A study of Effectiveness of Human Resource Management Practices Relevant as Marketing Tool in Banking Sector in Indore, M.P., India

Dr. Rajendra Singh¹, Prof. Nina Jain²

¹Head School of Commerce, Khandawa road, DAVV, Indore, MP, INDIA
²Assistant Professor IBMR, IPS Academy Indore, MP, INDIA

ABSTRACT

Over the years of my own experience in corporate sector, it was noticed that HR department function as a supporting role to all other departments especially marketing department. But, studies still overlooks that the efficiency of marketing department depends on the efficiency of HR department support system. If Human resource department is not supporting the marketing department with respect to salaries, incentives, morale, training, manpower requirement, branding etc. it is not possible for the marketing person to focus on product sales, my study will help banking sector develop a link between both these departments so that the gap between them is bridged and this model can be followed by other banks also.

The purpose of this paper is to study the effectiveness and relevance of HRM practice as marketing tool. For reaching our goal we have first analyzed and examined the unique HRM practices implemented by different banks in Indore and also the functions namely Manpower planning, Staffing practices, Training and career development, Performance Appraisal, compensation and Incentive, Unionization, team work, Employee participation and Working conditions which form exclusive part of HRM practice, followed in various banks.

After this we were able to find out the effectiveness and relevance of these identified exclusive HRM practices as a marketing tool in banking sector.

Keywords: Human Resource Management practices, Human resource functions, Marketing tool.

I. INTRODUCTION

Marketing and HR functions are organizationally separate in most organizations. However, that marketing and human resources are dependent in their purpose and in their daily decision-making and tasks is evident such that it has been suggested that the two departments are perhaps operationally more efficient merged than distinct (Piercy 1997, 1998; Zeithaml et al. 1995; Glassman and McAfee 1992; Wind 1981). Marketing relies on the human resources department to ensure adequate staffing so as to enable it to carry out its objectives (Kofler 1997). In turn, the human resources unit, by virtue of being a support function, defines its raison d’etre necessarily through the service it renders line functions such as marketing. This type of situation whereby an output of one department is an input of another unit’s and performance outcomes are inextricably tied is referred to as 'reciprocal The Impact of Integration Mechanisms on Marketing/HR Dynamics 717 interdependency' (Thompson 1967) defined by Victor and Blackburn (1987, p.490) as "the extent to which an unit's outcomes are controlled directly by or are contingent upon the actions of another unit."

Today’s businesses have an increasing market focus. If organizations wants to satisfy and serve varied needs of their customers they need to be prepare themselves beforehand and get formally structured in such a way, so that they can identify recognize, evaluate and meet their customer requirements. Businesses therefore need to behave in such a way that they are able to recognize the needs of their customer.

The governing principle beside this fact is that organization have two types of customers: a traditional customer who resides outside the company and a customer who resides inside the company. Both of these customers require similar attention and service. Both of them expect to be supplied with the product or service they need, on time and as required. Most important are the internal customers who are coordinating with the external customers of the organization. A company prospers best when everyone in it believes that success depends on the excellence of his or her contribution. Short-term decisions made many times a day by individuals determine the quality of that day's work.

The principle holds good for everyone in the company, whatever their level of skill and experience, whether their 'product' is answering a telephone in a helpful way or masterminding a major new project. It works to everyone's benefit. It gives the individual genuine responsibility and scope for initiative and it virtually guarantees that the company's performance will be improved.
However, individual behaviors will only match the organization objective of being customer focused if the right sorts of structures are created. Hence the importance of developing structures such as Human resource planning, Staffing practices, Training and career development practices, Performance Appraisal practice, Adequate Compensation, Reward and Incentive practices, Unionization practices, Employee participation, team working and empowering employees practice are required in organization to help individuals to make decisions rather than to be told what to do.

Like marketers, organizations seek to attract and retain customers: employee or customers; in an extremely competitive environment. Talent can enable or constrain competitive success, and as the war for talent intensifies, whether from changing demographics or critical-talent shortages, more importance will be placed on acquiring and retaining critical people.

As in marketing, the concept is to create an employee value proposition that best satisfies the needs of the workforce (the customer) and is aligned with the strategic objectives of the organization. Although not a sale in terms of an overt and conscious decision by the employee to buy (join/stay with) the company, the sale is reflected in other ways, such as in engagement metrics, reduced attrition, lower employee acquisition costs, and improved productivity.

Our colleagues in marketing know how important it is to continuously collect consumer feedback in the form of market research. Insights from market research help business leaders shape product and communication strategies by instilling fact-based, decision making processes instead of relying solely on intuition.

