CHAPTER II

REVIEW OF LITERATURE

2.1 INTRODUCTION

A detailed review of literature has been made to find out the research gap and to identify the relevant researchable issues for the study. It is essential for a researcher to review the related literature study to have a clear knowledge about the subject and understand the research gap in order to draw the scope for the study.

2.2 REVIEW OF LITERATURE

A brief summary of available literature on the study subject is presented in this cross sections.

2.3 PAY DIFFERENCES IN PUBLIC AND PRIVATE SECTOR ORGANISATIONS

Employees are the backbone of an organisation. Hence, the retention of the employees is important in keeping the organisation on track. In order to retain the best talents, strategies aimed at satisfying employee’s needs are implemented, regardless of global companies or small-sized firms. There are many retention practices implementation around the globe operated routinely by either small setups or big enterprise, even in public and private
sector organisations in India. One of the primary criteria of employee retention is the pay the employee receives.

It is surprising how little is known about the wage differences in India, given the interest of academics in the question and its implications for public policy. It is widely documented that workers in the informal sector receive wages that are lower than in the organised (public or private) sector and there is some information on the differences in wages in the factory sector and the differences in wages among highly skilled workers and in some geographic areas. But evidence to date, that would describe labor market opportunities for the public sector, as a whole, is surprisingly scarce. Several authors have attempted to account for the differences in the human capital of workers in the public and private sectors while investigating wage differentials.

In this regard Duraiswamy and Duraiswamy’s (1995) study which used the DHTP data to estimate earning functions for public and private sector workers is very useful. This study decomposes earning differentials into two parts – one reflecting differences in productive characteristics or “endowment” and the other reflecting differences in pay structures, or premiums, attached to particular characteristics common to both sectors (Blinder and Oxaca 1970). The authors found that wages are higher in the private sector and that about 87 per cent of the sectoral wage difference could be attributed to the higher premium paid by the private sector, while the rest could be attributed to the superior human capital of private-sector workers. They showed that the endowments and the returns on these
endowments are higher in the private sector, except for female and scheduled caste (SC) and scheduled tribe (ST) workers.

In complementary to the Duraiswamy’s study Madheswaran (1998) applied Blinder-Oxaca’s (1970) decomposition to the DHTP and showed that the overall unadjusted wage differential (average public wage divided by average private wage) was 0.85, and that superior human capital endowments of workers in the private sector account for 29 per cent of this difference. For females, however, especially those from SC and ST, public wages are higher than private wages. Similar to Madheswaran study Duraiswamy and Duraiswamy (1995) found that returns to productive characteristics were higher in the private sector, except for female and SC/ST workers.

Similarly, Madheswaran and Shroff (2000) used a sub-sample of science graduates comprising around 40 per cent of the DHTP sample, to examine public-private wage differentials among men and women. These authors also found that, on average, wages in the private sector are higher than in the public sector.

Along the same line Elena Glinskaya and Michael Lokshin’s (2005) study used 1993-94 and 1999-2000 India Employment and Unemployment surveys to investigate wage differentials between the public and private sectors as well as workers’ decisions to join a particular sector. To obtain robust estimates of the wage differential, authors applied three econometric techniques each relying on a different set of assumptions about the process of job selection. All three methods show that differences in wages between public sector workers and workers in the formal-private and informal-casual
sectors are positive and high. Estimates show that, on average, the public sector premium ranges between 62 per cent and 102 per cent over the private-formal sector and between 164 per cent and 259 per cent over the informal-casual sector, depending on the choice of methodology. The review of wage differentials (estimated using similar methodologies) across the world shows that India has one of the largest differentials between wages of public workers and workers in the formal private sector. The wage differentials in India tend to be higher in rural as compared to urban areas and are higher among women than among men. The wage differential also tends to be higher for low-skilled workers. There is considerable evidence of an increase in the wage differential between 1993-1994 and 1999-2000.

2.4 HRM PRACTICES

The concept of Human Resources Management (HRM) could be defined as the function that intermediates the gap between organisational goals and personal goals of its employees (Price A, 2004, p33). Therefore, managing employee retention will require quite an interference of HRM.

In this regard, Moyeen and Huq’s (2001) study on HRM practices of 92 medium and large business enterprises (public and private sector) located in Dhaka, Bangladesh was very interesting. They found that only 62 per cent of surveyed organisations had an HR/IR department. About 96 per cent organisations had training programs. 91 per cent of organisations had performance appraisal system and similar per cent of organisations had a system of rewarding the good employees. The least prevalent practice among the surveyed organisations was employee pension plan. The researchers inferred that union status (presence of unions) was associated
with some HRM practices and firms. Size was found to be an important predictor of some of the HRM practices.

Similarly, Budhwar et.al (2004)\textsuperscript{6} study compared the HRM practices in Indian public and private-sector organisations. The findings revealed that the gap between Indian private and public-sector’s HRM practices is not very significant. Moreover, in a few HR functional areas; Indian private-sector firms have adopted a more rational approach than their public-sector counterparts.

