



## SIGNIFICANCE OF RECRUITMENT POLICIES IN THE PERFORMANCE ECHELON OF BANK EMPLOYEES

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### ABSTRACT

#### KEYWORDS:

*Performance echelon, competitive environment, motivation, recruitment and selection, HRM techniques, Human Resource Management, proactive, asset.*

*The banking sector in Indian economy has become an integral part of global economy. Total quality management, cost consciousness, sophisticated equipment, high skill, latest technology, most up-to-date know how, production with less cost and customer's satisfaction have become the hallmark. In such a fiercely competitive environment, with the liberalization and globalization of the economy, the management of banking and other financial organizations will have to initiate radical changes within the banking organization to enable it to compete effectively in a dynamic market. The performance is the key area which determines the growth of any organization therefore attempt has been made to identify the significance of the recruitment policies and subsequently the performance of employees.*

*The management of banking organization has to continually enhance its efficiency and effectiveness for its survival and growth. The human resources management is quite essential for any growth oriented and dynamic organization which wants to succeed in a fast changing and competitive environment. It is the route by which banking/financial organization can come to term with the new situation. Good human resource management practices will ensure that the employees should know their goals for the organization and accordingly perform to the levels needed and beyond for success in today's competitive world.*

*The study envisaged to propel the recruitment and selection policies having nexuses with performance echelon of the identified Banks in public sector viz. State Bank of India (SBI), Punjab National Bank (PNB) and Union Bank of India. Similarly, the identified private sector banks are ICICI, HDFC and Axis Bank (previously UTI Bank). The research article is an attempt to explore and identify the correlation between performance level among the employees of Public and Private Sector Banks vis-à-vis Recruitment and Selection procedures.*

### 1.PRINCIPLES OF PERSONNEL MANAGEMENT IN BANKING INDUSTRY

Human Resource Management is one of the most important areas where success of the organization is determined by way of participation on the part of the management and employees as well. Despite continuous contribution by the top management, the desired goals can be achieved by the consistent support on the part of its employees. Therefore, employees are the asset for any organization. Proactive HRM is a strategic approach to the motivation, acquisition, development and management of human resources of banking

and other financial sectors. It is a very specific sphere of management that attempts to develop programmes, policies and practices to promote the satisfaction of both individual and organizational needs, aims and objectives. Hence, the HRM technique in the banking sector is proactive rather than reactive. It comprises; manpower planning, selection, performance appraisal, wage & salary, administration, training and development. In its esteemed essence, HRM is the qualitative improvement of human beings who are considered the most valuable assets of an organization of the sources, resources, and users of all services. The management of human resource is more of an art than a science.

In the opinion of Scott, Clothier and Spriegel, “The objectives of personnel management, personnel administration or industrial relations in an organization are to obtain maximum individual development, desirable working relationships between employers and employees, and employees and employees, and to affect the molding of human resources as contrasted with physical resources”.<sup>1</sup> Dirks stated that, “the objectives of personnel administration include the utilization of human resources effectively, establishment and maintenance of productive and self-respecting working relationships among the participants and attainment of maximum individual development of the members of the organization”.<sup>2</sup> Accordingly to American Management Association, “The purpose of a business enterprise is the profitable production of goods and services to fulfill economic needs in such a way as to provide satisfactory returns to both economic needs in such a way as to provide satisfactory returns to both economic and social suppliers, owners and members of the organization, under conditions which provide for a maximum conservation of human and material resources over a continuing period.”<sup>3</sup>

**2. MEANING OF RECRUITMENT AND SELECTION**

In order to achieve the desired result it is observed that success can be achieved by the management concept ‘right man at the right place’. Massive collection of human being for achieving common objectives requires proper collection of each human being so as to convert the group in to human face for proper utilization. **Recruitment** emphasis on identification of sources of potential candidates while **Selection** is concerned with evaluation of potential employees.<sup>4</sup> H.T. Graham defines, “Recruitment is the first part of the process of filling the consideration of sources of suitable candidates, making contact with those candidates and attracting applications from them” whereas, “Selection is thenext step, i.e. assessing the candidates by various means, and making a choice followed an offer of employment.”<sup>5</sup> *Edwin B. Flippo* defined recruitment as the process of searching for prospective employees and stimulating them to apply for jobs in the organization. According to P. Subba Rao, “the recruitment is a process to discover the sources of manpower to meet the requirement of the staffing schedule

and to comply effective measures for attracting that manpower in adequate number to facilitate effective selection of an efficient workforce.”<sup>6</sup> The possible recruiting methods are “summaries into three categories: direct, indirect and third party.”<sup>7</sup> After selection, “induction is the welcoming process to make the new employee feel at large at home and generate in him a feeling of belongingness to the organisation.”<sup>8</sup>

**3. RESEARCH METHODOLOGY**

The study has been done by collection of samples at various locations in Delhi, Haryana, Western UP (upto 2010). The sample size of this study is 300 employees each from Public and Private sector banks. The analysis has been done based on the responses collected from the employees of banking industry in the form of questionnaire. The secondary data for this work has been taken from reports of the bank, field visits, internet search and various published records. The data is collected on the basis of Stratified random sampling.

**4. ANALYSIS OF DATA**

The responses received from the bank employees and subsequently the analysis of the data, the study explores the areas for the Public and Private Sector Banks to identify the influencing factors of Recruitment Policies in connection with the performance echelon of the employees. It has been observed that there are prominent nexus occurred in performance level of the employees viz-a-viz the recruitment and selection procedures in the banking sector. It has also been found that employees are one of the most important determinants for any business house and the growth of that specific organization dependent on the performance by its employees. The high performance level on the part of employees is important as it laid the foundation of the success of the organization. Performance level can be achieved in the industry by the observance of fair, transparent and motivational policies in the recruitment process. Simple and comparative frequency distribution is used for the data analysis as statistic tool.

