

# Exploring the Influence of HR Practices on Employee Satisfaction: Insights from Public and Private Banks in Karnataka

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## Abstract

In today's banking sector, a key challenge is maximizing human resource contributions to achieve organizational goals. A company's success and management quality hinge on an efficient and satisfied workforce. Studies in both manufacturing and service sectors reveal that Indian employees are as capable as their international peers, yet overall team performance often falls short of corporate expectations. Contributing factors may include low employee motivation, external influences, trade union stances, and management policies. Human resource management strategies focus on enhancing employee efficiency and job satisfaction by promoting personal and professional growth.

**Keywords:** Human Resource Management, Job Satisfaction, Best Practices.

## INTRODUCTION

In today's competitive global market, organizations increasingly focus on human resource practices to gain a competitive edge and meet emerging challenges. These practices help improve an organization's skills, innovation, knowledge, commitment, and overall outcomes. Human Resource Management (HRM) is a strategic approach to managing people and resources in a way that supports both organizational and individual goals. HRM involves planning, organizing, directing, and controlling the processes of recruitment, development, compensation, and retention of employees to meet personal, corporate, and societal objectives.

## HUMAN RESOURCE MANAGEMENT PRACTICES

Henry Ford famously said, "Take away my buildings and machinery, but leave me my people, and I'll rebuild." This highlights the essential role of people in an organization's success. As Werther & Davis have pointed out, the success or failure of any business is directly linked to how well it attracts, develops, and retains its human resources. A company's quality is only as strong as the caliber of its workforce, and having the right person in the right role at the right time is critical to success.

Several HRM strategies can enhance and sustain efficiency in the banking sector. This research examines job satisfaction as a dependent variable and HRM practices—such as recruitment and selection, training and development, performance appraisal, and compensation—as independent variables. The following HRM practices are employed by the selected banks:

### **Recruitment & Selection**

Recruitment involves identifying potential employees and encouraging them to apply for open positions. The broader the applicant pool, the greater the opportunity to select the most qualified candidates. It serves as a bridge between job seekers and employers.

### **Training**

Training equips employees with the knowledge and skills necessary for their roles. It enhances their technical abilities, problem-solving skills, and adaptability to new methods, helping them align with organizational norms, practices, and strategies.

### **Performance Appraisal**

Performance appraisal evaluates an employee's job performance, behavior, and potential for growth. This process provides insights into how employees can develop and improve within their roles.

### **Compensation System**

Compensation encompasses wages, salaries, incentives, and benefits provided to employees in exchange for their work. An effective compensation system is crucial for attracting, retaining, and motivating talented employees.

### **Job Satisfaction**

Job satisfaction reflects an employee's level of contentment with their job, influencing both individual and organizational performance. It is a key determinant of an employee's effectiveness and is essential for overall success. Positive job satisfaction leads to higher productivity and morale, whereas dissatisfaction can hinder performance.

## **INDUSTRY PROFILE**

This study focuses on the Indian banking industry, which plays a crucial role in the country's economy. Banks act as intermediaries between those with surplus funds and those in need of funds. By offering credit facilities, banks help businesses expand production and contribute to economic growth. In addition to traditional banking services,

banks offer a range of financial products, including insurance and investment opportunities, while ensuring the safety of customers' funds and assets.

## LITERATURE REVIEW

**Uma Sankar Mishra et al. (2017)** In their study titled *"Impact of HRM Practices on Job Satisfaction and Performance: An Empirical Study in the Health Care Sector,"* Mishra and colleagues explored the relationship between HRM practices, job satisfaction, and workforce performance within the healthcare sector. The research sample consisted of 318 respondents from four private hospitals in Bhubaneswar, Odisha (Apollo Hospitals, Kalinga Hospital, SUM Hospital, and AMRI Hospital). Using Atteya's (2012) 11-item scale with a 5-point Likert-type format, the study adopted correlation analysis. The findings revealed that organizations face increasing competitive challenges in achieving their goals, and highlighted a gap in research on the role of favorable HRM practices in promoting job satisfaction and performance.

**Dr. Anchal Rastogi and Garima Srivastava (2017)** In their paper, *"E-HRM: Emerging HR Practices in Private Banks,"* Rastogi and Srivastava examined the role of electronic HRM (e-HRM) in private banks. The study aimed to understand how technological innovations are simplifying HR processes and enhancing organizational performance. The research focused on e-HRM practices like e-recruitment, e-selection, e-training, and e-compensation in private banks such as HDFC, ICICI, and IndusInd. Data from 30 respondents were analyzed, revealing that the adoption of IT tools in HR functions significantly improves efficiency by providing necessary information for managing HR processes.