In the same line of thought, Chandra Sekhar’s (2005)\textsuperscript{7} human resource planning as a strategic issue of business management has been a crucial and ever demanding activity on the part of management of people. HR functionaries from 57 companies in the twin cities of Hyderabad and Secunderabad participated in this research to raise their views on how they are practicing one of the most important issues of strategic HR in their concerns in a conference on HRD in Hyderabad city. Results reveal certain startling findings of their HR orientation and practices when compared to public and private type of organisations. Public sector HR functionaries were found to be little more active in their HRP activities than their counterparts. However, the variations in their HRP activities have not reached statistical levels of significance indicating that HRP orientation and activity profile are global in nature. Implications are drawn for practice of the HRP activities.

At the same time, Huda, Karim and Ahmed (2007)\textsuperscript{8} made a study on the HRM practices of 20 NGOs of Bangladesh. It was identified from the study that the HR challenges faced by the NGOs were shortage of qualified candidates, insufficiency of qualified female candidate, poor academic
background of applicants in the suburban and rural areas, and the lack of training infrastructure and training need analysis. The first three challenges were related to recruitment. Two recent studies (Billah & Islam 2009; Billah, Prince & Islam 2009) found that HR practices have significant association with employee turnover and organisational commitment.

However, Katou and Budhwar (2007)\(^9\) found that HR practices such as recruitment, training, promotion, incentives, benefits, involvement and safety and health were positively related with the elements of organisational performance such as innovation and satisfaction of stakeholders. They also found recruitment as the most powerful HR practice in achieving sustainable competitive advantage based on human capital. Further, employee selection has momentous influence on organisational performance. It is also associated with perceived market performance.

But Oladipo et.al (2010)\(^10\) in their research declared that strategic human resource management practices are important for enhanced corporate performance of private sector organisations (e.g. Katou and Budhwar, 2006; Dimba and K’Óbonyo, 2009), but little has been reported on the effect of these practices on public sector organisations. This paper has attempted to cover this gap by examining the effect of strategic HRM practices on the effectiveness of public sector organisations. 255 civil servants cutting across thirty ministries and agencies in Niger state were sampled. Using correlation and multiple regression analysis, the results indicate that strategic HRM is moderately practiced by ministries and government agencies in Niger State. Results also shower that strategic human resource management alignment with overall government objectives; line management devolvement, training
and development, compensation, career planning system and employee participation are the most important strategic HRM practices that impacted more on organisational effectiveness in the public sector. The paper therefore recommends that government should consider the benefits of integrating their HR function with the overall government strategy and operations and that special attention should be given to the training of non-personnel officers in HRM in order to achieve the objectives of devolvement.

However, Absar and Mahmood’s (2011) study explored the adoption of new HRM practices in the public and private sector organisations of Bangladesh. They collected data from sixty industrial enterprises located in the main industrial city of country, i.e. Chittagong. The study revealed significant difference on adoption of new HRM practices between public and private sector industrial enterprises of Bangladesh. Employees in the private sector organisations appeared to be more satisfied than public sector organisations with organisational HRM practices.

2.5 EMPLOYEE RETENTION AND TURNOVER

Job satisfaction has been identified as the most crucial factor in retention of employees (Derensky, 2008). Often employee retention is viewed as a process or function of the human resources department. Somehow, there is an expectation that the recruiting staff should not only identify and hire employees, but also ensure their retention through some sort of strategy or program. The reality is that employee retention is everyone’s responsibility.
According to Banjoko (2003) employee recruitment is the process of reaching out, searching for and attracting a large supply of people or a large pool of interested applicants from which the organisation can choose those it considers competent or most qualified for the job. Studies have shown that human resource is the most valuable asset in any organisation. The human factor is therefore fundamental to the achievement of organisational goals. As a result, the need to put in place appropriate strategy for employee recruitment of organisational workforce cannot be overemphasised.

According to Boxall, Macky and Rasmussen (2003) retention variables for New Zealand employees are multidimensional. They include variables such as interesting work, which was rated as the strongest factor in attracting and retaining employees in both public and private sector organisations. The research outcome shows that employees expect that management should make personnel decisions based on merit. If also demonstrates that extrinsic rewards (such as pay, promotion & job security) play a role in both employee retention and turnover management. The research further suggests that management should lend support to the idea of good relationships with co-employees and supervisors.

In this regard a study by Janet Chew and Lanny Entrekin (2004) shows that employee retention is one of the challenges facing many business organisations today. Many industries are affected with high demand for specialised employees and so they stand to lose high levels of turnover. Living beings have moved into a knowledge-based society where human capital is considered both as a key resource and a competitive business advantage. The high attrition rate of critical (core) employees is costly to
corporations. Loss of these high talent employees results in the stripping of valuable human capital, critical skills and institutional memory. Consequently, companies are giving increased attention to ways of retaining their high performing employees rather than relying on costly replacement and retraining. New paradigm companies recognise that an important element in business management practices is the need to successfully motivate and retain employees who survive organisational restructuring, downsizing, consolidation, reorganizing or re-engineering initiatives. This paper examines the current human resource practices on the retention of core employees in twelve Australian organisations. It explores the relationship between human resource (HR) practices and retention and further identifies the elements of HR practices, which strongly influence the decision for core employees to stay. It is part of a three phased study and the methodologies discussed in this paper consist of a) a Delphi survey of expert opinions and b) an in-depth interview of HR Managers of organisations. Results from this study will assist in the development of an effective HRM retention program for organisations. Businesses can successfully keep critical employees with a total retention strategy and HR programs to support it.

