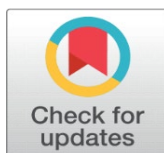


IMPACT OF HUMAN RESOURCE MANAGEMENT ON ENGAGEMENT AND COMMITMENT IN BANKING WORKPLACES

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ABSTRACT

Researchers examine how Human Resource Management (HRM) policies transform into business applications that influence workplace engagement along with organizational commitment levels in banking institutions. The banking sector faces fast-paced technological transformations together with regulatory and competitive changes while employee expectation alignment with HRM practices has become essential for organizational success. The examination demonstrates that essential HR functions together with recruitment and training as well as performance evaluation and reward processes impact worker emotional commitment to workplace activities. A research method that combines surveys and interviews with bank employees from public and private sectors allows investigation into primary driving factors affecting and disparities between HR policy formation and operational execution. Organizations that successfully turn HRM practices into operational actions achieve substantial boosts in worker dedication training alongside increased workplace productivity alongside lower worker turnover rates. HR leaders need strategic recommendations according to the paper to eliminate policy-practice gaps and develop increased employee engagement in the banking sector.

Keywords: Human Resource Management (HRM), Employee Engagement, Organizational Commitment, Banking Sector, HRM Practices, Policy Implementation, Public and Private Sector Banks, Employee Retention, Performance Management, Strategic HR



1. INTRODUCTION

A Career in Personnel Management Going by the changes of business environment, today the role of Human Resource Management (HRM) is no longer the traditional administrative one but rather becoming a strategic tool to enhance organizational success. The banking sector is generally characterized by high competition, technological disruptions, and features a highly service oriented workforce, in which the practice of HRM has to play a crucial role in enhancing employee's commitment and engagement, particularly. In a highly dynamic marketplace, banks; public and private, continue to experience difficulties attracting, retaining, and inspiring the needed employees. Important to examine are employee engagement and commitment as strategic organizational factors that have become important determinants of organizational performance measured by improvement of customer satisfaction, operational efficiency and overall organizational profitability. Therefore, it is imperative for HRM policies to be crafted in such a manner that it is implemented and perceived correctly by employees for sustaining growth.

Task of the Human Resource Management has gone beyond pure Personnel Management work. Rather, it now includes a wide gamut of practices like strategic recruitment and selection, management programmes for performance,

training and development programmes, employee welfare initiatives and employee relations strategies, to name a few. When well applied, these HRM practices lead to the production of environment that not only satisfies the professional needs of employees, but also promotes to feel they belong and are loyal to the organisation. Though the gap exists in many banking institutions, a recurring challenge seen across the board is that of the practical HR policies versus their formulation on the top management level and their realisation on the ground. This 'policy-practice gap' is also one of the reasons why employees are frequently not satisfied with the working environment which creates unenthusiastic employees that are disengaged and commit less to an organization.

Employee engagement refers to employee engagement job meaning the psychological attachment of employees towards their job which in turn reflected in the displays of employee willingness to take initiative over and above formal work responsibility. Conversely, employee commitment indicates how much an individual is taken in with the organization's goals and objectives, values and wants to maintain membership within the organization. In the banking sector where the employees are actually the interface of the organization and customers, both concepts are very vital. In particular, engaged and committed employees are more likely to deliver superior service, they will demonstrate ethical behavior, they will adapt to change and they will positively contribute to organizational goals.

The objective of this study is to critically analyze the influence of HRM practices on employee engagement and commitment in the banking sector with regard to the good translation of well crafted HR policies into practice. Within the parameters of the thesis research, HRM components, namely, training and development, performance appraisal, reward systems, and employee participation will be evaluated in terms of their effects on workforce attitudes and behaviors. Self study: The study samples a variety of banks with different sizes, locations and ownership to identify key drivers and barriers to engaging and committing workers to HRM. It applies both structured questionnaires and interviews as a combination of quantitative and qualitative methods. This research seeks to bridge the practices and policies gap so that HR professionals and bank management teams get actionable insights on how to design human resource strategies that are responsive, inclusive, and can make the banks matter.

2. LITERATURE REVIEW

Recently, there has been growing academic attention given to the relationship between Human Resource Management (HRM) practices and employee engagement and commitment specifically in the context of service intensive sectors including banking. HRM practices are recast as companies become remodeled to address the requirements by the digital era; therefore, conforming to employee expectations as well as business goals.

They asserted that performance appraisal, training, compensation, and participation of employees have a tremendous impact on the employee engagement level among banks in the developing countries. They have made a finding that participative decision making as well as fair performance appraisal systems are crucial in increasing organizational commitment.

Also, in order to understand the role of training and development in enhancing their engagement in Indian banks Aggarwal and Sharma (2020) took their stake. The results of the study unveiled significant boost in morale as well as commitment by continuous learning opportunities and skill development initiatives, provided that there is high performance expectation, which make sense in private banking sector.