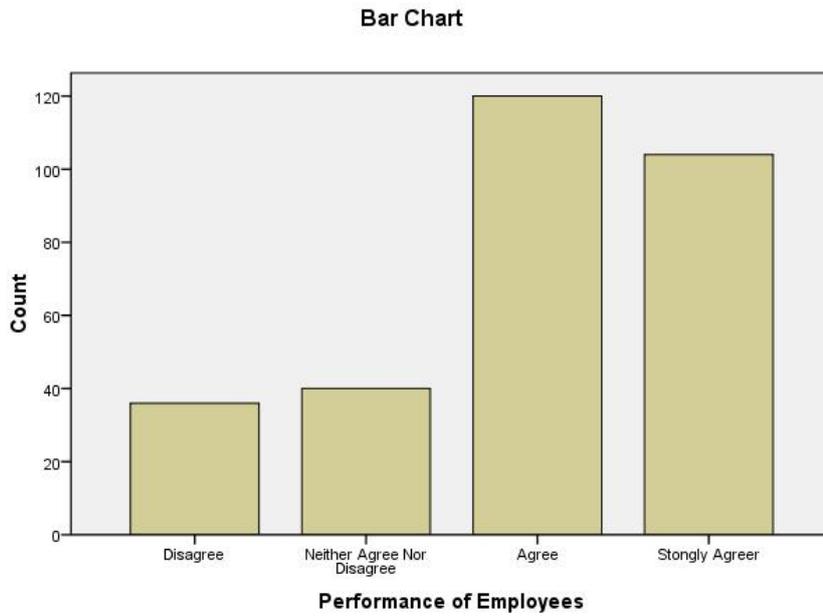
**Data Analysis of Public Sector Bank Employees:**

The analysis of the data considering recruitment policies and the influencing factors of performance of the employees are summarized below using simple frequency distribution method:

**(1) The fair selection enhanced the performance of the employees:**

Perception of the Employees	Public Bank
Strongly Disagree	0
Disagree	36
Neither Agree Nor Disagree	40
Agree	120
Strongly Agree	104
Total	300

Table 5.1



**Fig. 5.1**

**Interpretation:**

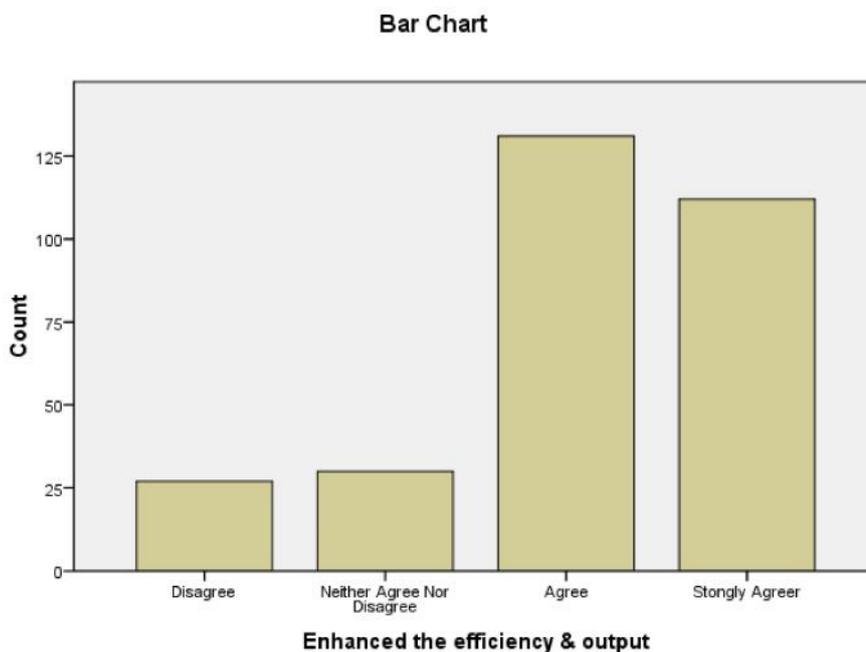
The Table and Fig. 5.1 indicate that 40% employees in general agree that the fair selection enhanced the performance of the employees. However, 34.67% employees are strongly

agrees with the statement. The fair selections develop a sense of faith among the employees. **It is found that the fair selection enhanced the performance of the employees.**

**(2)The fair recruitment practices enhanced the efficiency and output:**

Perception of the Employees	Public Bank
Strongly Disagree	0
Disagree	27
Neither Agree Nor Disagree	30
Agree	131
Strongly Agree	112
Total	300

**Table 5.2**



**Fig. 5.2**

**Interpretation:**

The Table and Fig. 5.2 indicate that 43.67% employees in general agree that the fair recruitment practices enhanced the efficiency and output of the employees. Another 37.34% employees are strongly agrees with the statement. Therefore,

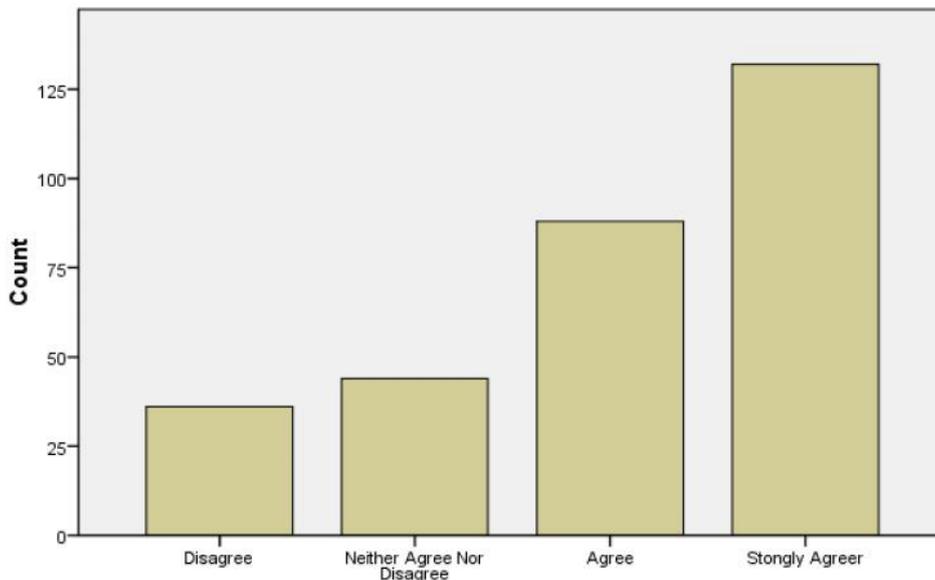
it can be said that if the banking institutions adopts the fair recruitment policy, it will attract the youths and become useful tool which recognized for enhancing the efficiency and output of the employees.

