

## **Career Planning and Development of Employees in Public and Private Sector Banks**

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**Abstract:** *The major objective of HRM is to achieve the success of organization through creation of motivated and competent workforce. Human Resource Management stands on the foundation of several different practices such as recruitment and selection, analyzing and designing of jobs, training and development of employees, performance appraisal, career guidance as well as planning, compensation system and participation of employees in various activities.*

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Date of Submission: 03-04-2019

Date of acceptance: 18-04-2019

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### **I. Introduction**

Human Resource Management (HRM) is a concept advanced to become an imperative segment of business as well as management policies and practices. Even though it was in the latter part of 19<sup>th</sup> century that several researchers and professionals devised exact phrases, which define HRM, its fundamental idea was mainly derived from the concept of personnel/people management. In the current scenario of high competition in every aspect of business, experts and professionals realized the significance of people in attaining organizational success. Thus, it is safe to say that the success achieved by any organization is through sound policies and practices of Human Resource Management system. Still, the numbers of organizations that can set up autonomous and separate departments for HRM are very low due to several factors including lack of affordability or lack of realization concerning the significance and possible contributions of Human Resource Management activities.

#### **Review of Literature**

**Miller and Wheeler** (1992) argued that the main reason behind employees' leaving an organization is lack of promotion opportunities and lack of meaningful work. By implementing job enrichment programmes in the organization as well as by taking necessary measures to adequately advance the career of employees, many organizations were able to decrease their employee retention rate.

**Saxena and Tiwari** (2009) studied the HRM Practices which are implemented by well established companies such as Tata, Wipro and Infosys. They found that the important HRM Practices in all organizations are Career Development, Recognition through Rewards, Training and Development, Culture Building, Compensation and Benefits and Employer-Employee Relations.

**Selvaraj** (2009) indicated that private sector banks are more successful than public sector banks for implementing HRM practices, customer focus, and top management commitment. Furthermore, public and private sector banks differ with respect to their compensation packages, working environment and culture, technology, career growth opportunities, and job security and safety provided to the employees. Public sector banks compensation structure is also different as compared to private sector bank employees.

**Gardener** (2011) stated that career development processes are highly beneficial while recognizing the expertise and skill of employees and allocating those jobs keeping in mind these qualities. Today's ambitious younger generation prefer to work in those organizations where they can ensure the presence of sufficient opportunities which will aid them in expanding their career and career goals and utilize their potential.

**Chinnadurai** (2014) conducted a study of HRM practices followed in the private banks in the district of Cuddalore (Tamil Nadu). He chose recruitment, selection, training, development, career development, performance appraisal, compensation management, motivation, grievance handling to base his study on. Respondents were 260 employees from 52 private sector banks and data was analysed through t-test, one-way

ANOVA and percentage analysis. The conclusion was that most of the respondents were reportedly satisfied with the HRM practices adopted by their banks.

**Objective**

To study Career Planning and Development in public and private sector banks of Kerala state

**Hypotheses**

- H1: Career Planning and Development is same in different banks
- H0: Career Planning and Development is different in different banks

**Instrumentation**

The questionnaire was administrated to employees of five banks were selected from public, private and new generation banks. The banks selected are: State Bank of India and Canara Bank from public sector; Federal Bank and South Indian Bank from private sector, and HDFC Bank from New Generation. A five point Likert scale from strongly disagree, Disagree, Neutral, Agree, and strongly agree was adopted to identify variables of recruitment and selection.

**Sample Size**

Sample size of the study is restricted with 600 employees of five banks, that is, State Bank of India and Canara Bank from public sector; Federal Bank and South Indian Bank from private sector, and HDFC Bank from New Generation in Kerala. The sample includes 250 officers, 250 clerical staff and 100 subordinate staff.

**Tools For Data Analysis**

The collected data are processed and analyzed using various statistical and mathematical techniques. The study used IBM SPSS 20 software to analyze the data. Models are tested with the help of AMOS Software. The mathematical and statistical techniques used are mean, standard deviation, coefficient of variation, indices, and one way ANOVA, post hoc tests, Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM).

