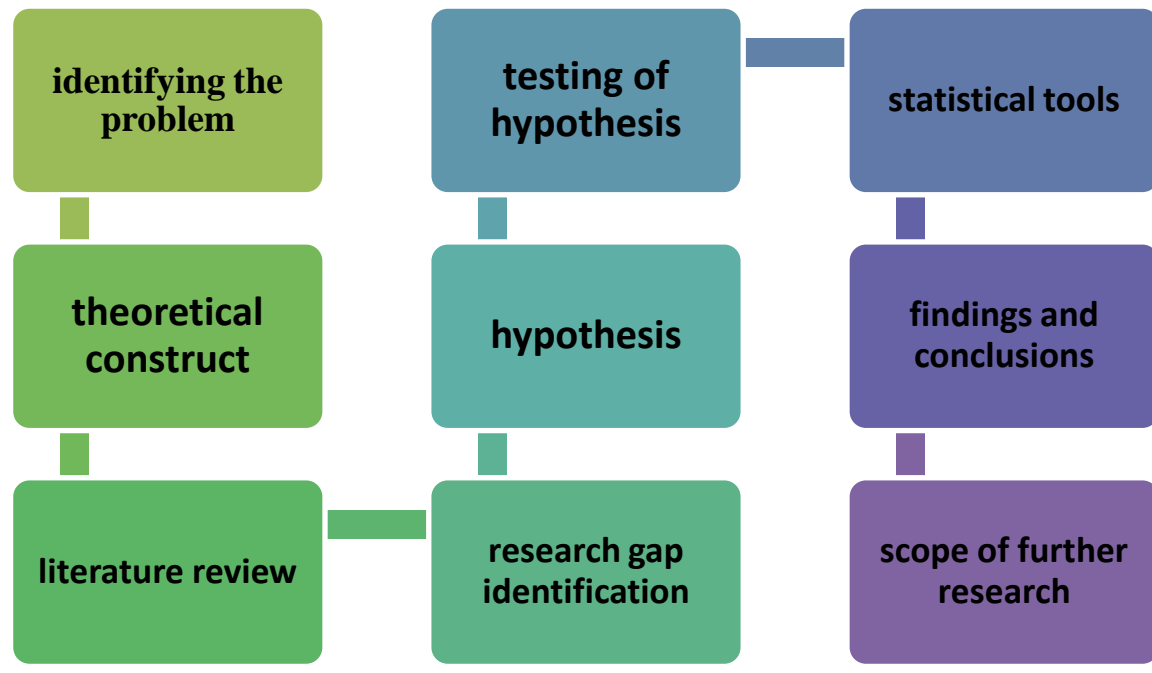
Although banks have in place their internal service rules with them, but still their implementation has wide ramifications among the employees. Since employees are placed at different scales and grades they have different salaries which the bank is offering them. This study highlights these factors in detail and also fosters comparison.

Scope of the Study

For conducting research work in the above stated topic, many banks were selected from the district of Ranchi, Jharkhand. These banks were selected from a survey conducted by **Business World** in **June 2015**. The survey identified the top six public and private sector banks in India on the basis of profitability, number of employees, total number of branches and return on Investment. Following banks in public sector were rated i.e. State Bank of India, Bank of Baroda, and Bank of India and in private sector AXIS BANK, HDFC BANK, KOTAK MAHINDRA BANK.

The capital of state of Jharkhand, Ranchi, was taken as the universal area for the study. After becoming the capital city of Jharkhand, it has become the business hub in terms of increasing number of banks and their branches. The above mentioned banks have opened many branches in different corners of Ranchi district since 1990.

Research Methodology:



Research Design:

TYPE OF RESEARCH: Descriptive research: This type of study tells about the characteristics of population under study. It precedes exploratory research. Research Design refers to the process of the research activity carried out in detail.

TARGET GROUP: The selected respondents were in the age category of 25- 50 age group. Among the designation, mostly they were from clerks, assistants and manager category.

