

Recruitment and Selection in Banks: A Comparative Study in Kerala

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Abstract: For any organization, handling people needs good Human Resource Management Practices for the efficient working of the organization. Banking has always been a people business, as it is a service industry. Efficient and effective management of the human resource in the organization turns it into a successful one. The main aim of human resources management is to achieve the success of organization through the creation of talented and motivated workforce. Human resource management stands on the foundation of several practices like recruitment and selection, analyzing jobs, training and development, performance appraisal, career planning, compensation and employee participation in different activities. For achieving organizational objectives it is important to adopt better Recruitment and selection practices.

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I. INTRODUCTION

A day's job in a bank or financial institution involves a variety of functions, which demands an efficient, effective and experienced team of employees and sufficient manpower carry out the work. The human element in every organization is the single most important that makes the translation of organizational goals and objectives into realities and profits. Even the use of highly effective automation requires the efficient and proper directing from man to perform its functions. This concept has been recognized by top management in banks, which are progressive in nature. Banking, like any other organization or sector, requires sufficient manpower for successfully fulfilling its goals through the expertise of support staff and professionals. For ensuring the achievement of organizational goals, it is important to have ample staff ranging from highly educated and experienced professionals to reasonably educated and well-trained security guards.

The banking sector of India is undoubtedly one of the most massive forces behind the fast paced economic development of the country. The dynamic environment always poses threats as well as opportunities to the banks and human resource due to its ever-changing nature. Prominence should be provided for the integration of business strategies and human resource strategies. For attracting the skilled and talented young candidates in this competitive environment is a challenging factor. The above elements of recruitment, placement, training and development, performance management, benefits and rewards, communication, has changed from the existing structure in public sector banks. For attaining a competitive advantage talented workforce is essential for any organization. So, it is necessary to recruit and select effective and efficient workforce for the smooth functioning of the organization.

II. RECRUITMENT AND SELECTION

Recruitment is the process of searching prospective employees to the organization and selection involves picking the right candidate as employees to the organization. In spite of rigorous procedures, standardized test and strong merit criteria followed in banks to select the candidate, the study indicated that Recruitment and Selection are different in different banks.

III. REVIEW OF LITERATURE

Burack (1980) observed that sources of recruitment are directly related to variations in labour turnover, organizational commitment, and employee satisfaction and employee performance. When he asked the correspondents of 201 companies based in the US to rate impact of nine sources of recruitment in generating highperforming employees who produce high-quality results, the top 3 sources chosen by them were existing employee recommendations, campus recruitments and executive search organizations. He also warns that while these results might be useful, the relative quality of candidates generated by different sources might vary if we conduct an internal analysis.

Delery and Doty (1996) argued that even the rational model of recruitment and selection processes have their own limitations in the current business scenario and they explain these limitations with the help of three specific arguments. Firstly, in today's quickly increasing competitive and unpredictable business environment, it is difficult to maintain a stable person/ job match due to the highly volatile nature of technological innovations and corporate strategies. Secondly, it is often difficult to analyze by viewing individual groups as the fundamental unit due to increasing presence of self-managed teams of employees. Thirdly, in such teams, employees are provided with the responsibility of assigned suitable tasks to appropriate members of the group. They are also expected to undertake efforts to solve various problems together as a team. In such cases, the analysis can be meaningfully understood at the group level rather than at individual level. Several researches have concluded that to achieve job satisfaction, job performance and commitment among employees, person/job match may not be the only factor to consider. It is also crucial that the values upheld by the employees consistent with the values of the organization.

Dessler (2000) stated that recruitment and selection processes provide a significant contribution in guaranteeing a positive relationship between employee performance and organizational outcomes. Another reason for selecting qualified workers is to ensure the presence of work force who are capable of performing at a higher level and who are totally committed to their job rather than just replacing the quitting workforce or add to the existing workforce. In essence, recruitment and selection process consists of the following steps: generating a pool of applicants, ensuring filling of applications by these potential candidates, enforcing different techniques for selecting for choosing the most appropriate candidates, sending a number of such candidates to a supervisor, conducting a selection interview for the candidates and choosing the most suitable candidates to fill in appropriate positions.

Gould (1984) claims that it is because of the managers' carelessness of the criticality of the nature of decisions to be taken, that most mistakes occur. Usually, when an appointment fails, all of the blame rests with the corresponding employee rather than identifying the weakness and mistakes made in the recruitment and selection methodology and procedures. None of the techniques employed are fail proof. All of them require careful updating and maintenance so as to reduce the scope of error which may have occurred in the first place due the non-efficient decision making by the management.

Odiome (1984) argued that effective and efficient recruitment and selection procedures lead to reduction in labour turnover and increased morale among employees. Ineffective recruitments may need up being expensive since such recruitments many lead below average or even bad performers or departure from the job, all of which ultimately leads to further recruitment. His study observed that recruitment practices do not attempt to validate such practices. Feedback from managers, disciplinary procedures undergone and probationary period allotted to employees are utilized to find out the mistakes committed. Most firms with high labour turnover fail to analyze the reasons behind such situations and also fail to discourage practices which lead to such situations.