Many organizations conduct biennial employee surveys that provide feedback on employee engagement, satisfaction, and attitude and can identify the key drivers behind each of these metrics. However, many of these studies are ill-suited to help guide decision making on how to allocate limited total reward dollars to address the needs of both the employee and the organization.

Companies do not wait two years for customer feedback about their products. In many ways, the employee customer requires as much attention as the revenue-generating customer. To provide this level of attention, it is crucial that an employer go directly to its workforce and listen to its employees, and do so on a regular, and even continuous, basis to identify value misalignments.

While consumers generally value choices, in the world of employee benefit plans, we see employees who are overwhelmed and under-informed. The result is often a suboptimal choice, benefiting neither employee nor employer. It is important, then, that the company survey or focus group approach be constructed to yield specific data that identifies both the misalignment and the level of understanding of various benefit components so that the underlying cause of misalignment can be addressed. In many instances, the value misalignment caused by a lack of understanding can be effectively corrected with a communication strategy.

Many of us in human resources are now starting to see our roles similar to those in the sales and marketing group down the corporate hallway. In many aspects, leaders in human resources are responsible for managing a complex product comprising culture, environment, and reward elements — each element having different cost/value drivers, communication channel needs, process and delivery components, varying preferences across segments, and even shelf life (flexible spending accounts for instance). To guide the strategic development of the employee value proposition, many in HR are now starting to embrace the same sort of tools used for decades by marketing.

II. LITERATURE REVIEW

George A Milite, wrote an article which says that any company that wants to remain viable needs to focus on both customers and employees. The obvious place from which to draw the necessary talent and experience would seem to be marketing and HR. But, doing so means past stereotypes, taking support from the top and involving a diverse group of people from inside and outside the company.

Catherine Truss, paper contributes by analyzing in detail the human resource policies and practices of one case-study organization over a two-year time period, using a variety of methodologies and drawing on a broad range of informants across the organization. Instead of devising a list of 'best practice' HRM from the literature and testing its impact on performance, she instead invert the question and take a firm that is financially successful and ask what HR policies and practices it uses. We also examine the way in which these policies are enacted. This methodology enables us to show that even successful organizations do not always implement 'best practice' HRM, and that there is frequently a discrepancy between intention and practice. Outcomes at the individual and organizational levels are complex and often contradictory;

Jacqueline Chimhanzii, researched about the resource dependency and integration theories, located within the organizational science literature, have been applied to the context of marketing to help explicate interactions between marketers and personnel from other functional units (e.g., Ruekert and Walker 1987; Maltz and Kohli 2000). As firms become leaner and flatter, marketing's integrative role in developing effective cross-‐unit working relationships is critical to successful marketing strategy execution (Hutt 1995; Kanter1987). Furthermore, it is intimated that collaborative relationships confer competitive advantages at an organizational level as they allow for the synchronization and alignment of activities.
so that the organization functions coherently. Whilst the integration of marketing and a host of functions has been empirically investigated, the marketing/HR interface remains little understood. The study reported in this paper investigates the impact of integrating mechanisms on marketing/HR dynamics. The results show that joint reward systems and social networking have the greatest positive impact on both interpersonal and written communication. Further, joint reward systems help alleviate conflict levels between the two departments, whilst social networking promotes perceptions of connectedness. Non-structural integrating mechanisms have no perceptible impact on the dynamics between the two units although structural mechanisms enhanced the frequencies of both interpersonal and written communication. Managerial implications for marketing organizational issues are drawn in light of these findings.”

Soumya Gaddam wrote considering the past research studies, ‘Employer Branding’ has been one of the “hottest strategies in employment”. It is an international concept where the demand is for skills and competence. By creating brand images, employers are struggling to differentiate themselves in both internal and external environment. ‘Branding’ is a term by itself which gives a taste of innovative and creative possessions. On the same lines, ‘Employer Branding’ is also very prominent in the Human Resource Management (HRM) field and acts as one of the communication magic tools for acquiring and retaining the talent in this fast changing technological era. This article, through illustrative examples, provides a holistic perspective on employer branding and the application of concepts of employer branding used for attracting and retaining the talent pool. It gives valuable insights into the practices of HR executives and how they are related to employer branding. The article further discusses different factors like psychological motives, organizational cultures, values and branding strategies, which influence the HR executives to attract and retain the employees in the organization. The concept of ‘employer branding communication’ helps the companies to differentiate themselves from the other companies in the field.