SAMPLE SIZE: 300 at 95 % significance level. With the population size of 1500 the actual sample size came to be 300 at 5%. This was calculated through raosoftware.com

DATA COLLECTION METHODS: The data collection was done through questionnaire circulated among the bank employees in different branches of SBI, BANK OF BARODA, BANK OF INDIA, AXIS, HDFC AND KOTAK MAHINDRA BANK situated in Ranchi district.

QUESTIONNAIRE:

It was framed on the basis of Likert scale (4 point scale) consisting of multiple choice questions. The respondents were asked to rate them on 1- 4 scale. 1 – Strongly agree, 2 – agree, 3 – disagree, 4 – strongly disagree. The first part of the questionnaire consisted of demographic details. Part II was related to employee's perception of job satisfaction variables. Many cross questions were put up and the respondents were asked to rate them. This opinion based responses were later on codified and tabulated in excel sheet.

These quantified responses were later on subjected to statistical tests and calculation of percentage, average, mean, standard deviation. This way demographic detail were analyzed and compared.

Statistical tests like ANNOVA, Chi square, Correlation and Regression were also used and results were substantiated with validity.

Testing of Hypothesis:

- 1) Objective: To measure job satisfaction factors/ variables that causes differences in job satisfaction between employees of public sector and private sector banks.**

H0: (Null Hypothesis): There is no relationship between stability and job satisfaction of employees in both categories of the banks.

H1: (Alternate Hypotheses): There is a relationship between stability and job satisfaction of employees in both categories of the banks.

H0: (Null Hypothesis): There is no relationship between compensation package and job satisfaction of employees in both categories of the banks.

H1: (Alternate Hypothesis): There is a relationship between compensation package and job satisfaction of employees in both categories of the banks.

H0: (Null Hypothesis): There is no relationship between challenges and opportunity and job satisfaction of employees in both categories of the banks.

H1: (Alternate Hypothesis): There is a relationship between challenges and job satisfaction of employees in both categories of the banks.

H0: (Null Hypothesis) There is no relationship between the training and development practices of public and private sector banks.

H1: (Alternate Hypothesis) There is a relationship between the training and development practices of public and private sector banks.

2) To analyze the job satisfaction level of genders of public sector and private sector bank employees.

H0: (Null Hypothesis): There is no difference between job satisfactions of genders in public sector banks in comparison to that of private sector banks.

H1 (Alternate Hypothesis): There is a difference between job satisfaction of genders in public sector banks in comparison to private sector banks .

Findings and conclusions:

Findings based on Primary Data:

This relates to the findings based on the responses collected from the questionnaire. The codified responses were put in SPSS software for analysis. Correlation, regression and chi square test were conducted on the four variables of the study. The result of the tests has been discussed in detail in chapter seven of the thesis work.

Findings based on Secondary Data:

The data for individual bank were collected by taking interviews of senior officers placed in the bank. The opinions of the senior officers regarding HRM practices in banking industry in India are mentioned below:

a) The entry point qualification for officers' recruitment should be graduation with diploma in banking and finance by Indian Institute of Banking and Finance (IIBF) or equivalent certification from recognized universities.

- b) Of late some Banks have started recruiting entry point officers on the basis of written test (Maths, English and Reasoning. IT) and put them under training for acquiring professional knowledge equivalent to DBF certification.
- c) Many banks have started direct recruitment for middle and senior management cadre officers for technical posts as well as specialized positions like engineers, marketing, HR and Law and Risk Management.
- d) Introduction of fast track promotion from scale I onwards. This is done to fulfill the gap created through mass retirement of people at all cadres.
- e) All banks have introduced the fast track promotion channel to promote and upgrade the meritorious and talented high performer officials. Weight age is being given for exposure to rural and semi urban postings.
- f) Significant changes have been brought in the module of learning and development program of the banks with special focus on technology. It is being ensured that each employee undergoes institutional training at least once in every year.
- g) There has been exodus of employees from public sector banks to private sector banks at senior and middle level. To overcome this situation and retain the talent and prevent / reduce attrition rate public sector banks have introduced cash incentive plans and foreign trip plans in addition to increasing perquisites level.
- h) Banks have introduced special rewards and appreciation program for high performers in almost all areas of banking like opening of number of accounts, high rating in inspection and audit report and cross selling.

