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A Review on Human Resource Management Public Sector Banks in India

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Abstract
This review examines human resource management practices in public sector banks in India from 2015 to 2020, with special attention to how recruitment, training, performance appraisal, employee engagement, and retention evolved during a period of regulatory change, digital transformation, and competitive pressure. Public sector banks occupy a central position in India's financial system, and their performance depends heavily on how effectively they manage employees, capability building, and organizational commitment. The review finds that while these banks continued to rely on traditional administrative HR structures, the period also saw increasing emphasis on technology-enabled training, performance-linked evaluation, and workforce rationalization. The literature suggests that persistent challenges included low flexibility in staffing, skill gaps, delayed promotions, stress from workload changes, and difficulty aligning HR policies with customer-centric banking. Overall, the study concludes that HRM in public sector banks during 2015–2020 was transitional rather than fully transformed, and that stronger strategic HR planning is needed to support productivity, service quality, and employee morale.

Keywords: Human resource management, public sector banks, India, recruitment, training and development, performance appraisal, employee engagement, banking reforms.

Introduction

Human resource management is a critical function in banking because banks depend on people not only to process transactions but also to build trust, handle risk, and provide service quality. In public sector banks in India, HRM has historically been shaped by bureaucratic structures, standardized service rules, and a strong emphasis on job security. Between 2015 and 2020, however, the banking environment changed sharply due to digitization, customer expectations, competition from private banks and fintech firms, and the need for higher operational efficiency. These pressures forced public sector banks to re-examine how they recruit, train, evaluate, and retain employees.

The period from 2015 to 2020 is important because it captures a transition phase in Indian banking. Public sector banks were expected to maintain financial inclusion, support national priorities, and also improve productivity and service standards. At the same time, they had to manage a workforce that was often older, unionized, and governed by rigid administrative systems. As the literature shows, HRM challenges in public sector banks were not limited to staffing but also included skill modernization, employee motivation, and performance orientation. This makes the topic relevant for understanding how public institutions adapt to economic and technological change.

A review of HRM in public sector banks is useful because human capital has become a major source of organizational advantage in the banking sector. Banks cannot rely only on capital and technology; they also require employees who can adapt quickly, communicate effectively, and deliver service with accuracy and empathy. Studies on banking HRM consistently note that training, appraisal, compensation, and engagement influence both employee satisfaction and organizational performance. Therefore, reviewing the HRM experience of public sector banks from 2015 to 2020 helps identify what worked, what remained weak, and what future reforms are required.

Literature Review

The literature on human resource management in Indian public sector banks during this period shows a consistent pattern: banks recognized the importance of HRM, but implementation often lagged behind strategic needs. Several studies highlight that public sector banks faced a mismatch between traditional personnel management and modern HRM expectations. For instance, emerging issues included technological change, changes in customer behavior, and the need for new competency profiles among employees. This is important because banking tasks increasingly require digital literacy, sales orientation, and problem-solving skills.

A number of studies focused on recruitment and staffing. The literature suggests that public sector banks typically relied on formal recruitment processes and centralized selection systems, which promoted transparency but sometimes reduced speed and flexibility. Researchers noted that while these systems ensured fairness, they did not always align quickly with the need for specialized talent in areas such as analytics, IT security, or digital banking. As banking became more technology-driven, this gap became more visible.

Training and development received substantial attention in the literature. Scholars observed that public sector banks invested in training programs, but often these programs were more compliance-oriented than competency-driven. In many cases, employees were trained to follow procedures rather than to innovate or adapt to customer-centric and digital service models. The literature also indicates that training effectiveness depended on whether learning translated into workplace behavior, which was not always ensured.

Performance appraisal is another frequently discussed area. Studies suggest that appraisal systems in public sector banks during 2015–2020 were becoming more structured, yet employees often perceived them as insufficiently linked to merit, growth, or recognition. Researchers pointed out that appraisal systems in bureaucratic environments can become formalities unless they are connected to development, incentives, and promotion. In public sector banks, this remained a major concern because employees often expected stronger feedback and clearer links between performance and career progression.

Employee engagement and job satisfaction also appear prominently in the literature. Many authors concluded that job satisfaction in public sector banks was influenced by workload, transfer policies, promotion delays, and stress related to target-based banking. At the same time, employment stability and social prestige continued to be positives in public sector bank careers. The literature therefore suggests a mixed picture: job security and institutional credibility existed alongside frustration over slow HR processes and limited flexibility.