**Gurulal Singh Virk (2017)** In his study *"Role of Human Resource Management (HRM) in Micro, Small, and Medium Enterprises (MSME) in India,"* Virk highlighted the growing importance of HRM functions in MSMEs, particularly in the knowledge-based economy. The study evaluated the role of HRM in enhancing organizational performance, with research showing that strategic HRM is one of the key determinants of success in MSMEs. The study emphasized that the success of these enterprises largely depends on the competence, commitment, and enthusiasm of the owner, who is central to the organization.

**Abdul-Kahar Sulaiman (2017)** In *"The History and Practice of Human Resource Management (HRM) in Ghana: A Policy Perspective Towards Improving Public Sector Administration for Good Governance,"* Sulaiman assessed HRM practices in Ghana, particularly within the public sector. The study reviewed policies such as the Ghana Shared Growth and Development Agenda (GSGDA) and the HR operational manual for municipal assemblies. The research found that HRM in Ghana suffers from misconceptions and inappropriate practices, with government policies often lacking coherence. The study emphasized the need for proper HRM directions to improve public sector administration and governance.

**K. L. Revathi et al. (2016)** In their research, "*A Study on Effectual Enrichment Through Work-Life Responsible HRM Practices in Select IT & ITES Organizations of Hyderabad, India,*" Revathi and colleagues examined the perception of employees regarding work-life balance HRM practices. The study employed stepwise linear regression to analyze the relationship between work-life enrichment and organizational outcomes. The findings revealed a strong positive correlation between work-life responsible HRM practices and improved organizational performance, highlighting the importance of leadership and culture in fostering work-life balance.

## RESEARCH METHODOLOGY

### GAPS IN RESEARCH

Reviewing the preceding literature, it became clear that several studies have been conducted on the effect of HRM practices on employee satisfaction in different industries, including the telecommunications industry, the insurance industry, the education sector, etc. No research has been conducted in the banking industry in Karnataka on the effect of HRM practices on employee satisfaction on the job.

### NEED OF THE STUDY

Deficiencies in the research show the requirement for more empirical research. In order to examine how HRM practices affect employee job satisfaction, the proposed research will concentrate on the state of Karnataka and consider the following factors: recruitment & selection, training, performance evaluation, compensation system, etc. In light of above mention need, the study will be entitled *The Effects of Human Resource Management on Employees Job Satisfaction: A Perspective of Selected Public and Private Banks in Karnataka.*

### OBJECTIVES OF THE STUDY

- To examine the standard of HRM as it is perceived at the selected financial institutions.
- The purpose of this research is to examine how contented workers at a few different banks rate their experience with HRM.
- To analyze the relationship between the chosen banks' HRM procedures and their employees' levels of work satisfaction.
- To evaluate the HRM practices and levels of employee satisfaction in public and private sector banks.

### HYPOTHESIS OF THE STUDY

- H01: There is no significant difference in perceived HRM practices in selected banks.
- H02: Among the banks we looked at, there was no statistically significant correlation between workers' opinions of HRM policies and their level of work satisfaction.
- H03: Perceived HRM procedures had little impact on work satisfaction in a few sample banks.

- H04: Employees at both public and private banks report similar levels of work satisfaction and perceptions of HRM procedures.

## RESEARCH DESIGN

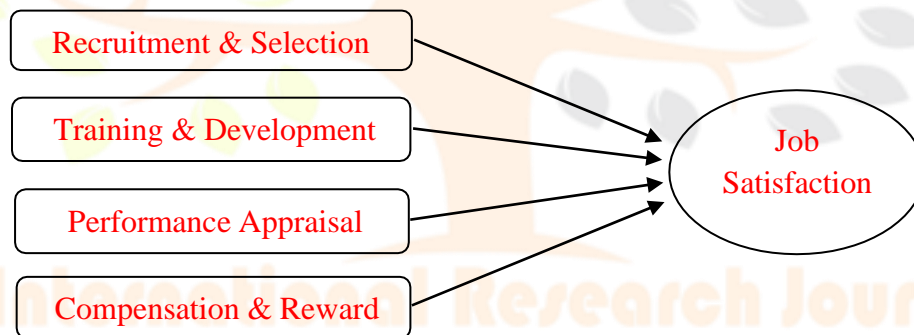
The research design is the overall plan for finding the answers to the study questions. It is based on a framework that guides the research conducted most efficiently. The descriptive research design will be adopted to address the study's objectives. The selected banks in Karnataka's public and private sectors will play host to this study.