**(3)The fair selection boosts the morale of the employees:**

Perception of the Employees	Public Bank
Strongly Disagree	0
Disagree	36
Neither Agree Nor Disagree	44
Agree	88
Strongly Agree	132
Total	300

Table 5.3

Bar Chart



Moral of the Employees

Fig. 5.3

**Interpretation:**

The Table and Fig. 5.3 indicate that 44% employees in general strongly agree that the fair recruitment boosts the morale of the employees. Another 29.34% employees agree

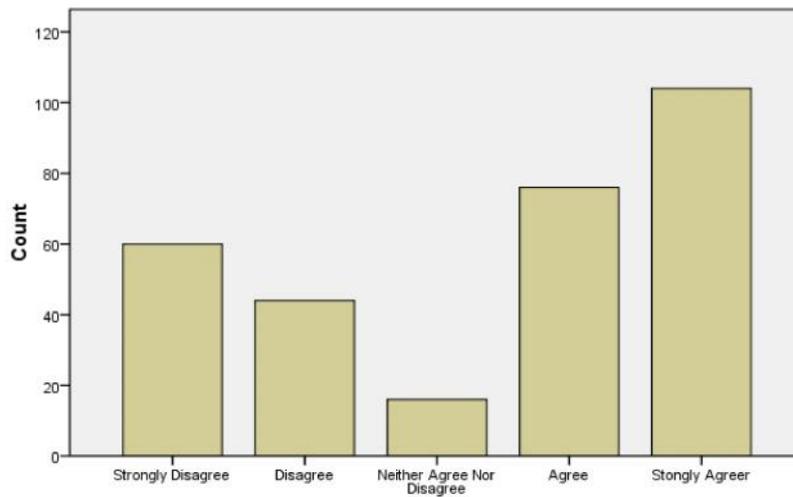
with the statement. It is concluded from the responses of the employees that fair recruitment policy played important role to keep the employees morale high.

**(4) The efficient manpower easily achieved the sales targets:**

Perception of the Employees	Public Bank
Strongly Disagree	60
Disagree	44
Neither Agree Nor Disagree	16
Agree	76
Strongly Agree	104
Total	300

Table 5.4

Bar Chart



Achieved the sales targets

Fig. 5.4

**Interpretation:**

The Table and Fig. 5.4 indicate that 34.67% employees in general strongly agree that the efficient manpower easily achieved the sales targets. The 25.34% and 20% employees agree and strongly disagree with the statement. It is found

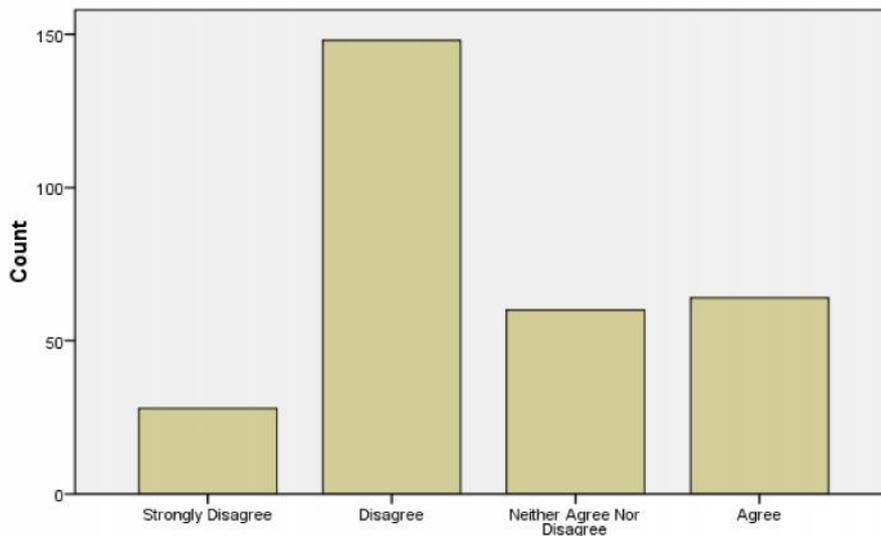
that achievement of the target is somehow depends upon the global and economic condition of the market. Therefore, even an outstanding employee cannot achieve the targets if the global market is down.

**(5) Direct recruited employees performed better than the promoted employees:**

Perception of the Employees	Public Bank
Strongly Disagree	28
Disagree	148
Neither Agree Nor Disagree	60
Agree	64
Strongly Agree	0
Total	300

Table 5.5

Bar Chart



Direct recruited employees performed better

Fig. 5.5

**Interpretation:**

The Table and Fig. 5.5 indicate that 49.34% employees in general disagree that the direct recruited employees performed better than the promoted employees. The 21.34% and 20% employees agree and neither agrees nor disagrees respectively with the statement. It is found that the direct

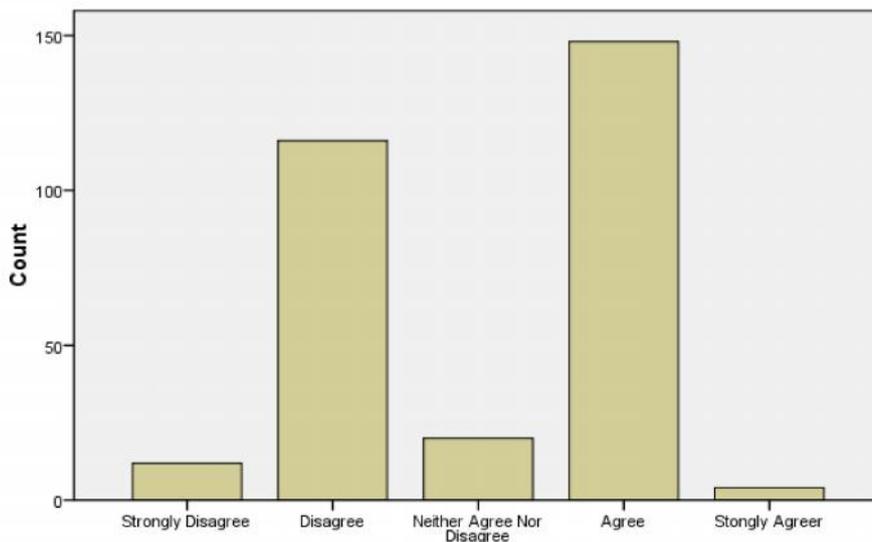
recruited employees feel that they perform better than promoted employees and similarly, the promoted employees feel that being experience they are performed better.

