EVALUATING THE LINKAGE UNITING HR SYSTEM AND COMPETITIVE ADVANTAGE STATUS IN PRIVATE BANKS

Saloni Pahuja
Assistant Professor-II
Amity School of Business, Amity University Noida, U.P.-201313
e-mail: salonipahuja5@gmail.com

Priyanka Garg
Research Scholar
Jamia Milia Islamia University, Delhi, India
e-mail: priyanckagarg@gmail.com

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ABSTRACT

Indian Private banking sector is growing at the swift rate thus contributing large to the GDP of the country. Banking system is the backbone of any economic ecosystem. In Indian banking sector count of private banks has increased much in recent times giving consumer more choices to switch in case they feel unsatisfied with the service quality, so it is more challenging to retain customers. In service industry HR management needs to revamp so as to sustain in the competitive and dynamic era as it has emerged as one of the key differentiator over the years to influence competitiveness of banks in India. In this era of knowledge based economy we have to realise the strategic role of human resources to gain competitive advantage. This paper attempts to analyse the contemporary level of HR System and Competitive Advantage in private banks of India and further, examines the relationship between the two and thus the effect of HRS on CA Status. Random sampling technique was used to collect data from 234 respondents of three leading private banks. The findings suggested that focusing on the HR functions and practices banks can survive in this competitive environment and can gain sustainable competitive advantage.

Keywords: Human Resource system, Competitive Advantage Status, HR practices, Private Banks, Competitive Business Environment, Knowledge based Economy.
1. INTRODUCTION

Over the recent years it has been observed that firms have been experiencing scarcity of talented employees and there is high dynamism in external environment, in order to survive global corporations need to sustain competency for their survival. To sustain competency these corporations are required to hire and retain best of the HR and prepare them for dynamic economic and changing preferences of consumers (Haider, Syed and Asad, Muzaffar and Fatima, Minaa, 2017)

Banking sector has grown and transformed tremendously in the past decade, this service based sector demands Excellency in service performance with improved efficiency which can give success to the organization and lead competition. To outstand among the competitors, banks need to value and improve their intangible assets. These assets are in the form of experience, skills and knowledge, which helps to deliver value to the customer. The tactical role of HRs has emerged. Scenario has changed and a paradigm shift is visible where HR is acting as source of sustained CA. HR has clearly emerged as the most valuable assets of any organization.

Organizations are trying to achieve CA by accepting naïve technology, reducing cost, enhancing quality and upgrading to latest software. But, these improvisations can only help the bank in its operating performance to a small extent only. However, to move ahead this, bank has to improvise its most valuable asset, i.e., HR. A bank can only excel and advance a CA – if it implements a differentiation or value creating strategy that cannot be enforced and copied by its competitors to get benefits of the strategy (Barney, 1991).

This study analyses the utility of human resource practices being important source of CA. The success of an organization depends on its employee's attitude, competencies and skills; ability to create commitment and trust towards their organization, and ability to work in complex relationships. In the banking service system only HRs are those assets, which can effectively make use of other tangible and intangible assets to gain advantage with less risk of failure (Choudhary and Mishra, 2010). Banking organization which have better human assets can gain more CA, as high quality workmen can enhance the service process, experience and result in better outcome to organization. This can further lead to success of service provider.

The banks included under the Second Schedule of Reserve Bank of India (RBI) Act, 1934 are categorized as Scheduled banks. The Scheduled banks nearly cover three fourth of the Banking System. Banks in which majority of share is held by private individuals and corporate are private sector banks. In this research paper 3
leading private banks were included which are AXIS, ICICI and HDFC bank. The development of Private Banks has engulfed the Indian economy. It has led to the growth of financial institutions.

As instinctive insight and intellect of employees in banking enterprise is vital to assess the risk and envision the financial worthiness of business beyond numbers, to increase the productivity and profitability. It is the credibility and integrity of employees’ that makes business sustainable with effective regulatory compliance and reporting. This makes employees as strategic asset and when ball-game becomes more competitive, then head-hunting begins, which aims to win over these employees to gain CA. It is more prevalent in private sector banks, therefore, a study of HR system, CA status and its inter-relationship calls for a deeper investigation.

Further Section 2 is literature review which highlights the various conceptual aspects related to HR as source of CA and resource based view and reviewed the existing literature pertaining to problem in hand along with the findings of the researches that were done in the related area.

Section 3 develops the research methodology highlighting the objectives, hypothesis, and research design and sampling design. Further data analysis had been discussed along with the findings and conclusion.