At the same time, as per a study by Hewitt (2006) many reasons have been given for the high rate of turnover in Asia and one of these reasons is inequity in compensation. The report has pointed out that many organisations have already lost their employees to the organisations that are offering higher salaries. The study has also listed limited growth opportunities and role stagnation as other reasons for high rates of turnover. A very effective retention strategy adopted by Asian organisations is the ability to raise base pay above the market rate. Organisations are also
increasingly providing the opportunity to teach their employees new skills and providing favourable work-life balance in their bid to retain key employees. The banking and finance sector in Asia has recorded the greatest turnover of 25 per cent, which, according to Hewitt, has been brought about by stable economies, growing markets and increased retail investor confidence. The outsourcing sub-sector which has recorded unprecedented growth in recent years has also indicated a 23 per cent rate of turnover in 2006 while the manufacturing sector has recorded the lowest rate of 11 per cent. Employee retention is critical to the long-term health and success of any organisation; however, it is becoming increasingly difficult for organisations in Asia to attract, motivate and retain key employees. Turnover rates are still on the rise, and as the search for talent becomes more intense each year, it is becoming increasingly important for organisations to ensure that they keep the right employees in place to keep the future business flourishing.

Simultaneously, Samuel and Chipunza (2009) explain that the main purpose of retention is to prevent the loss of competent employees from leaving the organisation as this could have an adverse effect on productivity and profitability. However, retention practices have become a daunting and highly challenging task for managers and Human Resources (HR) practitioners in a hostile economic environment like the one being witnessed in Zimbabwe. One of the traditional ways of managing employee retention and turnover is through organisational reward system.

In this regard, Daniel (2010) in his empirical work has mentioned that institutions are established to accomplish specified goals. To achieve
these goals, the human resource is seen as one of the most crucial factors, without which the goals are as good as dead. This study has empirically examined strategies for employee recruitment, retention and performance in the Federal Civil Service (FCS) of Nigeria. To achieve the objectives of the study, questionnaires were administered to civil servants at the Office of the Head of the civil service of Nigeria and structured interview was carried out with civil servants at the FCS Commission, Abuja. The study has adopted the chi-square analytical technique to analyse the variables. The results have showed that the strategies for employee recruitment into the civil service are mainly based on Federal character principle (equal representation of people from different sections of the country), merit, political consideration and government discretion. In terms of strategies for employee retention, the study has found out that there has not been a good service in providing adequate incentives to retain its workforce for performance compared to what is obtainable in the private sector. It therefore recommends that while Federal character principle may be necessary as strategy for employee recruitment into the FCS because of Nigeria’s multicultural, ethnic and religious diversity, its application should however be carried out to reflect merit within the principle. In addition, appropriate incentives should be provided to retain competent employees for performance.

According to Chiboiwa et.al (2010) worldwide a number of factors have been attributed to the increase in the level of employee turnover. The way the employees are paid, the kind of recognition given to them for their service and the method of consideration for giving salary advancement to them are critical factors in attracting, retaining, and motivating employees. The challenge for most organisations today is the formulation of an effective
employee retention strategy that will help in retaining employees that are considered critical in attaining organisational goals. The prevailing hostile economic environment in Zimbabwe has made the formulation of a realistic retention strategy particularly difficult for managers in the face of an ever changing economic environment that is characterised by hyper-inflation with a depleted labour market occasioned by skill emigration. This research was a case study of a major private sector medical laboratory company in Zimbabwe and was aimed at achieving the following objectives: To identify the causes of employee turnover in the organisation, examine the current retention practices in the organisation, establish the effectiveness of the practices and attempt a workable retention practice that could reduce the high rate of employee turnover in the organisation. Qualitative research design was employed using structured interviews as well as administering research questionnaire to all category of employees. The total population of the organisation nationwide comprised 3820 employees with a sample size of 2240 respondents. The result of the research has showed that

a. labour turnover is higher amongst non-managerial employees.
b. majority of the employees would soon quit the organisation and
c. the high rate of employee turnover in the organisation is largely attributed to poor reward system administration.

Sharmistha Banerjee and Sumana Guha (2010)\textsuperscript{19} in their study have also showed that retention of talented workers is not primarily driven by fair and equitable compensation at par with the industry trend. The purpose of the study is to investigate and analyse the causal factors influencing attrition and how engineering firms can retain their operational employees. This
research has studied the retention pattern of managerial personnel engaged in operational activities in an engineering firm in India named DCIPS. The methodology used to unearth the causal factors determining the attrition propensity has been a study of exit documents of engineering managers leaving the organisation over a 10 year period (1999 - 2008). The results have revealed that attrition is due to the lack of growth and a career advancement opportunity. Length of association with the firm has been related to attrition pattern. Such a case study of an engineering firm may be extended for other engineering firms too.