Another important theme is the comparison between public and private sector banking HR practices. Comparative studies suggest that private banks tended to be more aggressive in performance management, training customization, and customer-service orientation, whereas public sector banks were stronger in job security and standardized procedures. This comparison helps explain why public sector banks were under pressure to modernize their HR systems without losing their public mission. Overall, the literature indicates that HRM in public sector banks during 2015–2020 was moving toward reform, but the transformation was incomplete and uneven.

Objectives

The present review has two objectives:

1. To examine the major human resource management practices followed in Indian public sector banks from 2015 to 2020.
2. To identify the key HRM challenges and emerging trends affecting employee performance, engagement, and organizational efficiency in public sector banks.

Research Methodology

This study adopts a review-based research methodology. It is based on secondary data collected from journal articles, review papers, academic reports, and published discussions on HRM in Indian banking. The time frame of 2015 to 2020 was selected to capture developments during a period of structural change in banking, including digitization and evolving workforce expectations. The review focuses on public sector banks in India and excludes private-sector-only studies unless they provide relevant comparative insights.

The methodology involved identifying literature on recruitment, training, performance appraisal, employee engagement, compensation, and HR policy challenges in public sector banks. Sources were screened for relevance to the Indian context and for direct discussion of public sector banking. After selection, the literature was analyzed thematically, with recurring patterns grouped under major HRM dimensions such as staffing, capability building, appraisal, and retention. This approach allowed the study to synthesize findings from different authors into a coherent review.

Because this is a review article, no primary survey, interview, or statistical testing was conducted. The findings therefore reflect the balance of evidence in the available literature rather than original field data. This method is appropriate for identifying broad trends, common problems, and policy implications across multiple studies. It also helps establish a foundation for future empirical research on HRM reforms in public sector banks.

Findings

The review identifies several important findings. First, public sector banks continued to rely on formal and rule-based HR systems, which supported fairness and consistency but reduced responsiveness. The literature indicates that recruitment and transfer systems were transparent, but often slow to adapt to new skill requirements. This created difficulties in filling emerging roles related to technology, customer analytics, and digital service delivery.

Second, training and development improved in visibility during the period, but there was still a gap between training inputs and workplace outcomes. Banks offered training programs, yet the content often remained generic or compliance-based rather than future-oriented. Studies suggest that this limited the development of advanced competencies needed in a changing banking environment. In practice, training was more effective when it was linked to role-specific needs and technology adoption.

Third, performance appraisal remained a sensitive issue. The literature shows that appraisal systems were increasingly formalized, but employees frequently questioned whether they were sufficiently merit-based. In public sector banks, appraisals were often linked to administrative processes rather than continuous performance improvement. This reduced the motivational effect of appraisal and weakened its role as a development tool.

Fourth, employee engagement was influenced by both positive and negative factors. Job security, institutional prestige, and fixed service structures were strengths of public sector banks, but stress, workload shifts, and delayed recognition affected morale. The review shows that engagement improved when employees experienced fairness, support, and opportunities for learning, but weakened when career progression felt slow or disconnected from performance.

Fifth, a major finding across the literature is that HRM in public sector banks during 2015–2020 was in transition. Banks were no longer operating in a purely clerical personnel model, yet they had not fully adopted strategic HRM. The evidence suggests a gradual move toward competency development, digital readiness, and performance orientation, but organizational inertia continued to limit speed and depth of change. This transitional state is the central feature of the period.

Conclusion

The review of human resource management in Indian public sector banks from 2015 to 2020 shows that HR practices were under strong pressure to evolve in response to changes in banking technology, customer expectations, and competition. The literature demonstrates that public sector banks made progress in areas such as structured recruitment, training initiatives, and formal appraisal systems, but many practices still reflected older administrative models. As a result, HRM became an area of strategic importance but not yet full strategic transformation.

The study also shows that the biggest challenges were not simply operational but cultural and structural. Public sector banks had to balance stability with flexibility, fairness with performance orientation, and public accountability with market responsiveness. The review suggests that future improvement depends on stronger talent planning, customized training, more meaningful appraisal systems, and greater employee engagement. In short, effective HRM will be essential if public sector banks are to remain competitive, resilient, and service-oriented in the years ahead.

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