

# GOLDEN RESEARCH THOUGHTS

## IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON ORGANIZATIONAL COMMITMENT IN INDIAN OVERSEAS BANK



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### Abstract :

Human resource management practices in Indian banks have changed dramatically in last four decades due to globalization, privatization, deregulation, competition and technological advances. These highly turbulent environmental changes have enforced organizations to adopt new workplace practices that enhance sustained level of high performance. With these changes, employee's perceptions regarding their jobs are also changing. Therefore, the primary objective of the study is to analyze perception of the employees about human resource management practices and to study the impact of human resource management practices on organizational commitment. The result of the study reveals that there is a strong relationship between the human resource management practices and organizational commitment of the employees, which shows that the human resource management practices proved to be the most significant predictor of employees commitment.

**Keywords:** Human Resource Management Practices, Organizational Commitment.

## Impact Of Human Resource Management.....

### INTRODUCTION

For years Indian business organizations have been operating successfully in protected domestic markets facing only restricted competition. Globalization and the economic reform processes undertaken by Government of India have brought about a paradigm shift in the context in which Indian organizations have been operating. Integration with global economy has become an indispensable part of Indian economy.

Due to this shift in external environment the Indian industry in general and banking industry in particular are passing through a phase of radical transformation. Today, banking sector is seen as a catalyst in the economic growth of a country and, a lot is expected from the banking fraternity. The recognition of banking sector, as a tool for all inclusive growth by economists, financial planners and reformists has made it an important sector in the Government's planning of economic growth.

The banking sector in India is therefore witnessing tremendous changes because of political, social and economic upheavals that are taking place domestically and internationally. The banking industry in India has undergone a radical change in the last two decades. Now the banking has become too open and competitive. The basic focus and direction has changed from a level of moderate business to a maximum possible limit. Even the flow of business movement has changed from customer's door step to bankers, now from Banker's to customers' doorstep.

Human resource management practices in Indian banks have changed dramatically in last four decades due to globalization, privatization, deregulation, competition and technological advances. These highly turbulent environmental changes have enforced organizations to adopt new workplace practices that enhance sustained level of high performance. With these changes, employee's perceptions regarding their jobs are also changing. In this grow-or-die marketplace, the success of any organization relies on its workforce. Satisfied and committed employees are the most significant assets of any organization, including banks. As banking institutions are the backbone of a nation's economy, the efficient management of human resource and the maintenance of higher job satisfaction levels affect the growth and performance of an entire economy.

The study of human resource management practice has been an important and critical area in management and organizational performance from last several years especially in the banking industry. Influence of Human Resource Management practices on organizational commitment has been an important area of research; hence the study aims to explore perception of the employees about human resource management practices and its impact on organizational commitment of the employees in Indian overseas bank, Nagapattinam district of Tamil Nadu.

### METHODOLOGY

The present study has been conceptualized in order to analyze the relationship between human resource management practices and organizational commitments in Indian overseas bank. The study has made use of survey method of research to achieve the objectives.

For the purpose of the analysis, the bank employees are classified as officers, clerical staff and sub staff. The branch managers, field officers and cash officers are considered as officers, clerks, recovery and marketing officers are as clerical staff and messengers, sweepers and watchmen are considered as sub staff.

Among the public sector banks functioning in Nagapattinam district, Indian overseas bank has played a prominent role. It has established 37 branches in the district. There are 462 employees working in the 37 branches of Indian overseas bank, of which 149 are officers, 227 are clerical staff and 86 are sub staff. As per the sample size determination formula the required total sample size is 273, which constitutes 59 per cent of the total population. Therefore, 59 per cent from each category is drawn on the basis of stratified random sampling method. A total sample includes 88 officers, 134 clerical staff and 51 sub staff.

The data required to carry out objectives of the study were collected both from the primary and secondary sources. The questionnaires were administered on the sample respondents to collect the primary for analyzing the human resource management practices and organizational commitments. The sources for secondary data were literature available in libraries in the form of books, journals and magazines. Besides the above mentioned literature, annual reports and published and unpublished documents and web sites of the sample units were also referred to.

### RESULT AND DISCUSSION

To analyze the overall perception about human resource management practices 140 statements were framed covering the seven variables, viz., recruitment and selection, training and development, appraisal and reward, performance management, promotion and transfer, compensation management and industrial relations, higher mean score indicates the effectiveness of human resource management of the bank. The overall perception of the respondents about the human resource management practices of the study unit is analyzed in table 1.