From a more advanced point of view, Price and Mueller (1981) have presented an updated model that encompasses many of the earlier retention employee factors while introducing several new ones. Drawing from earlier perspectives, job satisfaction and perceived alternatives have been considered proximate causes of decisions to stay, whereas pay, promotional opportunities, constituent attachments, kinship and organisational commitment as distant influences. One important addition to the model is distributive justice. Drawing from the developing literature on equity theory at that time, the authors have suggested that employees would be satisfied (and thus more likely to stay) if they felt that the outcomes they received reflected the effort and other inputs that they had invested. More recently, organisational justice has been defined more broadly to include fairness perceptions related to outcomes, procedures and interpersonal interactions, which have been shown to be related to employees’ decisions to remain with their employer.
Similarly, Paré et al (2000)\textsuperscript{21} confirm a strong link between “affective commitment” and turnover intention; particularly as such commitment is built through (i) skills development opportunities, (ii) systems that allow people to recognise their individual contributions and (iii) systems that encourage greater participation in decision-making. We may also add to this list the importance of building trust around such values, and this is particularly true for companies that are undergoing major changes.

2.6 EMPLOYEE MOTIVATION

Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that the human resources can be utilised by making full use of it. This can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilisation of resources.

In this regard, Khojastesh (1993)\textsuperscript{22} conducted an empirical study to know the intrinsic/extrinsic rewards received by public and private sector employees. A sample of 362 responses from 380 managers was surveyed. The author found that pay and security were greater motivators for private sector managers than for public sector managers. Recognition had higher motivating potential in the public sector. Both groups were motivated by achievement and advancement.

Similarly, empirical studies by Kinnear and Sutherland (2001)\textsuperscript{23} revealed that extrinsic factors such as competitive salary, good interpersonal relationships, friendly working environment and job security were cited by employees as key motivational variables that influenced their retention in the
organisations. The implication of this therefore, is that management should not rely only on intrinsic variables to influence employee retention; rather, a combination of both intrinsic and extrinsic variables should be considered as an effective retention strategy.

According to Maslow as cited in Robbins (2005) people are motivated to satisfy five need levels and these include physiological, safety, social, esteem and self actualisation needs. At the bottom of the hierarchy are the physiological needs that represent basic issues of survival and include things like food, clothing and shelter. Others include safety and social needs. These needs can be satisfied through adequate salaries, job security and social affiliation. If these needs are not adequately satisfied, then the individual will embark on the process of searching for alternative employment. The inability of the organisation under the study to satisfy the lower level needs of its employees through provision of competitive remuneration, good working conditions and job security might have combined to account for the high rate of turnover amongst the organisation’s non managerial employees.

But, Herzberg (1959) in his two factor theory as cited in Bassett-Jones and Lloyd (2005) have argued that employees are motivated by internal values rather than values that are external to the work. In other words, motivation is internally generated and propelled by variables that are intrinsic to the work which Herzberg has called “motivators”. These intrinsic variables include achievement, recognition, the work itself, responsibility, advancement and growth. Conversely, certain factors cause dissatisfying experiences to employees; these factors largely result from non-job related
variables (extrinsic). These variables have been referred to by Herzberg as “hygiene” factors. Although these factors do not motivate employees; they must be present in the workplace to make employees happy. They are company policies, salary, co-worker relationships and supervisory styles. Herzberg argued further that eliminating the causes of dissatisfaction (through hygiene factors) would not result in a state of satisfaction; instead, it would result in a neutral state. Motivation would only occur as a result of the use of intrinsic factors.

Similarly, Peters et al. (2010)\textsuperscript{26} in their empirical work have expressed their views regarding the retaining of the healthy workers. If healthy workers are to be retained, ensuring them job satisfaction and motivation is very important, whether they work in public or private sectors. Hence, the organisations should provide effective health services to their employees as being followed in many developing countries. The objectives of the present study are to identify the important aspects in the satisfaction and motivation of healthy workers both in public and private sectors.

Cross-sectional survey of healthy workers of both the public and private sectors in Andhra Pradesh and Uttar Pradesh was conducted to find out their job satisfaction. During the survey, a standardised instrument with the main focus on the motivating factors was used when the ratings of their satisfaction were compared, most of them felt satisfied with the key factors of motivation. The findings of the study state that there has been high variability in the ratings of satisfaction and motivation across the different settings of practice in spite of some commonalities. Four groups of factors have been identified, with those relating to job content, of all, work
environment has been viewed as the most important characteristics of the ideal job, and rated higher than a good income. In both the states, the healthy workers in public sectors have rated “good employment benefits” and the recognition of their services by the superiors as significantly very important factors, than in private sectors. There were large differences in whether these factors were considered presently on the job, particularly between public and private sector healthy workers in Uttar Pradesh, where the public sector fared consistently lower (P < 0.01). Discordance between what motivational factors health workers considered important and their perceptions of actual presence of these factors were also highest in Uttar Pradesh in the public sector, where all 17 items had greater discordance for public sector workers than for workers in the private sector (P < 0.001). The authors have concluded the study by stating that there are common areas of healthy worker motivation that should be considered by managers and policy makers, particularly the importance of non-financial motivators such as working environment and skill development opportunities. But managers also need to focus on the importance of assessing local conditions and managing incentives to ensure that healthy workers are motivated in their work.