2. LITERATURE REVIEW

Advantage through HR is a product of human capital and its organizational processes (Boxall, 1998), had identified that HR is a factor which is very profitable source of CA. (Dyer, 1993), discovered value of HR strategies that are predecessor of CA and also expressed that for attaining success, HR tactics must always be in line with the business tactics. Related Studies also emphasized on some need to alter and add the HR strategies and emphasis should be shifted to increasing the involvement and improving confidence of employees. Real capital of organisation is the aggregate of all the assets that help in making the creative ability of organisation possible and in this employees’ attitude plays crucial role (Bozbur and Beskese, 2007).

Employees in service sectors act as differentiators and provides CA to the service firms more than in manufacturing firms, where automated process and high technology machines are source of CA (Harris and Chernatony 2001). The interaction of employees with the service system of the firm can create the brand perceptions. Engaged and satisfied employees ensures the positive interaction with the customers. (Jassim, 2007) signified the conceptual model of CA as the model which is Resource based view, the model is corresponding with the competency model and has reported various strategies for competition and HR practices that largely influence the
functioning of employees. This Study firmly supported the fact that through employees’ organization can achieve CA, as employees are task performers and active in gaining organization success. (Bal, 2011) also supported that enlarged recognition of the role of HR in increasing CA. The study was constructed on resource centered view of strategic HR management and testified that good quality of staff helps in building CA.

(Pablosand Lytras, 2008) observed the requirements of using HR management for improving organizations’ performance. The human capital had an impact on the organizational performance and its results. It explained the concept of how one can develop its resources into a foundation of sustained CA. (Faugoo, 2009) analysed the RBV perspective of strategic HR management. Top management investment perspective, HR processes and practices lead to the development of superior HR capital that contribute in organizational success which further help the firm to have competitive edge. It also emphasized on the construct that practices of HR management are significantly correlated with the performance of organization. It also suggested that capability of HR helps in enhancing the organization and help in creating human skills, talent, experience and which adds further value to the company. The Study largely also depicted that by using HR practices effectively firm can have significance improvement functioning and can gain CA.

(Bartlett and Ghoshal, 2002) unfolded organization aim to thrive in this new era it has to acknowledged the importance of individuals proposed that HR managers must consider employees as capacity investment. The well-built linkage uniting human capital and the results of business give rise to the organization to bring what its promised and planned to gain better results in terms of consumer satisfaction (Rogers et. al., 2002). Few other studies analysed the theories and researches on the improvement through HR in the service sector and recommended that in order to reap the superior paybacks in productivity, firm should imply elevated and regular investment in its human resources and thus focus on creating high performance work system (Boxall, 2003). (Elliott, 2004) confirmed that both the empirical and theoretical establish the link uniting HRM practices and increased results in performance, also explained how these practices can further add usefulness which is profitable to the firm and both the abstract and empirical links concerning HR practices and improved performance results and detailed how HR practices can augment worth to the firm.

(Sharma and Narang, 2005) described the importance of HRM practices in achieving CA and underlined different effective HR practices that have been approved by organisations to create CA. The research further expressed the adopting and adapting with these practices is a process that consumes time. However, once gained and
adapted completely, the advantage that comes through such exercises is probable to sustain. (Choudhary and Mishra, 2010) explored and established that human asset is also a capital of a firm, hence should be treated as asset and they should not be taken as liabilities. Therefore, uninterrupted determinations should be made in order to build some knowledge-based surroundings with time to timetutoring, mentoring, team building, trainings, conferences and guidance session to encourage learning and development as a continuous process. (Poloski, 2008) suggested that organizations should focus on the HR practices to achieve competitiveness through people. Lawler (2009) reflected the importance of human capital and focused on activities that should be followed by effective leaders to have a CA like effective execution of performance management system, good personal and communication skills, effective training, grievance management, effective communication, organizing leadership development program and senior management support. (Absar and Mahmood, 2011) highlighted the overall status of adoption of selective and updated HRM practices in the public and private sector and explored the difference between the two. Findings revealed significant difference between the two sectors where in the private sector industrial enterprises hold better position as compared to public.

(Majumder, 2012) identified that employees were not satisfied by the HRM dimensions followed in the private banks of Bangladesh. Focus should be made in improving the quality of the HRM functions to achieve success. The study unveiled the relationship between employees’ satisfaction and various magnitudes of HRM practices. HRM practices in the private banks of Bangladesh has not been completely developed and there is the crucial need to use the services of HR professionals, consultants and researchers to reshape HR practices for higher proficiency and effectiveness. It recommended bank should give performance based incentives to motivate employees for high performance and high satisfaction. Also existing pay practices should be reviewed to offer fair pay, to make tasks more challenging and meaningful, and further to foster cordial co-worker relationships promoting healthy work environment.