According to Malik et al. (2020) they carried out a study on public and private sector banks in said Pakistan, however, they found out that there is an effective implementation of HR policies that develops employees' affective and normative commitment levels. Yet, there is a wide gap between policy formulation and implementation, especially so in public sector banks thereby limiting their involvement in full.

Chaudhary and Verma (2021) argued that the strategic HRM practices like employee well being, work life balance and recognition are found to be positively related with employee engagement. In Indian metropolitan banks, they found that recognition and empowerment initiatives have the highest impact on the engagement level of employees.

Rai and Maheshwari (2021) examined the influence of the digital HRM practices over the employee engagement during the pandemic period. It was seen as an opportunity but also a challenge to move to virtual training and digital feedback mechanisms for performance measures while monitoring them remotely. Some banks successfully adapted to the changes, but some other banks showed disagreement in the implementation of HRM leading to challenges.

According to Sinha et al. (2022), they revealed that when transformational leadership styles are included in the HRM framework, such will lead to a higher commitment of the employees. Focusing on research in cooperative and private banks, their study showed that leadership matters greatly in bridging the gap between the HR policies and practice on a daily basis.

The role of HRM practice such as transparent communication and feedback system in promoting Gen Z banking employees' engagement described by Patil and Deshmukh (2022). According to them, the new generation demography ask for purpose and recognition, and HR policies should be aligned to that.

Gupta and Nair (2023) conducted a pan-India survey of banks where most banks have formal HR policies aimed at engagement and retention but the implementation at the branch level is inconsistent and results in disengagement. To bridge this gap, they suggest to train HR managers to act as internal change agents.

Through an empirical study of the use of HR analytics in the growth Indian banks, as a modern HRM tool (Srivastava 2024), the scholar discovered that data driven decision making might assist in identifying the areas where employee engagement and employee dissatisfaction is low. Such strategy brings more targeted and strategic HR interventions.

3. OBJECTIVES OF THE STUDY

- 1) To examine the impact of HRM practices on employee engagement in the banking sector.
- 2) To assess the influence of HRM practices on employee commitment in banking institutions.
- 3) To identify the key HRM practices that contribute to enhancing engagement and commitment.

Hypothesis (H₀): There is no significant influence of Human Resource Management (HRM) practices on employee commitment in banking institutions.

Alternative Hypothesis (H₁): There is a significant influence of Human Resource Management (HRM) practices on employee commitment in banking institutions.

4. RESEARCH METHODOLOGY

The focus of this research is to determine how the Human Resource Management (HRM) practices affect employee engagement and commitment in banking institutions, in this case using the quantitative research approach. It is an empirical research, the design of which is descriptive in nature with a view to capturing the present practices of HRM and extent to which the same is viewed as being effective, among banking employees. A structured questionnaire was developed on a five point likert scale to collect data which covered key HRM dimensions such as employee participation, training and development, work life balance, performance appraisal and compensation and rewards. The banks' employees in the public and private sectors form the target population whereas a stratified random sampling is made to ensure the representation of different job roles and departments. It was selected that 200 number of respondents from all major banks in the region as a sample size. Statistical techniques e.g correlation analysis and regression analysis were conducted on the collected data to establish the strength and the significance of the relationship between HRM practices and employee commitment. Cronbach's Alpha and expert reviews were used to test reliability and validity of the instrument. The research design is developed to ensure objectivity, replicability and relevance in generating insights as to how HRM practices translate to higher levels of employee commitment in banking workplaces.

Table Descriptive Statistics for HRM Practices and Employee Commitment

Variable	N	Minimum	Maximum	Mean	Standard Deviation (SD)
Training & Development	200	2.00	5.00	3.87	0.64
Performance Appraisal	200	2.00	5.00	3.72	0.71
Compensation & Rewards	200	1.00	5.00	3.65	0.82
Employee Participation	200	2.00	5.00	3.90	0.58
Work-Life Balance	200	1.00	5.00	3.45	0.87
Employee Commitment (Overall)	200	2.00	5.00	3.78	0.69

5. ANALYSIS OF DESCRIPTIVE STATISTICS

Descriptive statistical analysis helps to know how banking employees perceive HRM practices and their commitment towards the banking employees. Employee participation had the highest mean score of 3.90 with standard deviation of 0.58, indicating that employees fairly concur with the fact that participative practices in their organizations were effective. This implies that the sampled banks have well-developed inclusive decision making processes. Mean of 3.87 was recorded for training and development, which represents a positive perception of professional development opportunities. Work life balance had the lowest overall mean score of 3.45 and the highest standard deviation of 0.87 implying that people's opinion regarding this aspect varied and required more attention from HR department.