## RESEARCH VARIABLES

Job satisfaction among bank workers will serve as the study's dependent variable. The terms "recruitment and selection," "training and development," "performance appraisal," and "compensation and reward" will serve as the independent variables.

### Independent Variables

### Dependent Variable



## SELECTION OF BANKS

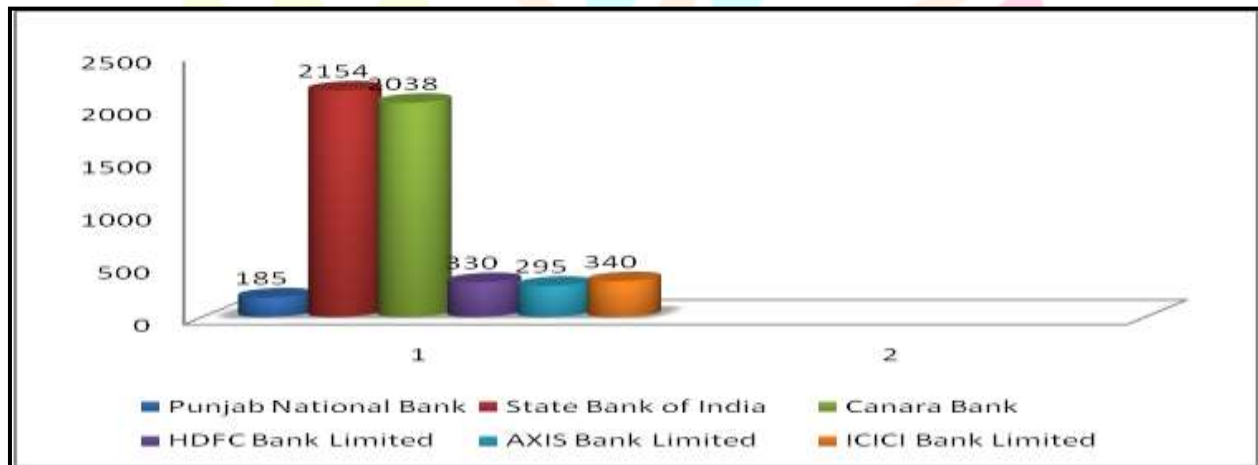
Punjab National Bank, State Bank of India, Canara Bank (Public Sector Banks), HDFC Bank, Axis Bank, and ICICI Bank (Private Sector Banks) are the six banks selected for the research based on the largest number of Branches as reported by the RBI as of March 31, 2018 (Private Sector Banks). The six banks included in the analysis are shown in

**Table-1**

**Selected three Public Sector and three Private Sector banks based on the highest no. of Branches in Karnataka**

S.N.	Public Sector Banks	No. of Branches
	Punjab National Bank	185
	State Bank of India	2154
	Canara Bank	2038
<b>Private Sector Banks</b>		
	HDFC Bank Limited	330
	AXIS Bank Limited	295
	CICI Bank Limited	340

Source: <https://www.rbi.org.in/>



### SELECTION OF DISTRICTS

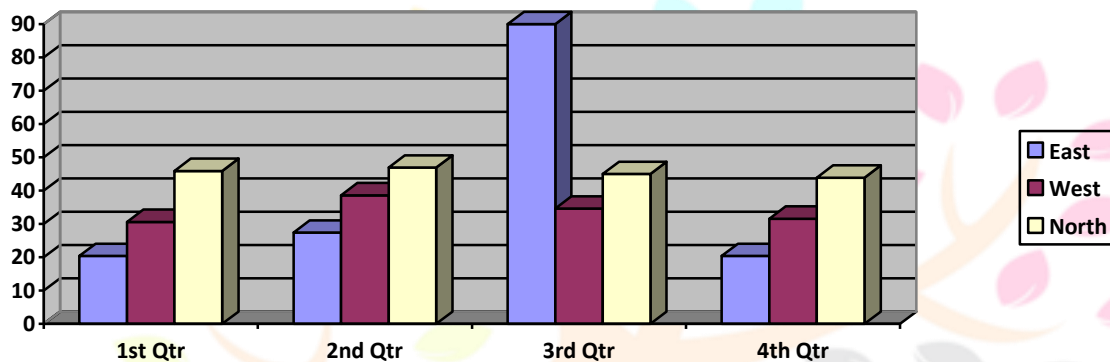
Based on the largest concentration of public sector bank and private sector bank branches in a district as reported by RBI as of March 31, 2018, the districts of Mysore, Mandya, Chamarajanagar, and Hassan within the state of Karnataka have been selected for the research.