2.7 JOB SATISFACTION

As far as job satisfaction is concerned, David Barrows and Tom Wesson (2001) have conducted a study aimed at comparing the views of public and private sector professionals toward their work in light of the radical changes in the administrative environment that have occurred during the 1990s. In the course of the study, the authors have developed a
questionnaire to examine how the environment of downsizing and reorganisation in the 1990s have affected the productivity, morale, managerial attitudes and practices of senior professionals in the private and public sectors. Before presenting the survey results, however, the authors have presented short overviews of the existing literature regarding not only of downsizing and restructuring, but also comparisons of public sector and private sector job satisfaction.

In this context, S.K. Srivastava’s (2002)\textsuperscript{28} study aims first to measure job satisfaction and work adjustment of the workers. Then it focuses to find out whether the workers have adjusted/maladjusted, or whether they are satisfied with their work or not. In this study, one hundred employees were selected from public sector BHEL (Bharat Heavy Electricals Limited) Unit, Haridwar division, the results reveal that there is positive and significant correlation between overall work adjustment and job satisfaction at 0.01 level of significance. The workers who have adjusted have higher score than the maladjusted workers on job satisfaction, which shows the total adjustment or satisfaction of the workers with their job.

At the same time, Corporate Leadership Council’s (2003)\textsuperscript{29} research aimed at quantifying the links between employee satisfaction and customer satisfaction, productivity, and financial performance began in 1980 with Benjamin Schneider’s survey of satisfaction levels of bank customers and employees. The study divided employee attitudes and satisfaction into five measurable employee behaviors: conscientiousness, altruism, civic virtue, sportsmanship and courtesy. The study measured participants in the five categories, reviewed turnover rates within the participant population, and
compared this data with the organisations’ financial performance for the future. Findings of the study support the idea that employee satisfaction, behavior, and turnover predict the following year’s profitability, and that these aspects have an even stronger correlation with customer satisfaction.

It is interesting to note that Marie Burns Walsh’s (2003) employee performance appraisals is one of the most commonly used management tools in the United States. Over 90 per cent of large organisations including 75 per cent of state employment systems require some type of annual performance appraisal. Performance appraisal is one of the most widely researched areas in industrial/organisational psychology. However, the traditional research agenda has done little to improve the usefulness of performance appraisal as a managerial tool. This study has investigated employee reactions to fairness of and satisfaction with an existing performance appraisal system utilizing a hypothesised four-factor model of organisational justice as the theoretical basis. The underlying hypothesis was that the conceptualised four-factor model, which differentiated between the constructs of interactional and procedural justice, would best represent the underlying factor structure of the data. Data were obtained via a survey questionnaire from 440 participants from two organisations that were part of a large public employment system. Ten multi-item scales representing four factors of organisational justice and performance appraisal fairness and three scales indicating satisfaction were included. The findings of the study indicated that the respondents perceived that the performance appraisal system was to be fair as indicated by their agreement with 9 of the 10 scales used to measure reactions to fairness. The respondents also indicated their relative satisfaction with their most recent performance appraisal rating and with their supervisor. Less satisfaction
(although not dissatisfaction) was indicated with the performance appraisal system overall. The conceptualised four-factor model was not found to represent the underlying factor structure substantially better than alternative plausible three-factor models. The best fit three-factor model, however, provided some support for the differentiation between procedural and interactional organisational justice factors, which is a distinction that has been debated in the organisational justice literature.

Similarly, Bajpai and Srivastava (2004)\textsuperscript{31} studied the satisfaction levels of employees of two public sector and two private sector banks in India. The results indicated that layoff threats, quick turnover, less welfare schemes, and less scope for vertical growth increased job dissatisfaction. In contrast, secure job environment, welfare policies and job stability increased the degree of job satisfaction.

Likewise, Rajesh J Bhatt (2004)\textsuperscript{32} also did a study on banking. Since nationalisation, banking sector has been considered to be one of the major employers and even people prefer bank as a career as the social status and wages are good enough. But during the 80's banks had started to lose their charm and banking sector had started to incur losses, which also resulted in job dissatisfaction of employees. But winds of liberalisation brought fresh air and with the entry of foreign banks in India, greater need was felt for better customer service and a creating competitive edge to overcome competitors' strategy. All these led the employees talking in favour of work culture. To conclude, it can be stated that banks' present scenario is a prospective and competitive one and employees are satisfied.
According to Ayaz Khan (2007)\textsuperscript{33} the whole essence of the management activities of an organisation culminates in the system of performance appraisal adopted in that organisation. This, in turn, reflects the extent of the individual contributions and commitment of the employees in different hierarchical levels toward the achievement of organisational objectives/goals. It goes without saying that an effective performance appraisal system can lead an organisation to take strides towards success and growth by leaps and bounds. Conversely, an ineffective performance appraisal system can seal the fate of an organisation by creating chaos and confusion from top to bottom in the administrative hierarchy. As a consequence the chances of success and growth of that organisation stand doomed.