**(6) Direct method of recruitment proves economical in long run as potential employees do not need extra training:**

Perception of the Employees	Public Bank
Strongly Disagree	12
Disagree	116
Neither Agree Nor Disagree	20
Agree	148
Strongly Agree	4
Total	300

Table 5.6

Bar Chart



Potential employees do not need extra training

Fig. 5.6

**Interpretation:**

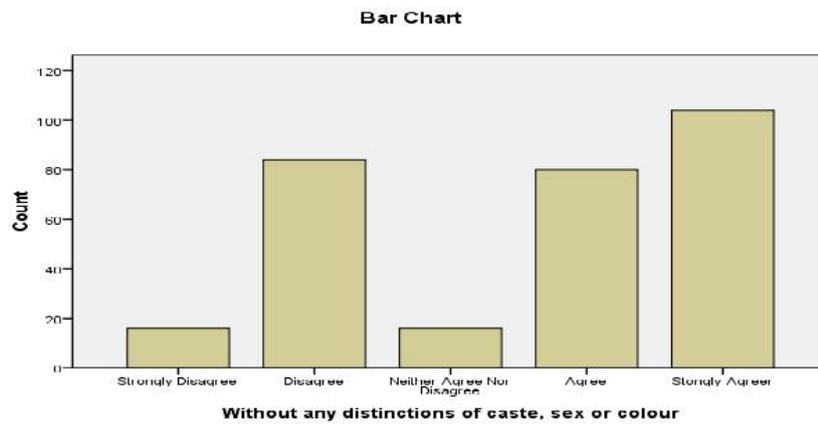
The Table and Fig. 5.6 indicate that 49.34% employees in general agree that the direct method of recruitment proves economical in long run as potential employees do not need extra training. Another 38.67% employees disagree with the

statement. It is found that direct recruitment method is economical in long run as the young, highly qualified and computer savvy employee needs less training as compared to promoted employees.

**(7) Candidates selected from open market without any distinction of caste, sex or colour performed effectively:**

Perception of the Employees	Public Bank
Strongly Disagree	16
Disagree	84
Neither Agree Nor Disagree	16
Agree	80
Strongly Agree	104
Total	300

Table 5.7



**Fig. 5.7**

**Interpretation:**

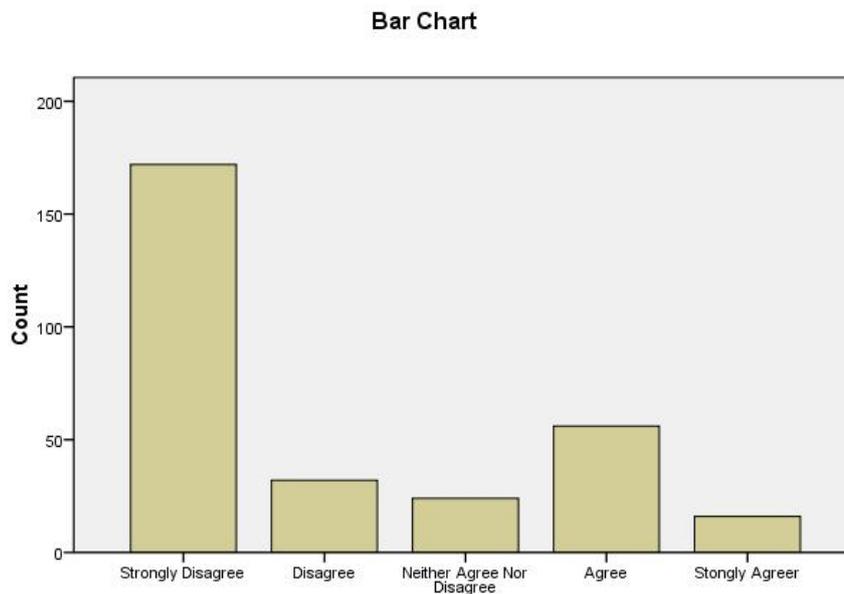
The Table and Fig. 5.7 indicate that 34.67% employees in general strongly agree that the candidates selected from open market without any distinction of caste, sex or colour

performed effectively. The 28% and 26.67% employees disagree and agree respectively with the statement. **It is found that recruitments should be free from any discrimination.**

**(8) Private Bank employees perform better than the Public Bank employees:**

Perception of the Employees	Public Bank
Strongly Disagree	172
Disagree	32
Neither Agree Nor Disagree	24
Agree	56
Strongly Agree	16
Total	300

**Table 5.8**



**Private Bank employees perform better than the Public Bank employees**

**Fig. 5.8**

**Interpretation:**

The Table and Fig. 5.8 indicate that 57.34% employees in general strongly disagree that the Private Banks selected candidates immediately through interview whereas Public Banks follow the long procedure of selection comprising written test, interview, medical & police report etc. But, it is generally seen that Private Bank employees perform better