**Table-2**

I selected four districts based on the highest no. of branches of Public Sector and Private Sector Banks in a district.

S.N.	State	District	No. of Branches
1	Karnataka	Bangalore	78
2		Mysore	67
3		Hassan	60
4		Chamarajanagar	50
	Total		255

Source: <https://www.rbi.org.in/>



The data reflects the strategic placement of bank branches in Karnataka, with the highest concentration in **Bangalore** (78 branches), the state's major economic and financial hub. **Mysore** follows with 67 branches, signifying its role as an important cultural and commercial center. **Hassan**, with 60 branches, shows a strong banking presence, likely due to its agricultural and business activities. **Chamarajanagar** has 50 branches, reflecting sufficient coverage for a more rural area. Overall, the distribution shows a balance between urban financial centers and smaller districts, ensuring banking services are accessible across the state.

### SAMPLING DESIGN

All current managerial and clerical staff in public and commercial banks in Karnataka are included in the study's population. In order to conduct the research, a sample of 240 workers will be chosen using a convenience sampling method.

### SELECTION OF EMPLOYEES

The research will include a total of 120 participants, 60 from public sector banks and 60 from private sector banks (managerial and clerical workers).

**Table-3**

Selection plan of sample size for the study from Public Sector and Private Sector Banks in Karnataka

S/N	Banks	District & Bank wise Employees				Total Employees	
		Bangalore	Mysore	Hassan	Chamarajana Nagar		
	Punjab National Bank	Public Sector	05	05	05	05	20
	State Bank of India		05	05	05	05	20
	Canara Bank		05	05	05	05	20
<b>Total</b>						<b>60</b>	
	IDFC Bank	Private Sector	05	05	05	05	20
	AXIS Bank Limited		05	05	05	05	20
	CICI Bank Limited		05	05	05	05	20
<b>Total</b>						<b>60</b>	
Area-wise employees covering managerial & clerical staff) <b>Grand Total</b>						<b>120</b>	

## SOURCES OF DATA

The study will use both primary and secondary data. The study's primary data will be gathered using a self-structured and standard-structured questionnaire. Secondary data will be collected for the study from the Reports and publications of the Reserve Bank of India, and reports on Human resources in newspapers, journals, textbooks, and websites.

## TOOLS AND TECHNIQUES FOR DATA ANALYSIS

The study objectives will inform the data analysis strategy. The first step in processing the information gathered is to enter the codes into Excel. After that is done, SPSS will get the coded data. SPSS will be used to analyze the data with the aid of several statistical methods like mean, standard deviation, correlation, regression, ANOVA, and others.

- Descriptive statistics will be used to study the overall population's variables. It will help explain the sample's characteristics through methods like percentage, mean and standard deviation, and tables and graphs.
- The Pearson Product Moment Correlation coefficient will be used to investigate the association between these two sets of data.
- Multiple Regression will be utilized to analyze the effect of independent factors on the dependent variable.
- To compare the variables, ANOVA will be used.

## SCOPE OF THE STUDY

Karnataka state has 12 public sector banks with more the 2000 plus branches and 14 private sector banks with 1000 plus branches. Three public and three private sector banks in Karnataka state are selected for the study. The study intends to help the banking industry draw up plans to enhance their employees' job satisfaction.

### LIMITATIONS OF THE STUDY

- For the study, selected HRM practices are only considered.
- The study is being conducted only in six selected Banks in Karnataka.

### CONCLUSION

Human Resource Development (HRD) focuses on improving working conditions by enhancing employees' skills, knowledge, and motivation. The presence of HRD practices alone is not enough; they must be ongoing and inclusive of all employees to be effective. Successful HRD results in benefits such as job satisfaction, security, recognition, and opportunities for growth. The effectiveness of HRD largely depends on management's approach to human resources. Employees who are satisfied with HRD practices tend to develop a positive attitude, commitment, and loyalty, contributing to organizational growth. Survey results indicate that both banks have effective HRD procedures, benefiting their employees.

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