(Saha and Gregar, 2012) elucidated the role of HRM in achieving unrelenting CA and concentrated on the point that competitive edge can be gained through employees by an organization when they value their human capital and their intellectual skills. The impact of HRM practices on employee’s job satisfaction of private bank was examined and findings revealed that the HRM practices like Training, Compensation, Team Work and Performance Appraisal has positive impact on job satisfaction and employee participation has not much influence on employee’s job satisfaction of the employees in HDFC banks. Study suggested that bank...
should build new policies to enhance the participation of employee’s at all levels of management. For higher employee satisfaction all the other above mentioned HR practices need to be retained (Jeet and Sayeeduzzafar, 2014). (Pahuja and Dalal, 2016) revealed the importance of the HR as the significant source of CA and highlighted the need for their development. It further suggested reorganizing these resources effectively to enjoy maximum advantage in the present competitive scenario. HR practices can help a firm in achieving sustainable CA by not only enhancing the ability and service motivation but it also shape demand and supply side of mobility constraints of resources (Delery and Rounti, 2017). Various HR practices which are improvised by organization can be selective hiring process, security of employment, fair appraisals, training and coaching, active participation management decision making, benefit packages, these all factors constitutes stronger base of HRM practices, which leads to higher trust towards management and further leads to employee creativity and hence contributes to Competitive advantage for the organization (Lee, Lee and Moon, 2019).

In the banking industry HR practice is most important factor for profitability and efficient bank operations; it can help in creating new products in banking and better services to customers of the bank (Haines and St-Onge, 2011; Vemic et al. 2013). Banking industry can achieve competitive advantage through strategic HR practices which provides employees with specific set of skills and competencies that helps in differentiating services and striving excellence (Quresh, Akbar, Khan, Sheikh, & Hijazi, 2010).

Keltner and Finegold (1996) explored that banks had not made the required investments in HR to improvise customer service management quality and relationship management. Instead, banks were more attentive towards cost cutting through labour cost and competed on price. The study was done with 12 different banks had led to the recommendation that competence based growth in career, modular training and development for skill improvement and fair level of internal recruitments can enhance skill levels and reduce turnover rates in bank for entry level employees. Learning in banking industry might impact morale of employee and higher job satisfaction which can lead to better services to customers through relationship and enhance satisfaction; therefore customer is more probable to stay with their bank for longer (Harland Releases, 2001). (Abdul et al. 2015) suggested that HRM practices are strong indicators of bank quality and performance, through using DEA- Malmquist Index to investigated impact of HRM practices on conventional bank performance measurement on 48 banks in Bangladesh.

There is a research gap in studying HR practices system and competitive
advantage status of the banks. This study aims at studying existing level of HR systems in private banks, competitive advantage status of those banks and the linkage between these two factors in Indian Private Banks.

3. RESEARCH METHODOLOGY

The objectives formulated for the study are:

I. To examine the existing level of HR System and processes in the private sector banks operating in India and to assess their CA Status.

II. To examine and analyse the interrelation concerning HR System and CA Status and to analyse the impact of HR System on the CA status of the private sector commercial banks in India.

To further identify the relationship between the two variables and their association with the success of private banks following hypothesis formulated:

\[
H_0: \text{There is no influence of HR System on CA Status in Private Sector Banks.}
\]

\[
H_a: \text{There is positive influence of HR System on CA Status in Private Sector Banks.}
\]

An empirical study was conducted for this research work. In this study research design is of two types, one is descriptive and another is causal research. In descriptive study, the research has been done with an objective of studying and describing the existing level of HR systems and CAs’ status in private banks from point of view of employees. This descriptive study is pre-planned with a structure; it is based on large sample and also rigid in nature(Churchill & Iacobucci 2004; Hair et al. 2003). Descriptive study helps in providing data that allow identifying interrelation and associations of various variables(Aaker et al., 2000).

Causal research methodology has been used to analyse and understand the linkages uniting the variables (HR System and CA Status) and to analyse the impact of HR system on CA status of the organization by using parametric tests (Regression and correlation).