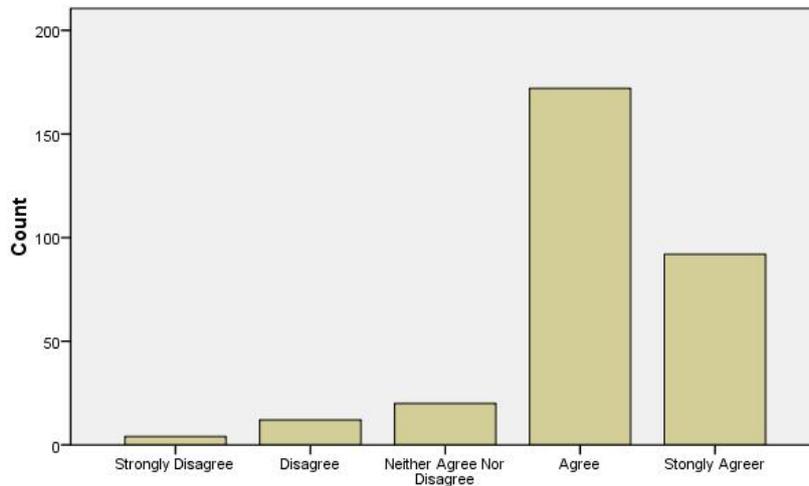
than the Public Bank employees. Another 18.67% employees agree with the statement. **It is found that the recruitment process is short in the Private Banks as compared in the Public Sector Banks. Moreover, the Public Bank employees feel that they perform better whereas the Private Bank employees feel that they perform better.**

**(9)Private Bank employees are not/less transferred whereas Public Bank employees are frequently transferred which adversely affected their performance:**

Perception of the Employees	Public Bank
Strongly Disagree	4
Disagree	12
Neither Agree Nor Disagree	20
Agree	172
Strongly Agree	92
Total	300

**Table 5.9**

**Bar Chart**



**Public Bank employees are frequently transferred which adversely affected their performance**

**Fig. 5.9**

**Interpretation:**

The Table and Fig. 5.9 indicate that 57.34% employees in general agree that Private Bank employees are not/less transferred whereas Public Bank employees are frequently transferred which adversely affected their performance.

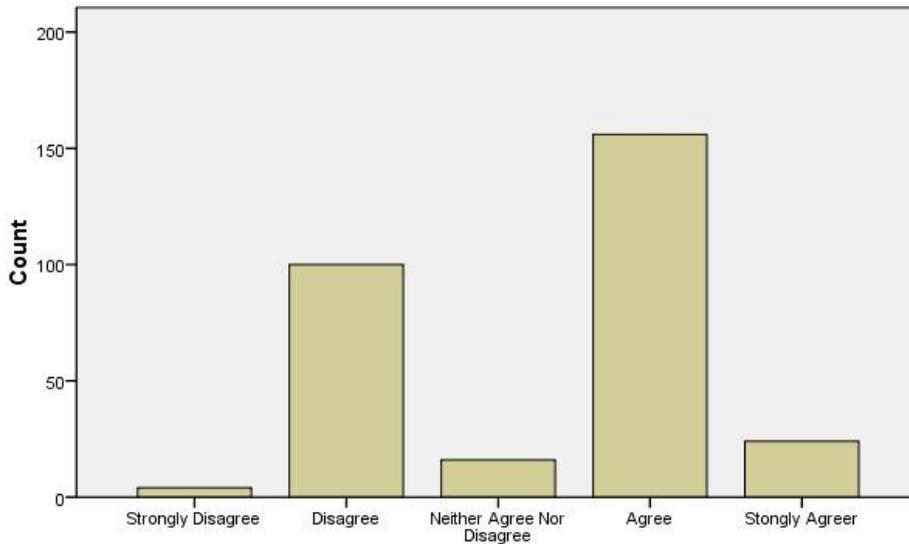
Another 30.67% employees strongly agree with the statement. Thus, it is found that the transfers affected the performance of the employees.

**(10) The Private Banks have the better modern facilities whereas the Public Banks are lacked behind which affected on their performance:**

Perception of the Employees	Public Bank
Strongly Disagree	4
Disagree	100
Neither Agree Nor Disagree	16
Agree	156
Strongly Agree	24
Total	300

**Table 5.10**

Bar Chart



**Private Banks have the better modern facilities whereas the Public Banks are lacked behind**

Fig. 5.10

**Interpretation:**

The Table and Fig. 5.10 indicate that 52% employees in general agree that Private Banks have the better modern facilities whereas the Public Banks are lacked behind which affected on their performance. Another 33.34% employees

disagree with the statement. It is found that the modern facilities played indispensable role and nexus with the performance.

**(11)The Overall Performance is rated as very good, as regards existing recruitment practices:**

Perception of the Employees	Public Bank
Strongly Disagree	21
Disagree	103
Neither Agree Nor Disagree	35
Agree	128
Strongly Agree	13
Total	300

Table 5.11

Bar Chart

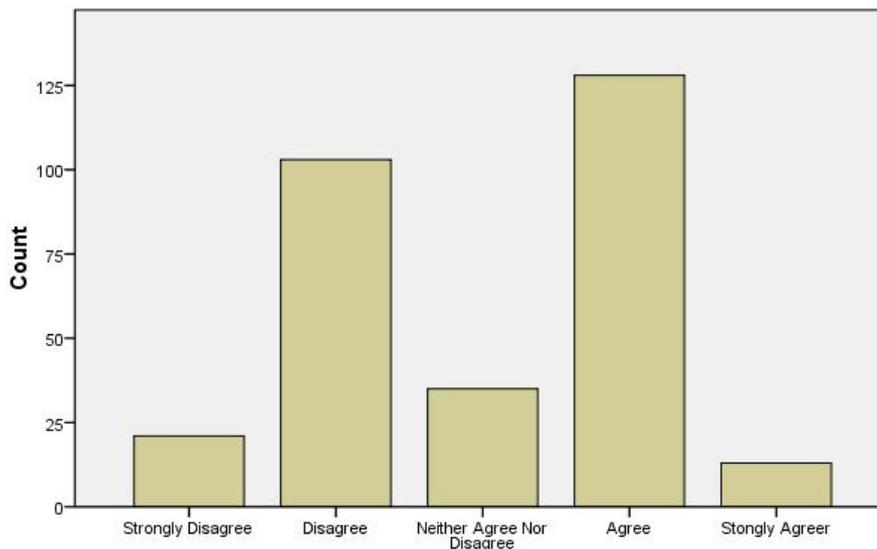


Fig. 5.11 Overall Performance

**Interpretation:**

The Table and Fig. 5.11 indicate that 42.67% employees in general agree that the overall performance is rated as very good as regard recruitment practices. 34.34% employees disagree with the statement. It is found that most of the

employees believe that the overall performance is very good of the banks. However, the change in existing recruitment policy is also noticed.