Smith and Robertson (1993) argued that companies require being more precise in conducting their recruitment and selection processes. At the same time, they warn that companies who have performed ineffective and useless recruitment and selection processes have more chance for a downfall due to the presence of ineffective and unskilled staff that has been accumulating in the organization for a lot of years. They also noted that the performance of such weak practices of recruitment and selection may be an outcome of not being able to distinguish good practices from common practices.

IV. Objective

To study the Recruitment and Selection Practices in public, private and new generation banks

V. HYPOTHESES

H1: Recruitment and Selection Practices are the same for different banks

H0: Recruitment and Selection Practices are not the same for different banks

VI. RESEARCH METHODOLOGY

Data Source

This study used primary data which were collected with the help of questionnaire.

VII. 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.

VIII. 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.

IX. 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).

X. Analysis of Recruitment and Selection Practices in Different Banks

Under this dimension, five questions are asked to the respondents on a five point Likert scale. The model used to measure recruitment and selection is tested using 'Structural Equation Modeling' using 'Confirmatory Factor Analysis' method (CFA). Recruitment and selection is measured using these five variables namely Clear-cut recruitment and selection programmes (RS1), Systematized test (RS2), Placement of right person (RS3), Unbiased test (RS4) and Quality selection criteria (RS5). Next to consider RS1 to RS5, the measurement model of factors to test the convergent validity of Recruitment and Selection and test the following hypotheses.

H0: Construct RS1 to RS5 has no effect on Recruitment & Selection

H1: Construct RS1 to RS5 has significant effect on Recruitment & Selection

To know the effect of recruitment and selection practices 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: Recruitment and Selection: Percentage of Responses

Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total (in %)
RS1	2.3%	0.3%	7.5%	44.0%	45.8%	100
RS2	1.2%	1.2%	8.8%	54.0%	34.8%	100
RS3	0.2%	2.0%	10.2%	55.7%	32.0%	100
RS4	3.2%	6.0%	8.0%	39.5%	43.3%	100
RS5	0.7%	0.5%	7.3%	54.3%	37.2%	100

Source: Primary Data

Recruitment and selection is source for employee satisfaction and the employees will be loyal and willing to stay in those organizations because employee satisfaction on job will reduce absenteeism and turnover intention. In RS1, clear-cut recruitment and selection programmes, it is inferred that 45.8% employees strongly agreed, 44.0% agreed, 7.5% were neutral about it; 0.3% disagreed whereas the balance 2.3% strongly disagreed that the bank follows clear-cut recruitment and selection programmes.

In RS2, systematized tests, 34.8 % employees strongly agreed, 54.0% agreed, 8.8% were neutral about it, 1.2% disagreed whereas the balance 1.2% strongly disagreed that the systematized tests are valid.

In RS3, placement of right person, 32.0% employees strongly agreed, 55.7% agreed, 10.2% were neutral about it, 2.0% disagreed whereas the rest 2% strongly disagreed that there is placement of right person.

In RS4, unbiased test, 43.3% employees strongly agreed, 39.5% agreed, 8.0% were neutral about it, 6.0% disagreed whereas the balance 3.2% strongly disagreed that unbiased test is followed.

In RS5, quality selection criteria, 37.2% employees strongly agreed, 54.3% agreed, 7.3% were neutral about it; 0.5% disagreed whereas the rest 0.7% strongly disagreed that the selection criteria is qualified. From the table 4.2, employees have favourable response towards RS1-RS5 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 Recruitment and Selection model tested is shown in table 2 and regression coefficient in table 3.

Table 2: Model fit Indices for CFA – Recruitment and Selection

Variable	χ^2	DF	P	Normed χ^2	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
Recruitment and Selection	3.499	3	.321	1.166	.998	.988	.997	.998	1.000	.006	.017

Source: SPSS output

Table 3: Ranks of regression Coefficients -Recruitment and Selection

Factors/ Latent Variables (Dependent Variable)	Construct (Independent Variable)	Regression Coefficient	C.R.	P	Variance explained (%)	Rank
Recruitment and Selection	RS1	0.537	14.658	<0.001	28.9	5
	RS2	0.649	18.901	<0.001	42.1	4
	RS3	0.770	24.930	<0.001	59.2	1
	RS4	0.690	20.719	<0.001	47.5	3
	RS5	0.719	22.126	<0.001	51.7	2

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 all the constructs RS1 to RS5 have significant impact on recruitment and selection. This indicates that the variables placement of right person, quality selection criteria, unbiased test followed by systematized test and clear cut recruitment criteria that determine recruitment and selection dimensions of Recruitment and selection measurement model. Diagram of model tested is shown in the figure 4.1.