**Analysis of Career Planning and Development in Banks**

Career Development is an important component of an organization’s attraction and retention strategy. It is an on-going process that helps an employee for learning and development. It is the process of enhancing an employee’s future value. Under this dimension, five questions are asked to the respondents on a five point Likert scale. The model used to measure career planning and development is tested using ‘Structural Equation Modelling’ using ‘Confirmatory Factor Analysis’ method (CFA). Career planning and development is measured using six variables namely: Serious career planning (CP1), Development of opportunities (CP2), Motivation (CP3), Equal opportunities for growth (CP4) and Career Guidance (CP5).

- H<sub>0</sub>:** Construct CP1 to CP5 has no effect on Career Planning and Development
- H<sub>1</sub>:** Construct CP1 to CP5 has significant effect on Career Planning and Development

To know the effect of compensation in public, private and new generation banks, the percentage of respondents towards different scales like Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree are shown in table 1.

**Table 1: Career Planning and Development: Percentage of Responses**

Variable	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	(in %)
CP1	1.0%	6.8%	20.2%	48.2%	23.8%	100	
CP2	0%	1.8%	17.2%	60.0%	21.0%	100	
CP3	0.5%	1.7%	18.5%	55.8%	23.5%	100	
CP4	0.8%	1.8%	11.5%	59.0%	26.8%	100	
CP5	0.3%	1.8%	16.5%	50.7%	30.7%	100	

Source: Primary Data

In CP1, that is, Serious career planning, it is inferred that 23.8% employees strongly agreed, 48.2% agreed, 20.2% were neutral about it; 6.8% disagreed whereas the balance 1.0% strongly disagreed that bank has Serious career planning.

In CP2, development opportunities, 2.1% employees strongly agreed, 6.0% agreed, 17.2% were neutral about it, 1.8% disagreed whereas the balance 0% strongly disagreed that there is development opportunities.

In CP3, motivation, 23.5% employees strongly agreed, 55.8% agreed, 8.5% were neutral about it, 1.7% disagreed whereas the rest 0.5% strongly disagreed that there is proper motivation.

In CP4, equal opportunities, 26.8% employees strongly agreed, 59% agreed, 11.5% were neutral about it, 1.8% disagreed whereas the balance 0.8% strongly disagreed that there are equal opportunities.

In CP5, career guidance, 30.7% employees strongly agreed, 50.7% agreed, 16.5% were neutral about it; 1.8% disagreed whereas the rest 0.3% strongly disagreed that the career guidance is qualified.

From the table 1, employees have favourable response towards CP1-CP5 variables. For proving this, statistical test is required and all the attributes are loaded on a latent constructs. The value of fit indices indicates a reasonable fit of the measurement model with data. The result of Career Planning and Development model tested is shown in table 2 and the regression coefficient in Table 3.

**Table 2: Model fit Indices for CFA –Career Planning and Development**

Variable	$\chi^2$	DF	P	Normed $\chi^2$	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
Career Planning and Development	4.124	2	.127	2.062	.997	.979	.996	.989	.998	.007	.042

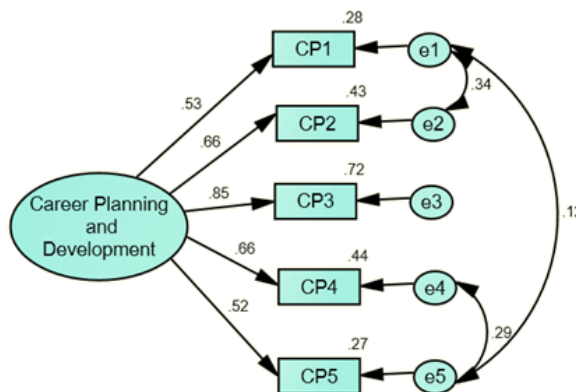
Source: SPSS output

**Table 3: The regression Coefficients –Career Planning and Development**

Factors/ Latent Variables (Dependent Variable)	Construct (Independent Variable)	Regression Coefficient	C.R.	P	Variance explained (%)
Career Planning and Development	CP1	0.531	14.453	<0.001	28.2
	CP2	0.656	19.199	<0.001	43.1
	CP3	0.848	30.517	<0.001	71.8
	CP4	0.665	19.589	<0.001	44.2
	CP5	0.517	13.982	<0.001	26.7

Source: SPSS output

Table 3 shows the regression coefficient of extracted constructs. The validity of the hypothesis can be assessed using these coefficients. In this case, the entire construct CP1 to CP 5 have significant impact on career planning and development. This indicates that all the variables that have a significant impact on career planning and development dimensions of measurement model. Path diagram of model tested is shown in the figure 1.