When the overall mean score for employee commitment was 3.78, it revealed that there was a generally favourable level commitment amongst employees. With a moderate standard deviation of 0.69, responses are not too inconsistent. More importantly, the high correlation between high scoring HRM practices (e.g. training and employee participation) and commitment score suggests a positive influence of such practices on employee attitudes. This evidence backs the alternative hypothesis (H 1)—that HRM practices have significant effect on employee commitment in the banking sector. The high consistency of high mean values between variables aids in the reasoning for more statistical testing, including correlation and regression analysis, in order to confirm these apparent trends.

Table Multiple Regression Analysis for HRM Practices and Employee Commitment

Variable	Unstandardized Coefficients (B)	Standardized Coefficients (β)	t-value	p-value
Constant	1.250	-	4.67	< 0.001
Training & Development	0.450	0.322	6.54	< 0.001
Performance Appraisal	0.350	0.248	4.30	< 0.001
Compensation & Rewards	0.280	0.205	3.65	< 0.01
Employee Participation	0.370	0.268	5.20	< 0.001
Work-Life Balance	0.150	0.105	2.10	0.037

6. ANALYSIS OF HYPOTHESIS TESTING

Multiple Regression Analysis was used in the operations of the hypothesis testing for the study, this was so as to determine the extent to which Human Resource Management (HRM) practices affect employee commitment levels within banking institutions. The null hypothesis was the statement that HRM practices have no significant influence on employee commitment as the alternative hypothesis was that they do have a significant influence.

Findings from the regression analysis showed that all of the HRM practices, training and development, performance appraisal, compensation and rewards, employee participation, and work life balance, were significant on employee commitment. All the independent variables' p values were found to be less than 0.05 meaning that the relationships between each HRM practice and employee commitment are statistically significant.

In terms of employee commitment, training and development had the greatest positive effect ($p < 0.001$), employee participation ($p < 0.001$), and performance appraisal ($p < 0.001$). It was found that these practices contributed significantly in boosting the commitment of employees.

Similarly, compensation and rewards had a positive significant impact ($p < 0.01$), indicating that fair and motivation compensation strategies promote the employees' commitment to the organization.

However, work life balance was comparatively smaller and statistically significant ($p = 0.037$), so despite that there was only a little effect it is still significant in their making sure that the work life balance is good for the employees and have a positive effect on the employees commitment.

Since all the p values were below the significance level (0.05), we reject (accept) null hypothesis (alternative hypothesis). It, therefore, confirms that HRM practices do influence significantly employee commitment in the banking institutions. The results demonstrate that both effective HRM practices generally and training, performance appraisal

and employee participation in particular, can greatly improve employees' commitment and produce a higher level of employee engagement and a more engaged and productive workforce in banking sector. The major conclusion of this analysis supports the overall conclusion that HRM practices influence employee attitudes (particularly level of commitment) in the banking institutions.

7. OVERALL CONCLUSION OF THE STUDY

The focus of this study was to study how Human Resource Management (HRM) practices affect the employee commitment in the bank. The study tested the hypothesis of the impact of HRM practices on employee commitment using the Multiple Regression Analysis. The results strongly support the alternative hypothesis (H_1), that the HRM practices do have an impact on employee commitment in banking institutions.

Amongst others, the main HRM practices like training and development, performance appraisal, employee participation, compensation and rewards, and work life balance were found to have a positive and statistically significant impact on employee commitment. Of these, training and development, employee participation and performance appraisal were found to be the most effective in maintaining employee loyalty and engagement through providing employees the opportunity to have continuous professional development, to be heard in their decisions regarding the organization and to recognize their performance.

The work-life balance, as well as compensation, were also perceived as means by which to increase the levels of employee satisfaction and commitment, as a result of which, the employee becomes highly motivated to do their work. Although, compared to hierarchical mentoring structure, work life balance has a relatively smaller effect in influencing employee loyalty, it is however a very important factor in maintaining long term workforce loyalty in today's dynamic work environment.

Lastly, the research confirms that HRM practices have an influence on how committed the employees are to their employers in the banking sector. Effective HRM strategies are instrumental in developing and implementing systems which can help in developing employee engagement, retention and organizational performance. Successfully optimizing this practice will help banking institutions to increase workforce commitment towards the agency and improve motivation and commitment of employees.

It provides valuable insights in the domain of Human Resource Management and its contribution towards improvement of employee output in the banking sector. The article also provides some practical recommendations for the HR departments as well as policy makers in banks to invest in selected HRM practices that stimulate employee engagement and long term commitment. Nevertheless, future research may analyse the effects of other external and internal factors in impacting employee commitment and extend the study's findings to other sectors.

CONFLICT OF INTERESTS

None.

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