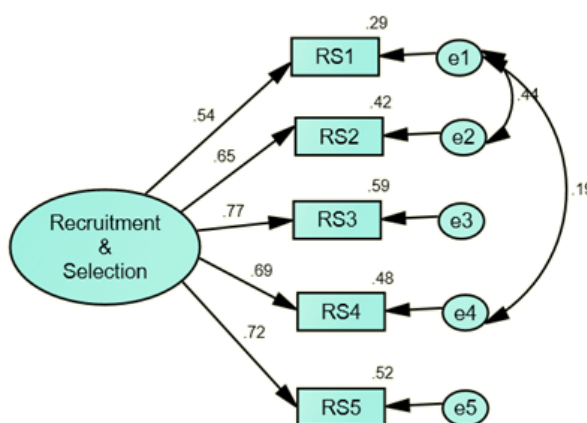


Figure 1: Recruitment and Selection Model

For comparing Recruitment and Selection Practices among types of banks five variables selected for the study. They are Clear-cut recruitment and selection programmes (RS1), Systematized test (RS2), Placement of right person (RS3), Unbiased test (RS4) and Quality selection criteria (RS5).

Table 4: Recruitment and Selection/ANOVA

Variable	Bank	N	Mean	Standard Deviation
Recruitment and Selection	Public	314	21.41	2.99
	Private	209	21.21	2.76
	New Generation	77	19.45	3.46

Since the ANOVA test indicates that the significant difference exists among the different banks for variables Recruitment and selection Practices.

Here rejected hypotheses H1, that is, Recruitment and selection are the same for different banks and accepted H0 that is, Recruitment and selection are not same for different banks.

Here conducted post hoc test or multiple comparison tests to identify which among the Banks differ significantly and reason for difference. In this study it is clear that Recruitment and selection practices are different in HDFC as compared to public sector banks and the Recruitment and selection result is exhibited in the Table 5.

Table 5: Post Hoc Multiple Comparison Test: Recruitment and Selection and type of banks

Dependent Variable	Type of the Bank	Mean Difference (I-J)	Std. Error	Sig.	
Recruitment and Selection	SBI	Canara	-.04679	.34482	.892
		Federal	.12060	.35717	.736
		South Indian	.27583	.36728	.453
		HDFC	1.94129*	.40173	.000
	Canara	SBI	.04679	.34482	.892
		Federal	.16739	.39252	.670
		South Indian	.32262	.40174	.422
		HDFC	1.98808*	.43346	.000
	Federal	SBI	-.12060	.35717	.736
		Canara	-.16739	.39252	.670
		South Indian	.15523	.41239	.707
		HDFC	1.82068*	.44335	.000
HDFC	South Indian	SBI	-.27583	.36728	.453
		Canara	-.32262	.40174	.422
		Federal	-.15523	.41239	.707
		HDFC	1.66545*	.45154	.000
	HDFC	SBI	-1.94129*	.40173	.000
		Canara	-1.98808*	.43346	.000
		Federal	-1.82068*	.44335	.000
		South Indian	-1.66545*	.45154	.000

Source: SPSS output

From the above table it is concluded that the recruitment and selection practices is different in HDFC as compared to other public and private sector banks. As the mean difference significantly differs with HDFC bank, the hiring manager along with the Human Resources department would decide the channel/source based on the nature of the recruitment in HDFC bank. There are two types of recruitment process: Internal and External. In internal recruitment, HDFC encourage employees to refer suitable candidates for open position and external sources include banks' websites, recruitment agencies, campus recruitment, job fair, advertisements, etc. HDFC uses recruitment tests for the purpose of short listing. The candidate may be listed on the basis of aptitude, analytical skills or other skills required for the job. Once the hiring decision is finalized, HR will prepare an offer and communicate to the selected candidates. The candidate will sign the contract letter to formally accept employment from the organization.

XI. FINDINGS

- The relationship between Recruitment and Selection Practices and types of banks have analyzed with the help of CFA. The result found that among the five variables of Recruitment and Selection Practices, placement of right person is the most influencing factor that is having the highest regression coefficient value (0.770), quality selection criteria (0.719), un-biased test (0.690) came in the second and third position respectively.
- ANOVA test identified that there is a significant difference in the Recruitment and selection practice exists among the different category of banks i.e., public (21.41), private (21.21) and new generation banks (19.45).
- Post hoc test found that there is a significant difference between HDFC and other banks.

XII. CONCLUSIONS

In any organization HRM practices focus on optimal utilization and management of their human resource effectively in order to achieve maximum output. Managing people is concerned with deciding approaches and strategies to find alternatives of how to achieve organization goals. Any organization without strong and effective HRM is ought to suffer serious issues during their day to day action. The present study aims to examine one of the Human Resources Management Practices' function that is, Recruitment and Selection prevailing in different banks in Kerala.

In new generation banks Recruitment and Selection practices is different from public and old private sector banks. To develop these, new generation banks should undertake different Recruitment and Selection criterion including unbiased test, placement of right person and quality selection criteria. So that capability, gap,

wastages and risks would be reduced. Recruitment and Selection is an important function in any organization which significantly influences the performance of an organization. Based on ownership and structural changes, different banks follow different practices. For improving the performance of the banking industry, recruitment and selection practices should be designed in such a way that it accomplishes the organizational objectives.

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