Das Tulasi V. and Rao Hanumantha P. mentioned that employer brand is about capturing the essence of an organization in a way that engages current and prospective talent. It expresses an organization's 'value proposition' the entirety of its culture, systems, attitudes and employee relationships, providing a new focal point for the company. Today, an effective employer brand is essential for competitive advantage.

The value of the employer brand in India is multifaceted and mirrors those values seen as critical by most successful multinational corporations. If effectively marketed internally and externally, the employer brand in India has a strong value proposition with core corporate values at its foundation. A powerful employer brand has the capacity to attract and retain talent and represent quality to its customers, with the goal of gaining global recognition in a sustainable manner. Every employer brand is an investment that should demonstrate a return comparable to other forms of business investment. The employer brand strongly supports corporate brands and vice versa. Ultimately, the key to a successful employer brand is to ensure that expectations are fully aligned with the realities of working for the organization which ensures competitive advantage.

Norihiko Takeuchia, Ziguang Chenb and Wing Lam, study has attempted to clarify the strategic fit between the business strategies pursued and HRM practices adopted in China. The study revealed three types of business strategies that the PRC-based affiliates adopt to gain competitiveness in the Chinese market; cost reduction strategy, Differentiation strategy and quality enhancement strategy. Also, HRM efforts are aligned with the strategy each affiliate is pursuing. The findings also suggest several hypothesized relationships between the particular strategies pursued and the HRM practices adopted in China. Furthermore, this study has provided some important insights as to how the choice of affiliate-level business strategies in China affects the ‘hybridization’ processes of the HRM policies and practices used in the cross-national business environment.

Dubravka Sinčić and Nina Pološki Vokić proposed that through the concepts of internal marketing, internal communications and human resource management, satisfied employees in turn satisfies customers. They concluded in their study that the new internal marketing philosophy should be grounded in a relationship marketing theory. It should not be limited to neither of three functional areas that are commonly connected to it – internal communications, human resource management or marketing. It is for sure that managing internal relationships should not be restricted to any function, and should not apply traditional marketing concepts and tools. That would ruin the nature of internal relationship marketing, and would not encompass all tasks it should fulfill.

Pawan S. Budhwar, Harsh K. Luthar, Jyotsna Bhatnagar, highlights the context within which business process outsourcing (BPO) has rapidly grown in India and the critical need to investigate the dynamics of human resource management (HRM) practices and systems in this sector. Using a mixed-method approach involving both in-depth interviews and self completing questionnaires, they analyzed the nature of HRM systems in BPO organizations operating in India. The analysis is based on a sample of 51 BPO companies, a majority of which are located near the capital of New Delhi. The result focuses on the nature and structure of work and organization of Indian BPOs, as well as the strategic role played by HRM in such organizations. Furthermore, the findings highlight the way specific HRM practices such as recruitment, performance appraisal,
training and development, and compensations are implemented. Their study suggests the existence of formal, structured, and rationalized HRM systems in Indian BPOs. A number of insights related to HRM policies and practices are shared by the HR managers interviewed shedding more light on the inner workings of the Indian BPO companies and their challenges.

III. GAP IN EXISTING RESEARCH

It is clear from the above Literature Review that nobody has considered to study how human resource functions can be used as a marketing tool in the banking sector. There is a study on Integration, Employer Brand, training, recruitment as a tool in software industry but nobody has studied HR functions in banking sector as Marketing tool.

IV. RESEARCH METHODOLOGY

Objective:
1. To study and analyze HRM practices followed by nationalized banks in Indore.
2. To identify the HRM variables affecting performance of nationalized banks in Indore.
3. To identify the effectiveness of HR factors relevant as marketing tool in Banking Sector.

V. RESEARCH DESIGN

This study is descriptive and cross sectional in nature and organization is the unit of analysis. Secondary data is used to identify the variables of interest related to Human resource practices and relevant as marketing tool.

Population, Sample unit, Sample size
We have visited 25 different nationalized banks in Indore, as our unit of analysis is the Banking organization.

Sampling technique & Data Type

Non-probability sampling using Convenient and Purposive sampling is used to collect primary data from the Banks.

VI. DATA COLLECTION TOOLS

Structured questionnaire is prepared on the basis of Literature review for the collection of primary data. It contains mainly closed objective type questions. The respondent has to choose one value at the expense of other in a forced choice method. We have used Likert five point scale method which ranges from Strongly Disagree (1) to Strongly Agree (5) for preparation of our questionnaire.