- i) Banks have open up number of specialized units for which they are recruiting staffs with different skill sets directly from markets like marketing, IT and Risk Management. Interviews are playing a great role in their selection process.
- j) Banks have been given greater flexibility in hiring of manpower. This empowerment has made them free to select personnel with the skills directly from market.
- k) To bring more professionalism in banks board, non executive chairmen are being hired from private sectors with a good track record of service.
- l) Due to massive branch expansion program during 1970s and mid 80s, recruitment of manpower took place. It has created very unusual broad base of pyramid structure. Employee of the age group of 20-30 comprised more than 60 % of total work force. They reached their superannuation in mass during 2010-20. It has created a gap of experienced persons at all cadre. To cope with this, banks have resorted to mass recruitment again and giving quick promotion (fast track) to fill up the vacancies.

Looking at the situation in which Indian banking industry is operating, the governments have been taking corrective actions from time to time. This includes GYAN SANGAM (a conclave of PSBs and Financial Institutions) organized at the beginning of 2015 at Pune. On 14th august 2015, government in a meeting held at New Delhi announced Indradhanush program. This includes seven points revamping program for PSBs.

- 1) APPOINTMENT – separation of post of chairman and Managing Director
- 2) BANK BOARD BUREAU – This replaced Appointment Board for appointment of whole time director as well as non executive chairman.
- 3) CAPITALIZATION – Infusing Rs. 2.11 lakh crores to enable PSBs for sustainable growth and BASEL III requirement.

- 4) DE – STRESSING PSB – relieving banks from stress of NPAs.
- 5) EMPOWERMENT –No interference from Government; banks encouraged to take their own decision.
- 6) ACCOUNTABILITY – A new framework of KPI (key performance indicator) to be measured for the performance of PSBs. Vigilance process to be streamlined for checking frauds.
- 7) GOVERNANCE REFORM – Gyan Sangam was held in which the government interacted with all major PSBs stakeholders for dealing with risk management practices. The focus is also on improving HR Management practices and removing barriers so that bank can share and work together on common resources.
- 8) Recently SBI has come out with dress code for its employees. This is to bring uniformity of relationship among the employees and also projecting good image of bank in the eyes of the customer. Focus is on formal dress code for both the men and women during the working hours. While signing MOU with government for recapitalization, the banks have vehemently agreed not to increase existing manpower in next three years.

Limitations of the Study:

After the completion of the research work, it was observed that certain hindrances kept on coming up right from the beginning. The researcher, on the advice of the research board has put in the following points which future research scholars should keep in mind. Time constraint of the research work, getting the questionnaire completely filled by the respondents, briefing the respondents before the actual work, seeking permission from branch heads etc are the few areas where problems were encountered. However with the

assistance of guide, and research advisory board of the university, solutions were chalked out through discussions.

It is suggested to the future researchers to probe deeply on the issues relating to job satisfaction of bank employees. Since more and more changes are on the way in Indian banking system, the field is vast and open to many research activities in the area.

Research Paper published:

- *Career management – An empirical study of state bank of India , journal of developmental research (april-june 2011) ISSN No. 2229-7561*
- *Career developmental strategies – A study of Indian banking industry, research journal, SIBAR, VOL III, Issue I. Jan-dec 2012 , ISSN number 0975 -9964*
- *Comparative study of HRD Policy with reference to job satisfaction of BOI and HDFC Bank employees” Doctoral Colloquium, V G Som , IIT KGP, 7TH and 8th Feb*
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- *Bank Recapitalization: A bold step in banking reforms, International Journal of Trend in Research And Development (ISSN 2394-9333) VOLUME 5 ISSUE 1 , JANUARY – FEBRUARY2018 ,Impact Factor 4.004(year 2017 ,peer review , open access)*

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