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**TABLE 1**  
**OVERALL PERCEPTION ABOUT HUMAN RESOURCE MANAGEMENT**

Category	Mean score	Mean score (%)
Officers (N=88)	362.53	51.79
Clerical staff (N=134)	295.24	42.18
Sub staff (N=51)	199.47	28.50
Average (N=273)	299.04	42.72

Source: Primary data

Table 1 shows the overall perception of the respondents about human resource management practices of the study unit in the study area. The average mean score obtained by the respondents in respect of overall human resource management practices was 42.72 per cent. The officers have obtained the mean score of 51.79 per cent and clerical staff and sub staff have secured 42.18 per cent and 28.50 per cent. It can be inferred from the table that the officers perceives moderate degree of perception and clerical and sub staff perceive low perception about overall human resource management practices of the study unit.

### LEVEL OF PERCEPTION

The level of perception of the respondents about human resource management practices is assumed to be normally distributed. The level of perception of the respondents is divided into three categories, i.e. below average, average and above average levels, which have been defined as Low, Medium and High level of perception respectively. The lower and upper limits of average level have been calculated as Lower limit of average level = Mean - 1 Standard deviation and The upper limit of average level = Mean + 1 Standard deviation. Table 2 shows that the level of perception of the respondents about overall human resource management practices of the bank in the study area.

**TABLE 2**  
**LEVEL OF PERCEPTION ABOUT OVERALL HUMAN RESOURCE MANAGEMENT PRACTICES**

Level of Perception	No. of Respondents			
	Officers	Clerical Staff	Sub Staff	Total
Low	15 (17.05)	87 (64.93)	36 (70.59)	138 (50.55)
Moderate	52 (59.09)	34 (25.37)	09 (17.65)	95 (34.80)
High	21 (23.86)	13 (09.70)	06 (11.76)	40 (14.65)
Total	88 (100.00)	134 (100.00)	51 (100.00)	273 (100.00)

Source: Primary data; Note: Figure in the bracket is percentage of total

Table 2 reveals that out of 273 respondents, nearly 51 per cent of the respondents perceived low perception, about 35 per cent and 15 per cent of the respondents have moderate and high level of perception about overall human resource management practices. The table also reveals that the majority of the officers has moderate perception and the majority of the clerical staff and sub staff have low perception about overall human resource management practices. Therefore, it can be inferred from the table that the officers have moderate satisfaction, whereas clerical staff and sub staff have low satisfaction about overall human resource management practices of the study unit.

### DESCRIPTIVE STATISTICS-OVERALL HUMAN RESOURCE MANAGEMENT PRACTICES

In order to analyze whether there is any significant relationship between the perception of the respondents, a null hypothesis is framed and tested with the help of t-test.

#### Null hypothesis

The respondents have similar perception about overall human resource management practices.

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**TABLE 3**  
**DESCRIPTIVE STATISTICS-OVERALL HUMAN RESOURCE MANAGEMENT PRACTICES**

Category	Count	Mean	S.D	t-value	Result
Officers and Clerical staff	88	362.53	20.22	1.91	Not significant
	134	295.24	11.62		
Officers and sub staff	88	362.53	20.22	3.60	**Significant
	51	199.47	9.68		
Clerical staff and sub staff	134	295.24	11.62	2.39	**Significant
	51	199.47	9.68		

\*\* Significant at 5% and 1% level

Table 3 revealed that there is no significant difference between perception of the officers and clerical staff about overall human resource management practices. However, there is a significant difference between the perception of officers and sub staff, clerical staff and sub staff about overall human resource management practices of the bank.

#### DEMOGRAPHIC VARIABLE AND LEVEL OF PERCEPTION

To find out whether there is any significant difference between individual demographic variables such as sex, age, educational qualification, designation, experience and income of the respondents and their level of perception, a null hypothesis is framed and tested with the help of Chi-square test.

**Null hypothesis:** There is no significant difference between individual demographic variables and the level of perception about overall human resource management practices of the bank.

**TABLE 4**  
**CHI-SQUARE TEST**

Demographic Variable and Level of Perception	Chi-Square Test – Value	Table value 5% level	Table value 1% level	H <sub>0</sub> Accepted / Rejected	Significance
Sex and level of perception	15.6	5.991	9.210	Rejected	**Significant
Age and level of perception	20.6	9.488	13.277	Rejected	**Significant
Educational Qualifications and level of perception	34.0	9.488	13.277	Rejected	**Significant
Designation and level of perception	59.4	9.488	13.277	Rejected	**Significant
Experience and level of perception	4.65	9.488	13.277	Accepted	Not significant
Income and level of perception	38.1	9.488	13.277	Rejected	**Significant

\*\* Significant both at 5% level and 1% level.

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The result of the chi-square test revealed that there is no significant difference between work experience and level of perception about overall human resource management practices. There is a significant difference between sex and level of perception, age and level of perception, educational qualifications and level of perception, designation and level of perception and income and level of perception about overall human resource management practices.

### ORGANIZATIONAL COMMITMENT

John Meyer and Natalie Allen developed their Three Component Model of Commitment and published it in the 1991 "Human Resource Management Review." The model explains that commitment to an organization is a psychological state, and that it has three distinct components that affect how employees feel about the organization that they work for.