3.1 Sampling Design

Three leading private sector banks were selected on the basis of their performance (advances) drawn from RBI reports available on RBI website, based in Delhi/ National Capital Region were chosen. Sample size comprised of 234 employees of scale I officer level (Assistant Manager) and above. Selected private sector banks represented more than 35 percent respectively of total population which appear to be true representative sample of the target population.
Table 1 (a) Sample Design, Number of branches (sample) per bank in Delhi and NCR

<table>
<thead>
<tr>
<th>Banks</th>
<th>Delhi (A)</th>
<th>Faridabad (B)</th>
<th>Gurgaon (C)</th>
<th>Ghaziabad (D)</th>
<th>Noida / Greater Noida (E)</th>
<th>Bahadurgarh (F)</th>
<th>Rohtak (G)</th>
<th>Total (A to G)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Bank</td>
<td>143</td>
<td>8</td>
<td>25</td>
<td>10</td>
<td>16</td>
<td>1</td>
<td>3</td>
<td>206</td>
</tr>
<tr>
<td>HDFC Bank</td>
<td>173</td>
<td>10</td>
<td>33</td>
<td>10</td>
<td>24</td>
<td>1</td>
<td>3</td>
<td>254</td>
</tr>
<tr>
<td>AXIS Bank</td>
<td>82</td>
<td>2</td>
<td>15</td>
<td>7</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>113</td>
</tr>
</tbody>
</table>

Source: Respective websites of the sample banks, 2020

Table 1 (b) Number of branches of the sample banks in Delhi/NCR

<table>
<thead>
<tr>
<th>Banks in Delhi/ NCR</th>
<th>Total Branches</th>
<th>No. of Selected Branches</th>
<th>No. of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Bank</td>
<td>206</td>
<td>31</td>
<td>76</td>
</tr>
<tr>
<td>HDFC</td>
<td>254</td>
<td>38</td>
<td>87</td>
</tr>
<tr>
<td>AXIS Bank</td>
<td>113</td>
<td>17</td>
<td>71</td>
</tr>
<tr>
<td>Total Branches</td>
<td>573</td>
<td>86</td>
<td>234</td>
</tr>
</tbody>
</table>

Source: Respective websites of the sample banks, 2020

For a good representation of sample, fifteen percent of the branches are selected out of total branches of each of those three banks as a sample which covers 86 branches in a sample from three banks. Then from list of the branches, randomly branches were selected for data collection. Then from each bank branch, three employees were selected for data collection according to their work experience. Out of total responses collected only 234 were found fit for the study and 24 were rejected because of imitation and irrelevance as they have either not filled the complete questionnaire or have just imitated one response for all questions. So sample size comprises of 234 respondents.
3.2 Data Collection Tools

The tool of primary data collection was questionnaire which was drafted as per the research objectives and secondary data was collected from published sources like reports, journals and the like. The questionnaire is divided into parts, part A comprised of 65 statements and there are 18 statements in section B on 5 point Likert scale ranging from strongly Agree(5) to strongly disagree(1). Statement Reliability was checked by Cronbach Alpha on pilot sample of 100 questionnaires then Scale’s was checked through Cronbach’s Alpha coefficient using SPSS 20.0 and presented in table 2 below.

The value of Cronbach’s Alpha coefficient for the first scale (HR system) was 0.94 and for the second scale (CA status) was 0.823. Both of these values are more than 0.70, and hence scale is highly reliable in nature to pursue further study. Content was also validated through determining the variables those have been identified and previously used in literature of the research studies (Churchill & Iacobucci 2004). In this research study, the variables dimensions were identified from the existing literature which is validated and has been widely accepted. In addition, opinions from field experts were taken to provide relevant inputs adding to the research. Thus with the help of literature review and expert’s opinion every statement of questionnaire was examined thoroughly. Hence, the content of each item on scale was related with the research objectives.

The data which was collected from the questionnaire was fed with the help of MS-excel and analysis was done in SPSS. Demographics of the respondents were analysed through frequency and percentage, then responses were analysed through Descriptive analysis with statistics of Mean, median and standard deviation. Later, correlation and regression has been used to understand the influence of independent variable on dependent variable and relationship between them

4. SAMPLE DATA - A DEMOGRAPHIC ANALYSIS

There were 234 respondents in all, their demographic profile on the

<table>
<thead>
<tr>
<th>Scale</th>
<th>Value of Cronbach's Alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource System</td>
<td>0.94</td>
<td>65</td>
</tr>
<tr>
<td>Status of Competitive Advantage</td>
<td>0.823</td>
<td>18</td>
</tr>
</tbody>
</table>

Table 2 Reliability of Scale

Source: Survey bases SPSS Results
basis of work experience, gender and designation has been presented below in table 3.