Face to face interview is also used to collect data with respect to HRM factors relevant as marketing tool in particular bank.

VII. DATA ANALYSIS TOOLS

1. The collected data is coded and tabulated in the MS-Excel sheet.
2. We have used SPSS software for further analysis of data.
3. Mean and Standard deviation are calculated to assess the frequency and extent of certain variables related to the background information.
4. t-value is calculated to study the significant difference regarding HR practices and bank’s performance.
5. Factor analysis is used to identify number of variables/present in our study.
6. Correlation technique is used to test the significant correlation between variables.

VIII. RESULT AND DISCUSSION

It has been found out that nationalized banks follow below mentioned Human resource practices in their organization and they significantly affect the performance of the banks (as mentioned in table no.1), where we have found Mean, Standard deviation and t value of the various Human resource functions followed in the banking sector.
### Table 1

**T-test for HRM Practices of banks**

<table>
<thead>
<tr>
<th>Human resource Variables in banking sector</th>
<th>Nationalized Banks</th>
<th>Mean</th>
<th>SD</th>
<th>t-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staffing Practices:</strong> Duties and responsibilities are clearly defined; Organization focus on technical, manual, problem solving, specialised and creative thinking skills; recruitment and selection process fit with the job; banks promote internally; Banks have effective employee separation policy.</td>
<td>4.8</td>
<td>0.61</td>
<td>43.08**</td>
<td></td>
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<tr>
<td><strong>Training and Development:</strong> Extensive orientation program for new employees; continuous training program for existing employees; training program are</td>
<td>4.1</td>
<td>0.30</td>
<td>73.59**</td>
<td></td>
</tr>
</tbody>
</table>
constantly revised and updated.

<table>
<thead>
<tr>
<th>Compensation and Incentives:</th>
<th>4.3</th>
<th>.35</th>
<th>70.23**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation are related directly with employee skill and knowledge; air incentive practice is followed to encourage and recognize employees/</td>
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</table>

<table>
<thead>
<tr>
<th>Performance Appraisal:</th>
<th>4.4</th>
<th>.68</th>
<th>35.90**</th>
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<tr>
<td>Performance based self rating system is used; criteria for evaluation are clear and results are satisfactory; regular feedback is provided by superior to subordinates.</td>
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</table>

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<tr>
<th>Employee Participation:</th>
<th>4.36</th>
<th>.31</th>
<th>73.59**</th>
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<tbody>
<tr>
<td>Employees are allowed to make decisions and suggest improvement; employees are provided resources and supervisors ask employees to participate in decisions.</td>
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<td></td>
<td></td>
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<tr>
<td>Staffing Practices</td>
<td>Mean Score</td>
<td>Standard Deviation</td>
<td>t-value</td>
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<tr>
<td>Manpower planning: Forecasts personnel requirement on timely basis; Structured and standardized manpower planning procedure for selection is used in the bank.</td>
<td>4.1</td>
<td>.84</td>
<td>26.58**</td>
</tr>
<tr>
<td>Unionization Practices: Union is an important part of management and important for productivity; Grievance handling procedure is applied for resolving issues.</td>
<td>4.3</td>
<td>.31</td>
<td>46.58**</td>
</tr>
<tr>
<td>Working condition: Centralized approach; employee understand each other, communicate more; feel sense of responsibility provided clean and conducive working environment; decision making is fast; firm is responsive to change and take care of health and safety of employees.</td>
<td>4.4</td>
<td>.34</td>
<td>73.58**</td>
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</table>

**P<0.01**

**Staffing practices:** The result in Table 1 shows mean scores of banks (mean 4.8) for staffing. And the “t” value also suggests that such mean variation is statistically significant. This indicates that there is an impact of Staffing Practices on performance of banking sector.

**Training and Development:** It is evident from the Table 1 that training practices (mean= 4.1). The t-values indicate
that the mean differences are statistically significant. This indicates that there is an impact of Training and Development Practices on performance of banking sector. The biggest achievement in the area of HRM in Indian Public Sector Banks has been the development of strong training system.

**Compensation and Incentives:** In Table 1 compensation (mean=4.3). The t-value also suggests that such mean variation is statistically significant. This indicates that there is an impact of Compensation and Incentives Practices on performance of banking sector.

**Performance Appraisal:** The results in Table 1 show that performance appraisal (mean =4.4). The t-values indicate that the mean differences are statistically significant. This indicates that there is an impact of Performance Appraisal Practices on performance of banking sector.