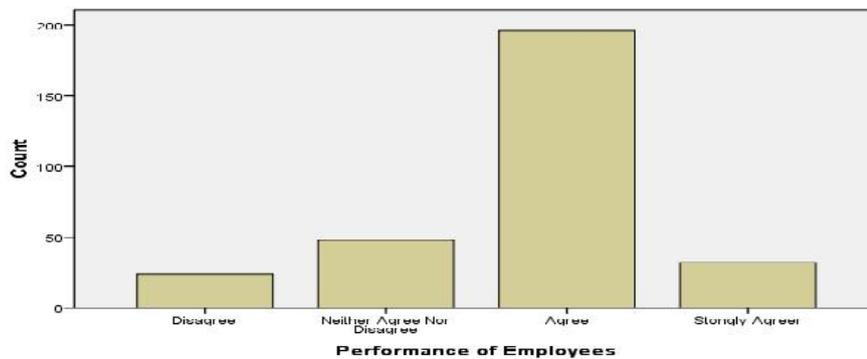
**Data Analysis of Public Sector Bank Employees:**

**(1) The fair selection enhanced the performance of the employees:**

Perception of the Employees	Private Bank
Strongly Disagree	0
Disagree	24
Neither Agree Nor Disagree	48
Agree	196
Strongly Agree	32
Total	300

**Table 5.12**

**Bar Chart**



**Fig. 5.12**

**Interpretation:**

The Table and Fig. 5.12 indicate that 65.34% employees in general agree that the fair selection enhanced the performance of the employees. However, 16% employees neither agree

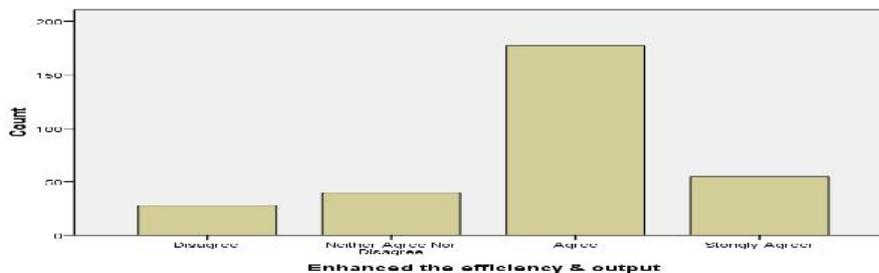
nor disagree with the statement. It is found that the fair selections enhanced the performance of the employees.

**(2) The fair recruitment practices enhanced the efficiency and output:**

Perception of the Employees	Private Bank
Strongly Disagree	0
Disagree	28
Neither Agree Nor Disagree	40
Agree	177
Strongly Agree	55
Total	300

**Table 5.13**

**Bar Chart**



**Fig. 5.13**

**Interpretation:**

The Table and Fig. 5.13 indicate that 59% employees in general agree that the fair recruitment practices enhanced the efficiency and output of the employees. However, 13.34% employees neither agree nor disagree with the statement. It is

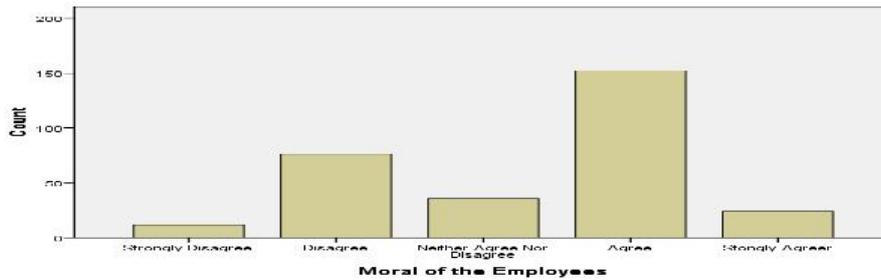
clear from the responses of the employees that the fair recruitment policy enhanced the faithfulness of banks among the employees. It is found that fair recruitment practices enhanced the efficiency and output of the employees.

**(3) The fair selection boosts the morale of the employees:**

Perception of the Employees	Private Bank
Strongly Disagree	12
Disagree	76
Neither Agree Nor Disagree	36
Agree	152
Strongly Agree	24
Total	300

**Table 5.14**

**Bar Chart**



**Fig. 5.14**

**Interpretation:**

The Table and Fig. 5.14 indicate that 50.67% employees in general agree that the fair recruitment boosts the morale of the employees. 25.34% employees disagree with the

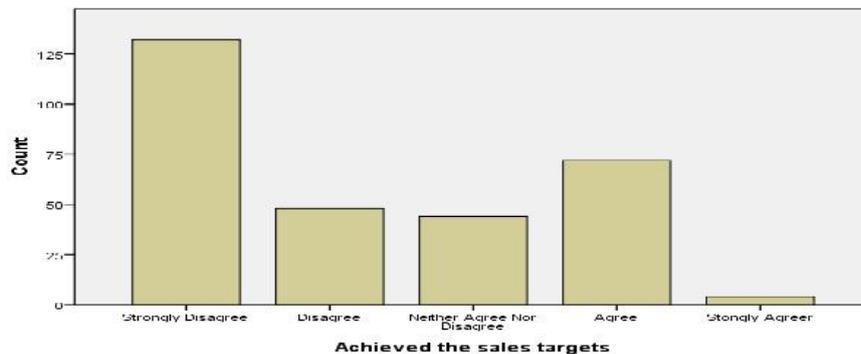
statement. Thus, the fair recruitment boosts the morale of the employees in the banks.