Table 3 Sample Distribution

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>Male</td>
<td>160</td>
<td>68.4</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>74</td>
<td>31.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>234</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>Managerial Level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>Entry Level</td>
<td>98</td>
<td>41.9</td>
</tr>
<tr>
<td></td>
<td>Mid-Manager Level</td>
<td>57</td>
<td>24.4</td>
</tr>
<tr>
<td></td>
<td>Senior Manager Level</td>
<td>78</td>
<td>33.3</td>
</tr>
<tr>
<td></td>
<td>Top Manager Level</td>
<td>1</td>
<td>.4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>234</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>Work Experience in Years</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>Below 5 Years</td>
<td>134</td>
<td>57.3</td>
</tr>
<tr>
<td></td>
<td>5-15 Years</td>
<td>99</td>
<td>42.3</td>
</tr>
<tr>
<td></td>
<td>26-35 Years</td>
<td>1</td>
<td>.4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>234</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Results of Survey
5. HR SYSTEM AND STATUS OF COMPETITIVE ADVANTAGE IN INDIAN PRIVATE SECTOR BANKS: A DESCRIPTIVE ANALYSIS

Through descriptive statistics analysis standard deviation and mean value for HR system and CA current status can be examined. S.D and mean value was calculated and demonstrated in table 4 and table 5. Formula used to calculate range was mean value + (1.96) standard deviation. The upper limit and the lower values come out to be 268.45 and 173.71 respectively.

HR System Level III 269- 325: High level of HR system
HR System Level II 175- 268: Medium level of HR System
HR System Level I 65-174: Low level of HR System

Table 4 Descriptive Statistics (HRsystem)

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR System</td>
<td>234</td>
<td>161</td>
<td>281</td>
<td>221.08</td>
<td>24.17</td>
</tr>
</tbody>
</table>

Source: Results of survey

The Mean value for HR system came out to be 221.08 and standard deviation came 24.17 which demonstrated that the banking industry in India has only medium level of HR system and hence to sustain in competitive market they should focus on HR systems and improve their results. HR of the company is the most important asset so banks should pay attention on its importance and improve the structural practices and systems to improve the overall standards of the organization. The results indicated here is supporting the findings of Khandelwal committee, 2010 and Saha&Gregar, 2012.

The Range was analysed by formula Mean + (1.96) Standard deviation. The upper limit and the lower limit values come out to be 75.52 and 47.68 respectively.

CAS Level III 77 – 90
High level of CA Status CAS Level II 49– 76 Medium level of

CA Status Level I 18 – 48 Low level of CA Status

To analyse the CA status in the banks is calculated by analyzing means and standard deviation of collected data. Mean value is 61.60 and standard deviation is 7.10 for CA status, it pointed towards medium level of CA status. In order to have more CA through HRs, Banks should focus on
human capital and its management. They should also implement fair and selective strategies and practices.

6. DATA ANALYSIS (CORRELATION & REGRESSION ANALYSIS)

The interrelation of the HR system and Competitive advantage was examined to aim at the third objective. Thus to investigate the correlation between these two variables correlation analysis was carried.

In table 6, the coefficient of correlation is demonstrated which is 0.808 and the p value is .000 which shows significance and positive correlation of high degree between these two variables.

In addition, the regression analysis was performed to examine the impact of HR system on CA system. HR system is taken as independent variable and CA as dependent variable. The results are demonstrated below.

Table 5 Descriptive Statistics (CA Status)

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA Status</td>
<td>234</td>
<td>42</td>
<td>79</td>
<td>61.60</td>
<td>7.10</td>
</tr>
</tbody>
</table>

Source: SPSS based Survey results

Table 6 Correlations Analysis

<table>
<thead>
<tr>
<th></th>
<th>Competitive-Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR System</td>
<td>Pearson Correlation .808</td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed) .000</td>
</tr>
</tbody>
</table>

Source: Survey Results

Table 7 Coefficientsa

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>9.137</td>
<td>2.529</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HR System</td>
<td>.237</td>
<td>.011</td>
<td>.808</td>
</tr>
</tbody>
</table>

a. Dependent Variable: CA Status

Source: SPSS based Survey Results
The t value of HR system was 20.872, p value was 0.00 and value of beta was 0.808 which was at 5% significant level, hence null hypothesis was rejected. As both the variables have high positive correlation between them, so it can be concluded that HR system impacts CA status. It is also supporting the previous results depicted in literature review of similar researches.

