

## CORRELATES OF HRM PRACTICES, EMPLOYEE PERFORMANCE AND ORGANIZATIONAL COMMITMENT IN PUBLIC AND PRIVATE SECTOR BANKS IN INDIA

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### ABSTRACT

The idea of the study is to discover the association among HRM practices, employee performance and organizational commitment in public and private sector banks in India. The data was collected from 400 respondents (200 managerial and 200 non-managerial) working in selected public and private sector banks through modified standard scale adopted by various authors. Pearson correlation method was used to investigate the relationship between the independent variables and dependent variables used in the present study. The results of the study show that the dimensions under HRM practices (CP, TD, RC, PA, EP, and WLB), employee performance and organizational commitment are positively and significantly correlated.

**Keywords:** *HRM practices, employee performance, organizational commitment, public and private sector banks.*

### INTRODUCTION

Today each and every organization is working in a extremely cutthroat surroundings. The development of persistent competitive benefit results in management of limited and precious resources (Barley, 1991). The most important element for the progress of any organization is the human resources. In service sector organizations the effectiveness of HRM practices and the organizational commitment of the employees are very significant. The good source of competencies could be the human asset system for ensuring sustainable competitive advantage (Pfeffer, 1994). Great eminence of human resource management practices help to create a foundation of wellspring improvement for organizations (Huselid, 1995). Therefore, institutions must generate an extremely superior kind of human resource expertise to sustain well in a competing edge (Khandekar & Sharma, 2005). Maximizing the human competencies in the organization largely depends on the proper implementation of the human resources management practices, consequently organizations have to give additional concentration towards their employees (Saleem and Khurshid, 2014). Hence the success, growth and survival of any organization whether it is

small, medium or large depends on the challenging ability and commitment of the human capital. The main purpose of this study is to determine the relationship between human resource management practices, Employee performance and organizational commitment in selected public and private sector banks in India.

## **LITERATURE REVIEW**

Several organizations focus on HRM practices to conquer the confrontation and expand the outfoxing improvement in the global market which is always unstable and continuously changing. The human resource management utilizes the skills, knowledge, techniques and outcomes of the human resources in such a way which can be enhanced the performance of the organization with the utilization of proper human resources management practices. Large numbers of studies reveal that there is a positive and significant relationship between HRM practices and performance of employees which carried out in different fields and diverse countries (Tabiu & Nura, 2013). Many empirical studies are conducted to inspect the association among HRM practices and performance of employee in diverse territories (Shakeel & Lodhi, 2015). The link between human resource management practices and performance has been developed by many empirical studies that provides the rich literature (Haddock-Millar et al., 2016). According to a study conducted by Faizia et al., (2019) there is a positive and significant outcome of HRM practices on employee performance. Organization is significantly exaggerated by commitment and satisfaction of employees (Elrehail et al., 2019).

## **OBJECTIVES AND HYPOTHESIS OF THE STUDY**

The objective of the present study is to examine the relationship between HRM practices including career planning (CP), rewards and compensation (RC), training and development (TD), performance appraisal (PA), work life balance (WLB), and employee participation (EP), employee performance (EPR) and organizational commitment (OC). Based on the objectives following hypothesis is drawn:

H1: HRM practices are positively and significantly related with employee performance and organizational commitment.

## **RESEARCH METHODOLOGY**

The present study used the exploratory and descriptive research design to fulfill its objectives. Data is perceptible and cross-sectional. Correlation and descriptive statistical techniques were employed in the study by the help of SPSS software. Purposive sampling technique was employed for data collection from selective respondents. Data were collected from a total of 400 employees (managerial and non-managerial) of both public sector and private sector banks. The survey instruments are adopted from previous studies, the instruments consist of three parts: HRM practices, organizational commitment, and employee performance. HRM practices include career planning scale adopted from Judith R. Gorden, 1986, training and development scale adopted

from Goldstein, 1996; Wright, 2009, performance appraisal scale adopted from Griffin, 1999, Mansor, 2011, Rewards and compensation scale adopted from Devenna, 1984 and Dessler, 2002, Work life balance adopted from Fisher McAuley, et al., 2003, Employee participation scale adopted from Locke and Schweigner 1979, Organizational commitment scale adopted from Allen and Meyer, 1990. These adopted scale were modified in order to suit the requirements of the study. Clustering method was employed in the study to collect the data from four public sector and four private sector banks from five districts, each from state of Chhattisgarh and Madhya Pradesh.