In the meanwhile, Jha, Gupta and Yadav (2008)\textsuperscript{34} in their study commented that the working environment in private sector banks has been found to be growth driven, technologically advanced, and devoid of bureaucracy, where employees' promotions are highly contingent on their performance and merit. However, private sector banks do not provide job security and would lay off their employees in cases of poor performance or adverse market conditions.

Likewise, Kumudha and Abraham (2008)\textsuperscript{35}, in their comparative study of 100 managers working in 13 public and private sector banks found that the programs related to self-development, information about job openings, opportunities to learn new skills and retirement preparation programs greatly influenced the feelings of career satisfaction.
Simultaneously, Arunima Shrivastava and Pooja Purang’s (2009)\(^{36}\) study examined the job satisfaction level of a public sector and private sector bank employees in India. The sample consisted of 340 bank employees from both sectors. Job Diagnostic Survey by Hackman and Oldham (1975) was used to ascertain the level of job satisfaction. This study used independent samples t-test and qualitative analysis to study the differences in employee attitudes. Results indicated that the means of the public and private banks were significantly different from each other. It was found that private sector bank employees perceive greater satisfaction with pay, social, and growth aspects of job as compared to public sector bank employees. On the other hand, public sector bank employees have expressed greater satisfaction with job security as compared to private sector bank employees. The findings of the study highlight both satisfied and non-satisfied workers present in the job and suggest both the banks to take performance initiatives in the areas where employees have reported reduced satisfaction.

It may also be noted that Yasir and Fawad’s (2009)\(^{37}\) study explains that determinants such as pay, work relationships with coworkers, supervision and opportunities for promotions have been found to contribute to job satisfaction. There is a significant difference in the job satisfaction levels of employees based on their income. (Generally, employees with lowest earnings reported lower levels of job satisfaction relative to other income groups).

As far as types of jobs and satisfaction levels are concerned, Khalid and Irshad (2010)\(^{38}\) had classified five components of job satisfaction; work, pay, promotion, salary and recognition, were examined besides overall job
satisfaction. The aim of this study was to examine job satisfaction level of bank employees in Punjab Province. A structured questionnaire survey was conducted. The required information was collected from 4 bank employees who were randomly selected from both public and private sectors bank. The result of the study reveals that employees of private banks were more satisfied with pay, recognition, and working hours as compared to public sector bank employees. However, the employees of public sector were satisfied with job security as compared to private sector bank employees.

It is interesting to note that Srl. Herald Month and R. N. Sreedhara’s (2011) research paper was based on an empirical study of five Indian and five foreign MNC BPO firms operating in India, ranked among the top 100 by the International Association of Outsourcing Professionals (IAOP) for the year 2009. The data was collected using both qualitative and quantitative methods from 243 employees of Indian MNCs and 163 employees of foreign MNCs who constitute 1 per cent of the population under study. The present study finds that, on an average, the level of satisfaction towards the career development practices is at 69.71 per cent and 69.82 per cent among the respondents of Indian and foreign MNC BPO firms respectively, both of which constitute satisfied on our scale. Regression analysis, using a significance level of 5 per cent, shows that three of the variables, namely, the variables of 'I have a clearly established career path' (p=.001), 'Viewing BPO sector as a long term career option' (p=.000) and 'Having a dynamic career path is a must in order to retain the satisfaction of the respondents of Indian MNCs and two of the variables, namely the variables of 'I have a clearly established career path' (p=.000) and 'Having a dynamic career path is a must in order to retain the
outstanding and highly-performing employees' \((p=.042)\) are significantly influencing the satisfaction of the respondents of foreign MNCs towards the career development practices and all the other variables have emerged as the insignificant variables. Interestingly, all the significant variables are positively associated with the satisfaction of the respondents and all the variables used in the present study collectively account for 38.90 per cent \((R\text{ square }=.389)\) and 41.50 per cent \((R\text{ square }=.415)\) of the satisfaction of the respondents of Indian and foreign MNC BPOs respectively towards the career development practices.