**(4) The efficient manpower easily achieved the sales targets:**

Perception of the Employees	Private Bank
Strongly Disagree	132
Disagree	48
Neither Agree Nor Disagree	44
Agree	72
Strongly Agree	4
Total	300

**Table 5.15**

**Bar Chart**



**Fig. 5.15**

**Interpretation:**

The Table and Fig. 5.15 indicate that 44% employees in general strongly disagree that the efficient manpower easily achieved the sales targets. The 24% employees agree with the

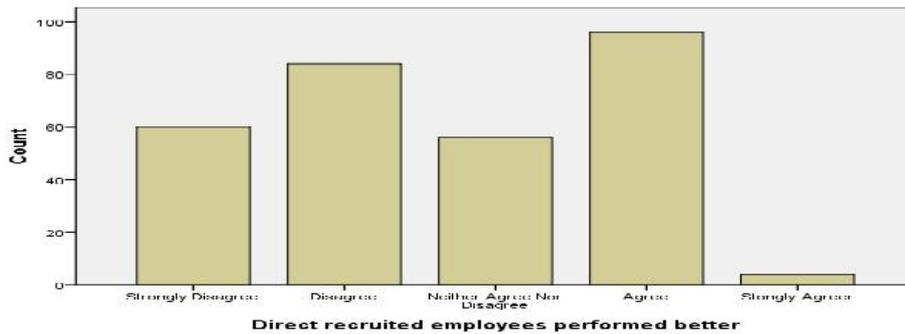
statement. The achievement of the targets is not related with the efficiency of the manpower as it depends upon the global trend of the market.

**(5) Direct recruited employees performed better than the promoted employees:**

Perception of the Employees	Private Bank
Strongly Disagree	60
Disagree	84
Neither Agree Nor Disagree	56
Agree	96
Strongly Agree	4
Total	300

**Table 5.16**

**Bar Chart**



**Fig. 5.16**

**Interpretation:**

The Table and Fig. 5.16 indicate that 32% employees in general agree that the direct recruited employees performed better than the promoted employees. The 28% and 20% employees disagree and strongly disagree respectively with

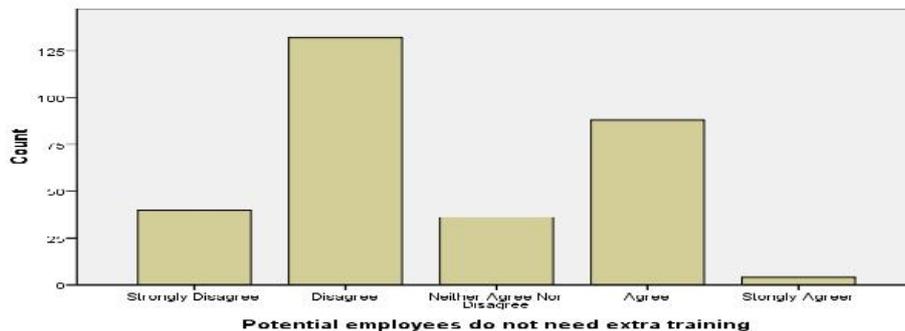
the statement. The Private Banks employees are of the view that direct recruited employees are performed better than the promoted employees.

**(6) Direct method of recruitment proves economical in long run as potential employees do not need extra training:**

Perception of the Employees	Private Bank
Strongly Disagree	40
Disagree	132
Neither Agree Nor Disagree	36
Agree	88
Strongly Agree	4
Total	300

**Table 5.17**

**Bar Chart**



**Fig. 5.17**

**Interpretation:**

The Table and Fig. 5.17 indicate that 44% employees in general disagree that the direct method of recruitment proves economical in long run as potential employees do not need extra training. However, 29.34% employees agree with the statement. It is found that the direct recruited manpower

is more energetic, young, computer savvy and technically sound as compared to the promoted employees. In Private Banks most of the posts are filled up from open market, hence, their view point can be related with the same.

**(7) Candidates selected from open market without any distinction or caste, sex or colour performed effectively:**

Perception of the Employees	Private Bank
Strongly Disagree	24
Disagree	108
Neither Agree Nor Disagree	44
Agree	112
Strongly Agree	12
Total	300

Table 5.18

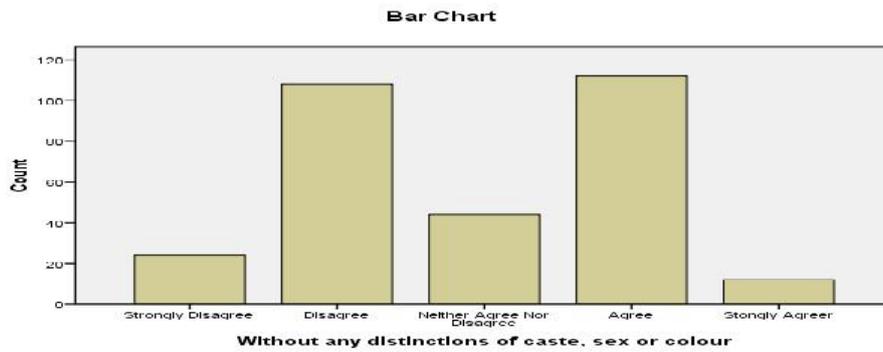


Fig. 5.18

**Interpretation:**

The Table and Fig. 5.18 indicate that 37.34% employees in general agree that the candidates selected from open market without any distinction of caste, sex or colour performed

effectively. The 36% disagree with the statement. It is evident that the discrimination in selection has been completely rejected by the employees.

**(8) Private Bank employees perform better than the Public Bank employees:**

Perception of the Employees	Private Bank
Strongly Disagree	0
Disagree	4
Neither Agree Nor Disagree	0
Agree	200
Strongly Agree	96
Total	300

Table 5.19



Fig. 5.19

**Interpretation:**

The Table and Fig. 5.19 indicate that 66.67% employees in general agree that Private Banks selected candidates immediately through interview whereas Public Banks follow the long procedure of selection comprising written test, interview, medical and police report etc. but it is generally

seen that Private Bank employees perform better than the Public Bank employees. Another 32% employees strongly agree with the statement. It is found that Private Banks adopted short method of recruitment and believe that their performance is better than the Public Bank.