#### The three components are:

1. Affective Commitment (Affection with the job)
2. Continuance Commitment (Fear of loss)
3. Normative Commitment (Sense of obligation to stay)

The organization can use this model to increase commitment of the employees, while also helping the employee to experience a greater feeling of well-being and job satisfaction.

### OVERALL ORGANIZATIONAL COMMITMENT

The mean score obtained by the respondents for overall organizational commitment is shown in table 5.

**TABLE 5**  
**MEAN SCORE FOR OVERALL ORGANIZATIONAL COMMITMENT**

Category	Mean score	%
Officers (N=88)	80.35	66.96
Clerical Staff (N=134)	61.24	51.03
Sub Staff (N=51)	25.86	21.55
Average (N=273)	60.79	50.66

Source: Primary data

Table 5 reveals that the average mean score obtained by the respondents in respect of overall organizational commitment was 42.72 per cent. The officers have obtained the mean score of 66.96 per cent and clerical staff and sub staff have secured 51.03 per cent and 21.55 per cent. It can be inferred from the table that the officers and clerical staff have moderate overall organizational commitment and the sub staff have low organizational commitment with the study unit.

### LEVEL OF ORGANIZATIONAL COMMITMENT

The level of overall organizational commitment of the respondents is presented in the table 6.

**TABLE 6**  
**LEVEL OF ORGANIZATIONAL COMMITMENT**

Organizational Commitment	No. of Respondents			
	Officers	Clerical Staff	Sub Staff	Total
Low	16 (18.18)	54 (40.30)	33 (64.71)	103 (37.73)
Moderate	52 (59.09)	68 (50.74)	12 (23.53)	132 (48.35)
High	20 (22.73)	12 (08.96)	06 (11.76)	38 (13.92)
Total	88 (100.00)	134 (100.00)	51 (100.00)	273 (100.00)

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Source: Primary data, Note: Figure in the bracket is percentage of total

Table 6 shows that out 273 total respondents as much as 38 per cent, 48 per cent and 14 per cent of the respondents have low moderate and high level of commitment with their organization. Out of 88 officers nearly 59 per cent, 23 per cent and 18 per cent of the respondents revealed moderate, high and low organizational commitment. Among the clerical staff 51 per cent, 40 per cent and 9 per cent of the respondents exposed moderate, low and high level of organizational commitment. In case of sub staff the majority of the respondents revealed low organizational commitment. About 24 per cent and 12 per cent of the respondents revealed moderate and high level of organizational commitment. Therefore, it can be inferred from the table that the officers and clerical staff have moderate commitment and sub staff have low commitment with their organization.

### HUMAN RESOURCE MANAGEMENT AND ORGANIZATIONAL COMMITMENT

To analyze the relationship between of human resource management and organizational commitment of the employees, the multiple regression analysis has been used. The researcher used human resource management as an independent variable and organizational commitment as a dependent variable. Testing of hypothesis is performed through regression analysis. The result of regression analysis is given in Table 7.

#### Null hypothesis

There is no significant positive relationship between human resource management and organizational commitment.

**TABLE 7**  
**RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT**  
**AND ORGANIZATIONAL COMMITMENT**

Variables	R	R <sup>2</sup>	F- Statistics
Human Resource Management and Organizational Commitment	0.997**	0.995	8.602

\*\* Significant at both 1% and 5% level

Table 7 shows that the coefficient values attached to perception about human resource management in multiple regression analysis on overall organizational commitment. The table indicates a strong relationship between the human resource management practices and organizational commitment of the employees. R2 value is indicating that human resource management is a strong predictor of organizational commitment of the employees. The 'F' statistics reveal the validity of fitted regression models. The results of the analysis indicate that if human resource management is effectively and carefully implemented, this can improve organizational commitment of the employees.

### CONCLUSION

To conclude, the result of the study shows that the officers have moderate perception and the clerical staff and sub staff have low perception about overall human resource management practices. It implies that the officers have moderate satisfaction, whereas clerical staff and sub staff have low satisfaction about overall human resource management practices of the study unit. The study further reveals that there is a strong relationship between the human resource management practices and organizational commitment of the employees, which shows that the human resource management practices proved to be the most significant predictor of employees commitment.

It is pertinent to mention here that in this globalized world, it is only the Human Resource that can provide the Indian banking sector the competitive edge because under the new trade agreements, technology can be easily transferred from one country to another and also there is no dearth of finance. But it is the talented workforce that is very hard to find. The biggest problem is to retain the present workforce and stop them from quitting. This can be achieved by way of efficient implementation of human resource policies and practices and by improving their level of organizational commitment. If the bank implements satisfactory and employee-friendly human resource policies and practices and take measures to enhance the organizational commitment of employees it would achieve many glorious things in future.

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