## RESULTS AND FINDINGS

Table 1 Mean score of public and private banks on various study variables

Variables	Total Score	Public	Private
Career Planning	19.0425	19.4800	18.6050
Training and Development	32.9850	33.5850	32.3850
Reward and Compensation	37.3100	37.7650	36.8550
Performance Appraisal	28.1325	28.2300	28.0350
Employee Participation	30.6350	30.5850	30.6850
Work life balance	20.6675	20.7250	20.6100
Employee Performance	27.2550	27.4850	27.0250
Organizational Commitment	38.9500	39.0350	38.8650

Table No.1 indicates the descriptive statistics obtained from the present study about the relation between the HRM practices, performance of employees and organizational commitment that represents the mean for the Public and Private sector bank employees. The total mean score of the study for Public and Private sector bank employee's representatives ranges from 19.04 to 38.95. From the table it is evident that the mean score of the dimensions of career planning, training and development, rewards and compensation, performance appraisal, work life balance, Employee Performance and organizational commitment are higher in public sector bank as compared to the means of the private sector bank.

Table 2 Pearson Correlations among HRM practices, EPR and OC									
		CP	TD	RC	PA	EPART	WLB	EPERFOR	OC
CP	Pearson Correlation	1							
TD	Pearson	.296**	1						

	Correlation								
		0							
RC	Pearson Correlation	.772**	.378**	1					
		0	0						
PA	Pearson Correlation	.171**	.391**	.333**	1				
		0.001	0	0					
EP	Pearson Correlation	.265**	.387**	.347**	.295**	1			
		0	0	0	0				
WLB	Pearson Correlation	.104*	.234**	.158**	.192**	.661**	1		
		0.038	0	0.002	0	0			
EPR	Pearson Correlation	.267**	.416**	.484**	.379**	.617**	.520**	1	
		0	0	0	0	0	0		
OC	Pearson Correlation	.242**	.445**	.265**	.262**	.652**	.432**	.510**	1
		0	0	0	0	0	0	0	
** p < 0.01 level (2 tailed)									
* p < 0.05 level (2-tailed)      Source: Own analysis from primary data sources.									

The association between all the dimensions applied in the investigation has been depicted in table 2. To investigate the interrelationship among various HRM practices, employee performance and organizational commitment, Pearson correlation test were employed. The correlation coefficient between career planning and employee performance was  $r = .267$ ,  $p < 0.01$  and organizational commitment was  $r = .242$ ,  $p < 0.01$  which shows affirmative and considerable correlation among them. Correspondingly, the association among TD and EPR ( $r = .416$ ,  $P < 0.01$ ) and OC ( $r = .445$ ,  $p < 0.01$ ) was absolute and considerable Rewards and compensation were positively correlated with employee performance ( $r = .484$ ,  $P < 0.01$ ) and organizational commitment ( $r = .265$ ,  $p < 0.01$ ). PA was completely and axiomatically associated among employee performance ( $r = .379$ ,  $p < 0.01$ ) and organizational commitment. Similarly, employee participation is positively and significantly associated with employee performance ( $r = .617$ ,  $p < 0.01$ ) and organizational commitment ( $r = .652$ ,  $p < 0.01$ ). Work life balance is positively and significantly with employee performance ( $r = .520$ ,  $P < 0.01$ ) and organizational commitment ( $r = .432$ ,  $p < 0.01$ ). The association among employee performance and organizational commitment was also found to be conclusive and significant ( $r = .510$ ,  $p < 0.01$ ).

## DISCUSSION AND CONCLUSION

The findings of the study concluded with positive and significant relationship among all the variables. Human resource management practices including the dimensions CP, TD, RC, PA, EP and WLB are positively and significant associated with performance of employee and organizational commitment as the p value is less than 0.01. The study supports and concludes that if public and private sector banks are having effective human resource management practices, employee will experience satisfaction with their jobs which in turn results in improved employee performance and organizational commitment.

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