Table 8 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td>1</td>
<td>.808</td>
<td>.653</td>
<td>.651</td>
<td>4.19506</td>
<td>.653</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sig. F Change</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), HR System
b. Dependent Variable: CA Status

Source: Survey Results

The R square value was 0.653 which depicts the accountability of HR system was 65.3 percent of the total variance in CA status of the bank. Therefore, HR system can be considered as significant contributing factor and its effective use can lead to further improvement of CA status of Banks in India. Through ANOVA Test, F-value came out to be 435.661 at 5 percent significant level, which suggests the significance of regression model tested. Hence, this regression model is validated with significance value. Hence, it is clearly proven that there is highly positive influence HR system on CA status.

If there is efficient and effective HR system, it helps in upholding commitment and motivation also which help in tractable economic performance, development of employees and hence improvement in organisation's CA. (Hutchinson, Kinnie, Purcell, Rayton, & Swart, 2009). This result is also supporting the literature (Bal, 2011 & Eliott, 2004). The study thus focused on the importance of HR capital and documented that if HR capital has high level of distinctiveness then financial performance of the bank is high and suggested that high quality HR capital in combination with the strategic use of the resources strongly influences the organization's outcomes and performance thus makes it more competitive leading to gain in CA.

7. DISCUSSION

Statistical calculation revealed that Indian private sector banks has medium level of HR system as on
date they are focusing less on the HR practices. Hence, banks need to focus more on their HR practices so as to gain and sustain in competitive market with better results (Table 4). Descriptive statistics also depicted that Indian private sector banks have moderate CA status. In order to achieve more CA through their Human assets they should start focusing on their resources and implement good HR practices and policies (Table 5). The high correlation coefficients of 0.808 depicted a significant positive correlation between the HR System and CA status in Indian private banks. This is a strong indicator that HR System will definitely make change in the banks CA status (Table 6).

Regression analysis results depicted that there is 65.3 percent influence of HR System on CA Status. And influence is significant at five percent level of significance. Thus it is a strong and important contributing factor (Table 8).

The statistical findings revealed that Indian private banks have moderate level of CA status due to lack of HR initiative. Most of the employees in the private banks are although graduated, but lacks the interpersonal and critical skills. Since, it is a service industry, and HR plays a pivot role, the CA can be gained through effective practices both by the employee and employer.

Focus group interviews were conducted with managers and clients and the outcomes strongly agreed that HR system in the private banks still requires lot of refinements. In order to gain CA focus should be on practices which will create a high performance work culture; inclination should be made learning and explicit sharing of the knowledge. Banks should implement employee friendly practices that will develop their HRs, make them competitive and innovative which will improve employee's participation and performance. Satisfied committed and competent employees give significantly impactful results with better service quality which further leads to higher customer satisfaction and retention in the competitive market.

8. CONCLUSION

Private Banks are more robust and growing exponentially in the Indian market. They have massive customer base and the services provided by them are specifically customer centric. The study conducted has shown the positive correlation between HR system and the Competitive Advantage. To gain maximum advantage, private banks have to re-vitalize its HR function and processes. Continuous trainings and acceptance to new technologies, should be made mandatory, in order to develop the skills. Private Banks should utilize their HR practices like promoting innovators, employee empowerment, fair recruitment and selection criteria, strategic facilitation of HRs should be encouraged to make system more efficient and effective. The kind of citizenship behavior needs to be developed in the human force, so that they can be more competitive and
the spirits of Altruism, Sportmanship are visible.

Organizations which consider HR as a basic source of CA have been successful in gaining profits. Most of the private banks in India like Axis bank, HDFC and others have utilized their human assets to attract and retain customers. Most of the public sector banks have failed to gather the trust of citizens because of the behavior of employees. The skill set utilized by private banks focus majorly on operations and customer-handling. Effective use of HR has helped private banks to gain competitive edge over the competitors.

9. FUTURE RESEARCH DIRECTIONS

The study is limited to only three leading Banks of Indian banking industry in Delhi/NCR; however these banks have majority of market share as compared to other banks. Sample size comprised of 234 Senior Level employees of banks which holds Level 1 managerial positions (or Assistant Manager) and above. The results obtained are thus generalized with respect to the identified parameters which can further be generalized in relation to wider geographical spread, inclusion of more banks or the employees. As the results presented in this study are subject to the constraints along with the time and cost considerations.

References


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