**Employee Empowerment:** With regard to employee relations, it appears from table 1 that in IPSBs it (mean=4.36). However, the t –value indicates that such mean difference is not statistically significant. This indicates that there is an impact of Employee Relations Practices on performance of banking sector.

**Manpower planning:** Table 1 shows that Manpower planning Practices for banks is having mean=4.1. And the “t” value also suggests that such mean variation is statistically significant. This indicates that there is an impact of Manpower planning practices on performance of banking sector.

**Unionization Practices:** Table 1 shows that Unionization Practices for banks is having mean=4.3. And the “t” value also suggests that such mean variation is statistically significant. This indicates that there is an impact of Unionization Practices on performance of banking sector.

**Working condition:** Table 1 shows that Working condition for banks is having mean=4.4. And the “t” value also suggests that such mean variation is statistically significant. This indicates that there is an impact of Working condition Practices on performance of banking sector.

From the results of the t-tests, it is evident that there is an impact of HRM Practices on performance of banking sector.

**Human Resource practice as a marketing tool.**

**Table 2-**

**Component Matrix**

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<tr>
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<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<td>-.473</td>
<td>.349</td>
<td>.488</td>
<td>.636</td>
<td>.111</td>
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<tr>
<td>VAR0000 2</td>
<td></td>
<td>.796</td>
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<td>-.358</td>
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<td></td>
<td>0.365</td>
<td>-0.878</td>
<td>0.186</td>
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<td>VAR0000 4</td>
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We have computed factor analysis to find out the Human resource management practices which are relevant as marketing tool in banking sector. Out of the 28 variables only five components were extracted. Out of this five components only three factors were found to be having greater component value namely factor number 1 (i.e. Corporate Policy related HR marketing tool), factor number 4 (i.e. Skill Improvement related HR Marketing tool) and factor number 5 (i.e. Personal growth related HR marketing tool) which have significant role in defining the variables. Factor number 2 and 3 are not having significant role in defining the variables.

**IX. CORPORATE POLICY RELATED HR MARKETING TOOL**

This research proves that following Human resource practice act as marketing tool, as they are related to corporate policies and procedure of the banking sector.

1. Structured and standardized manpower planning procedures.
2. Effective Recruitment and Selection procedure with clearly defined duties and responsibilities related to specific jobs.
3. Focus on varied skill requirements: manual, physical, technical, problem solving etc.
4. Vacant positions are preferred to be filled internally than externally.
5. Effective Employee Separation policy.
6. Extensive Orientation/Induction program’s for all new entrants.  
7. Continuous, effective, clear, result oriented and feedback oriented Performance appraisal system is implemented.  
8. Compensation system is related to skill and knowledge of employees.  
9. Union’s is part of management and important for productivity. Effective Grievance redressal procedure is implemented for resolving issues.  
10. Employee empowerment and participation in decision making is used as decision making tool.  
11. Working condition related policy is effectively implemented-include effective communication, team work, sense of responsibility, innovative decision making, Health and safety of employees’ clean and conducive working environment, responsiveness to change in business environment etc.  

X. SKILL IMPROVEMENT RELATED HR MARKETING TOOL  
1. Bank hires people with specialized and creative thinking skills.  
2. They provide continuous training program to update existing employees skills and knowledge.  

XI. PERSONAL GROWTH RELATED HR MARKETING TOOL  
1. Forecasting of personnel requirements on timely basis.  
2. Selection and placement of appropriate fit for the jobs.  
3. Training programs are constantly revised or updated to fit with the changing personnel environment and is of high quality.  
4. Fair incentive policies are designed to encourage employees to achieve Organizations objective.  
5. Recognition and appreciation is provided to employees who contribute most in the organization.  

XII. CONCLUSIONS  
Considering the present dynamic business environment responsible for increased competition by Globalization, in this competitive age banks will have to follow HRM practices at every steps for survival. Successful companies attract great importance to human resource management and internal communications; because they are aware of the value of those activities and of strategic advantage they can bring to the organization. They should also realize that it is necessary to live internal marketing philosophy, if they stream to offer quality products and services to both markets: internal and external.  
The study on HRM practices has shown that to effectively manage the human resources the organizations have to implement innovative HRM practices. The organizations which implements such practices with dedication, remains ahead of their competitors because such practices affects other variables such as competitive advantage, job satisfaction, financial performance, employee turnover, service quality, employee commitment etc. in a positive manner and leads to overall corporate performance. While designing and implementing such practices, one important thing is to be kept in mind that the HRM practices should be analyzed from time to time and it should be updated accordingly.  

REFERENCES  