**Figure 1: Career Planning and Development Model**

Since the ANOVA test indicates that the significant difference exists among the different banks for variables Human Resources Management Practices. conduct post hoc test or multiple comparison tests to identify which among the Banks differs significantly and reason for difference. In this study it is clear that human resources practices are different in HDFC as compared to public sector banks and the career planning and development result is exhibited in the Table 4.

**Table 4: Post Hoc Multiple Comparison Test: career planning and development and type of banks**

Dependent variable	Type of Bank	Mean difference	Std. error	Sig.	
Career Planning and Development	SBI	Canara	-.23583	.32561	.469
		Federal	.18454	.33728	.584
		South Indian	.22958	.34682	.508
		HDFC	1.21361*	.37936	.001
	Canara	SBI	.23583	.32561	.469
		Federal	.42036	.37066	.257
		South Indian	.46541	.37937	.220
		HDFC	1.44944*	.40933	.000
	Federal	SBI	-.18454	.33728	.584

		Canara	-.42036	.37066	.257
		South Indian	.04505	.38943	.908
		HDFC	1.02907*	.41866	.014
	South Indian	SBI	-.22958	.34682	.508
		Canara	-.46541	.37937	.220
		Federal	-.04505	.38943	.908
		HDFC	.98403*	.42639	.021
	HDFC	SBI	-1.21361*	.37936	.001
		Canara	-1.44944*	.40933	.000
		Federal	-1.02907*	.41866	.014
		South Indian	-.98403*	.42639	.021

Source: SPSS output

From the above table it is concluded that the career planning and development practices is different in HDFC as compared to other public and private sector banks. Career planning and development is helping the employees to plan his career in terms of his capabilities within the context of organizational needs. HDFC bank capture everything for advancement, which gives senior management better data for performance evaluations and helps them do better career planning. The solution also allows the bank to compensate on the basis of performance and provide targeted career development. Internal promotions are being encouraged in HDFC. But compared to other banks, the bank possesses poor career planning and development practices due to unsystematic HR policies, lack of job security and internal politics. So for better career growth and development HDFC bank employees are willing to shift their career to another organization. HDFC bank employee's promotions are on the basis of performance not on time bound basis. So they lack job security. It is concluded that HRM practices may vary on the basis of types of banks. Here accepted H0 and rejected H1. That is HRM practices are not same for public, private and new generation banks.

## II. Findings

- The relationship between Career Planning and Development and types of banks have analyzed with the help of CFA. The result found that among the five variables of Career Planning and Development, serious career planning is the most influencing factor that is having the highest regression coefficient value (0.848), development of growth opportunities (0.665), motivation (0.656) came in the second and third position respectively.
- ANOVA test identified that there is a significant difference in the Career Planning and Development that exists among the different category of banks i.e., public, private and new generation banks.
- Post hoc test found that there is a significant difference between HDFC and other banks.

## III. Conclusion

Career Planning & Development was perceived to be one of the most important Human Resource Management Practices. Career growth and development needs a consciously planned effort on the part of the individual careerist and the same cannot be left to chance. There should be a balanced compromise between organizational need and individual need. Total insensitiveness to individual preference gives rise to frustration at some point of time, which as a consequence has a real damaging effect on the organization growth itself.

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Raji Iype. "Career Planning and Development of Employees in Public and Private Sector Banks." *IOSR Journal of Dental and Medical Sciences (IOSR-JDMS)*, vol. 18, no. 4, 2019, pp 80-83.