As far as the definition of job satisfaction is concerned, Sowmya and Panchanatham (2011)\(^{40}\) says that the term job satisfaction has been conceptualised in many ways. Job satisfaction focuses on all the feelings that an individual has about his/her job. It has been assumed by organisational behavior research that individuals who express high satisfaction in their jobs are likely to be more productive, have higher involvement and are less likely to resign than employees with less satisfaction. It has been already studied by various authors in various spheres. However, the researchers have studied job satisfaction of employees in new private sector and select public sector banks, specifically in the banking sector of the main metropolitan city named Chennai. Banks are the backbone of our country and therefore their contribution to the nation should be to the fullest. The researchers have done a factor analysis using principle component method to find out the different factors that affect the job satisfaction of banking employees.
2.8 ORGANISATIONAL JUSTICE AND PERFORMANCE APPRAISAL

Fairness in organisations has been studied extensively by researchers in the field of organisational justice. Organisational justice theory has been applied to many organisational systems and provides a theoretical basis to explore the complexities of performance appraisal more thoroughly. Performance management is a process that consolidates goal setting, performance appraisal and development into a single, common system, the aim of which is to ensure that the employee’s performance is supporting the company’s strategic aims.

In this regard, Bies and Moag’s (1986) study defined interactional justice as the fairness of the interpersonal treatment that one receives at the hands of an authority figure during enactment of organisational processes and distribution of outcomes. The interactional justice concept has been included as an interpersonal aspect of procedural justice and also as a distinct construct along with procedural and distributive justice.

From a theoretical point of view, Greenberg (1986) was one of the first to apply organisational justice theory to performance evaluation. His basic research question focused on what made a performance appraisal appear to be fair, whether it was what one received (rating or other outcome) or how they received it. Greenberg's (1986) work supported earlier research by Landy, Barnes, and Murphy (1978) which showed that employees were more likely to accept an appraisal system and believed that their performance was rated fairly under certain conditions.
From the performance appraisal point of view, Folger, Konovsky and Cropanzano (1992)\textsuperscript{43} used a "due process" metaphor to extend the application of justice to performance appraisal. Three essential factors including adequate notice, fair hearing, and judgment based on evidence were used to describe a procedurally fair system.

As far as organisational justice is concerned, Greenberg (1993)\textsuperscript{44} emphasized the need to more fully consider the social determinants of fairness that were not recognised by the prevailing emphasis on the structural aspects of outcome of distributions and procedures. He proposed taxonomy of justice classes formed by cross-cutting the two commonly accepted categories of justice, procedural, and distributive, with two focal determinants, social and structural. The distinction between social and structural determinants is based on the immediate focus of the just action. Structural determinants reflect the situation whereby justice is sought by focusing on the environmental context in which the event occurs and ensures fairness by structuring a decision-making context. The social determinants of justice focus on the treatment of individuals and help ensure fairness by focusing on the interpersonal treatment one receives. Greenberg's four proposed classes of justice include: systemic (structural-procedural); configural (structural-distributive); informational (social-procedural); and, interpersonal (social-distributive).

As far as employee motivation is concerned, Kreitner's (1995)\textsuperscript{45} study shows that the process of employee motivation is psychological and mental and has direct effect on the performance and behavior of any person. Hence performance appraisal is the backbone of an organisation. It can help to
motivate the employees to get the objectives and can even produce negative results if proper method of valuation is not utilised.

Similarly, Arup Varma, Shaun Pichler and Ekkirala S. Srinivas (2005) did a study on inter-personal relationship and explained that the interpersonal affect,” a like–dislike relationship between a supervisor and his/her subordinate,” has traditionally been conceptualised as a source of bias in performance appraisals. However, some researchers have argued that the interpersonal affect may not be a bias, especially where it develops as a result of past performance. In this field study, using data from 190 supervisors in the US, and 113 supervisors in India, the researchers delineate the relationship between interpersonal affect and performance ratings. In both samples, interpersonal affect and performance level have been found to have significant effects on performance ratings. Results from the US sample have indicated that raters are able to separate their liking for a subordinate from actual performance while rating their performance, suggesting that interpersonal affect does not operate as a bias in the appraisal process. Results from the Indian sample, however, suggest that supervisors inflate ratings of low performers, suggesting that local cultural norms may be operating as a moderator.

As far as quality management in terms of HR and customer care is concerned a study by Slevaraj (2009) states that private banks have been more successful than public sector in terms of implementing Total Quality Management (TQM) initiatives, in the context of HR, customer focus, and top management commitment. Public sector banks compensation structure is such that, there are lower pay differentials between the employees, reward
for long-term tenure and high base pay, whereas in the private sector banks, there are larger pay differentials, fewer rewards for tenure, and good pay for performance. However, private sector banks do not provide job security and they will lay off their employees in cases of poor performance or adverse market conditions.

As far as performance appraisal is concerned, Malik et al (2011) describe that performance appraisal affects the performance of an employee. Other than performance appraisal, employee motivation, job satisfaction and training and development are some other factors that also likely to influence the performance of the employee of any organisation. But those two factors that are extremely responsible for shaping the performance are the structure of an organisation and employee motivation. Employee motivation can be increased by satisfying the unmet or unfulfilled needs of the employee.