**(9)The Private Bank employees are not/less transferred whereas Public Bank employees are frequently transferred which adversely affected their performance:**

Perception of the Employees	Private Bank
Strongly Disagree	51
Disagree	55
Neither Agree Nor Disagree	37
Agree	146
Strongly Agree	11
Total	300

Table 5.20

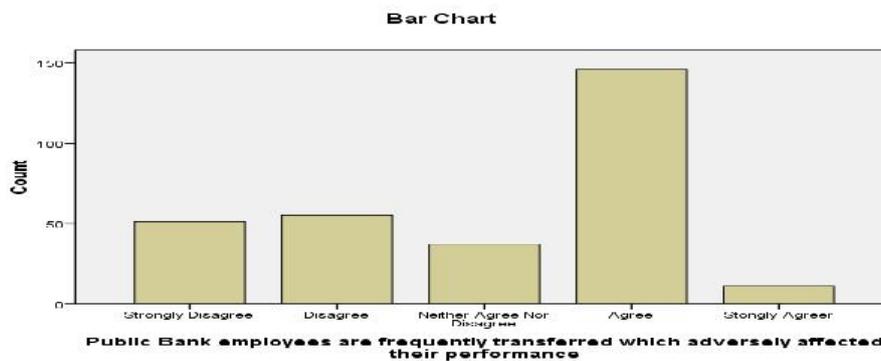


Fig. 5.20

**Interpretation:**

The Table and Fig. 5.20 indicate that 48.67% employees in general agree that Private Bank employees are not/less transferred whereas the Public Bank employees are frequently transferred which adversely affected their performance. The

18.34% employees disagree with the statement. It is found that the transfers affected the performance of the employees.

**(10) The Private Banks have the better modern facilities whereas the Public Banks are lacked behind which affected on their performance:**

Perception of the Employees	Private Bank
Strongly Disagree	17
Disagree	22
Neither Agree Nor Disagree	7
Agree	221
Strongly Agree	33
Total	300

Table 5.21

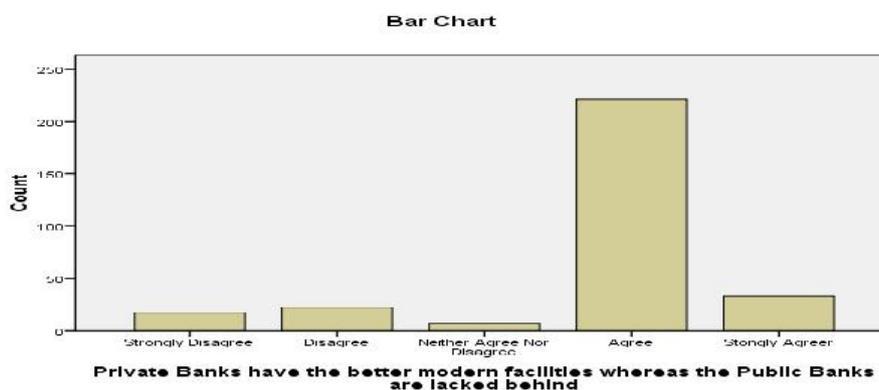


Fig. 5.21

**Interpretation:**

The Table and Fig. 5.21 indicate that 73.67% employees in general agree that Private Banks have the better modern facilities whereas public Banks are lacked behind which affect on their performance. The 11% and 7.34% employees strongly

agree and disagree respectively with the statement. It is found that the Private Banks have the better modern facilities as compared in the Public Banks.

**(11) The Overall Performance is rated as very good, as regards existing recruitment practices:**

Perception of the Employees	Private Bank
Strongly Disagree	22
Disagree	99
Neither Agree Nor Disagree	3
Agree	154
Strongly Agree	22
Total	300

Table 5.22

Bar Chart

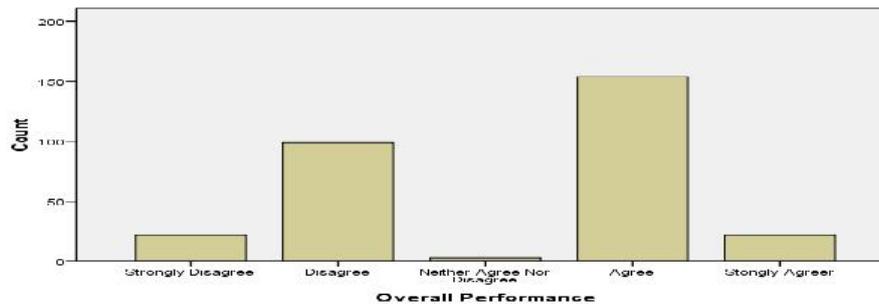


Fig. 5.22

**Interpretation:**

The Table and Fig. 5.22 indicate 51.34% employees in general agree that the overall performance is rated as very good as regard recruitment practices. 33% employees disagree with the statement. **Thus, the overall performance is noted as very good as regards recruitment practices, but, the change in recruitment policy is also noticed.**

**6. CONCLUSION**

It has been observed from the analysis that Public Sector Bank Employees believes that fair selection enhanced the performance of the employees and attracted youths towards this industry to opt their career. The fare and transparent recruitment policies promotes the loyalty and enhance the morale of the employees. However, target achievement for efficient employees are not linked at all with the recruitment policies as it is the based on the market trend at various stages. Direct recruitees are of the views that they performed better than the promoted employees whereas the promoted employees possessed the requisite experience to deal the situation. It has been found that direct recruitment is economic in long run and Public Banks employees do not agree that public sector employees are performed better than them. The study indicates that frequent transfer of employees adversely affected their performance. Private sector banks have better facilities than public sector banks. The study revealed that the overall performance is of public bank employees are very good but the change in existing recruitment policy is noticed as well.

As regards Private Sector Bank Employees, they believe that fair recruitment procedure enhanced performance and morale of the employees but it is not related with the achievement of sales targets. Direct recruited employees performed better than promoted and proved economic as new entrants are computer savvy. However, employees rejected discrimination in the recruitment process. In general, public bank employees are of the view that they performed better and have better facilities than public sector employees and transfers affected performance. Change in the recruitment policy also emerged being it is inevitable.

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