2.9 CAREER DEVELOPMENT

Career development planning plays a very important role in the lives of all individuals, as it helps in setting future goals and choosing careers. Nowadays, most of the employees make career development plans which help them to achieve success in life. Moreover, one can find that most of the companies are planning career development for their employees. This helps them to improve the efficiency of their employees to a great extent. With career development, the employees can move ahead in their career paths. By willingly participating in the career development program of their employer, they can show that they are ready to work hard and improve their skills. Recently designed career development plans help the companies to train the employees and enhance their working abilities.
It is interesting to note that Sturges et.al (2002) have examined the causal links between forms of career management and organisational commitment using a longitudinal design. The study has thus revealed that those who possess networking skills use them to increase access to mentors, to source advice and to further contacts, while those who take action to enhance their visibility are more likely to receive an increase in formal help such as training, a development plan and work designed to develop competencies.

Research done by Nabi (2003) has examined the role of career-enhancing strategies (CESs) as mediators of the relationship between situation-centered characteristics (career prospects and job security) and subjective career success. As per this study, specific CESs have played a mediating role in the relationship between specific situation-centered variables and intrinsic job success. Self-nomination and networking have also played a mediating role between security and intrinsic job success. This research has had a few implications for HRM practitioners, who need to take into account the observed relationships between situation-centered characteristics, CESs and subjective career success when designing and monitoring organisational career systems.

HRD climate is one of the important factors for the employees. In this regard Srimannarayana M (2007) has conducted a study in a local bank of Dubai and found that a good HRD climate has been prevalent in the organisation. He has also found out the differences in the perception of employees regarding the HRD climate on the basis of demographic variables.
As far as stress factors are concerned Pradeepa George (2008) states that the Public Sector banks in this changing facets of Human Resources Management is undergoing enormous amount of stress and pressure due to globalisation, as they are forced to work in non-traditional and uncertain environment, but this is inevitable. The Encyclopedia of Stress Flick (2000) defines stress as real or interpreted threat to physiological integrity of an individual that results in physiological and/or behavioral response. In other words, stress is the response of the body to the challenging events or any other event that places a demand on an individual. Globalisation has no doubt placed greater responsibilities, standards and challenges to both the managers as well as the employees of the public sector banks. The public sector banks are seeking methods and ways in fighting back their counterparts and in the process they undergo tremendous amount of stress.

Simultaneously, Saxena and Tiwari (2009) have said that the business organisations are attaching great importance to human resource because human resources are the biggest source of competitive advantage and has the capability of converting all the other resources into product/service. The effective performance of this human resource depends on the type of HRD climate that prevails in the organisation - if it is good then the employee’s performance will be high but if it is average or poor then the performance will be low. The study of HRD climate is very important for all the organisation and the banking sector is not an exception, especially in the present situation of financial recession. The present study is an attempt to find out the type of HRD climate that is prevailing in public sector banks in Ahmadabad. The researchers have also tried to find out the difference in the perception of employees regarding HRD climate on the
basis of age, gender, designation, qualification. The researchers have collected the data from the employees of selected public sector banks using structured HRD climate questionnaire. The data have been analysed using several statistical tools such as mean, standard deviation, percentiles, Z test. The result has shown that the HRD climate in public sector banks is average and the perception of employees regarding the HRD climate do not differ significantly on the basis of gender, qualification and designation but it differs significantly on the basis of age. The paper ends by offering useful suggestions to the management involved in the operations of the banks.

As far as performance management is concerned, Ernest Middleton (2010)\textsuperscript{54} in his research work has commented that Inter-clean recognises the importance of assessing employee performance and career development. As stated before, this company’s greatest asset is its employees, so it is understandable that performance management will play a key role in shaping the future success of the organisation. Performance management is a process that requires an organisation to define the performance, facilitate it, and encourage the performance desired by the organisation also, playing an important role in the development of our employees is career management. This three step process requires individuals to focus on themselves, organisations to focus on the individuals, and concentration of maintenance and growth of the organisation. The researches will analyse these processes to provide a deeper understanding of how each of these will be beneficial to our success.

Competitive pressure among employees due to the changing nature of an economy has been discussed by Susan Abraham (2011)\textsuperscript{55}. The study has commented that the changing nature of the Indian economy from the 90s to
the present times has been reflecting the complex interplay among politics, product markets, and technology and the increased competitive pressures has been linked to global markets. Such business conditions present in modern organisations with great challenges in managing their human resources. With the emergence of organisational restructuring, downsizing and mergers in the last decade, long term job security has faded away. New career roles have come into existence. The employees have responded to the changed circumstances by adjusting to job insecurity. As a result, employees have become multi-skilled and their future prospects have depended on their willingness and ability to learn, unlearn, develop and change.

2.10 CONCLUSION

Employee retention refers to policies and practices which companies use to prevent valuable employees from leaving their job. It involves taking measures to encourage employees to remain in the organisation for the maximum period of time. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. To conclude, the literature defines retention as continuing relation between employees and their organisation and turnover as “any permanent departure beyond organisational boundaries”. In short, literature review cover recent research on employment practices as they relate to employee retention, turnover, job satisfaction, and commitment. But much study is not focused on the influences of HR practices on employee retention and practices in either public or private sector organisation functioning in both manufacturing and service activities. The prevailing gap has been identified as the motivator for conduct of the present study.
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