

Sustainable Human Resources Management Practices' Effect on the Overall Organisational Performance of the Banking Sector in Punjab with reference to District Amritsar

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[Abstract] The aim of this paper is to evaluate the impact of various sustainable HRM practices on the organizational performance of the banking industry in Punjab, Amritsar district. The study selected 143 managerial employees randomly, and data were collected through a questionnaire comprising nine items related to four aspects of human resource characteristics or relationships. Quantitative analysis was employed to gauge the effect of these components on overall organizational performance. The findings indicate that factors such as organizational ethics, reward systems, training and development, and human capital recruitment and retention have positively influenced the organizational performance of the banking industry in Amritsar District.

[Keywords] recruiting and engagement, sustainable HRM, organizational performance

Introduction

The business world has undergone many changes in the most recent ten years. Many factors, including globalization and the proliferation of innovation, have altered how businesses operate. According to the literature, the words "sustainability" has been used to mean many things. Sustainable development, according to the International Commission on Environmental and Development's (1987, as in Rompa, 2011) study titled "Our Shared Future," is growth that satisfies the requirements of the present without jeopardizing the future generation's ability to satiate their own needs (Olathe, 2019). Sustainability is the process through which a company manages its operations and activities to benefit the community, the economy, and the environment. Putting in place such a business strategy assures that a company may make a beneficial impact on the environment, society, and economics (Becker.et.al, 2001).

According to a 2011 survey by Hahn & Figge, millennials favour working for businesses that use a sustainable business plan. Customers these days are also aware of a company's policies and practices, and they prefer to purchase goods and services from businesses that adopt sustainable methods. Unfortunately, not all organizations are effective at implementing sustainable practices in all three areas in the present economic climate. Companies frequently underestimate the significance of implementing sustainable practices in human resource management and instead limit sustainability to CSR. Frameworks that explain sustainable holistically are lacking.

One structure that provides a thorough John Elkington's Triple Bottom Line, which emphasizes the significance of establishing a company model that serves the interests of society, the economy, and the environment, is one perspective on a sustainable business model (J. Elkington, 1997). According to the International Centre for Environmental Sustainability (1992), sustainable development is profitable in and of itself. It opens chances for businesses who cater to "green consumers," those who manufacture ecologically safe products, those that engage in environmental, and those that promote social well-being. Typically, these businesses will have a market edge. They will gain the respect of their local communities and see the results of their labor in the bottom line (Opatha, 2019).

According to the American Management Association (2007), the modern idea of sustainability has developed from largely distinct streams of parallel discussions into a holistic idea that rejects the idea that social, environmental, and financial issues are competing interests. This new, integrative perspective argues

that social, environmental, and economic effectiveness can and must be optimized simultaneously for both short- and long-term success. Although acting morally isn't always financially advantageous in the short term, many managers believe it can provide them with an advantage by cultivating a degree of trust that money can purchase (Daft, 2014).

A sustainable business cultivates and strengthens employee, customer, and supplier trust and loyalty. Hence, it is likely that staff will stay on until they retire, customers will return and make more purchases, and suppliers will keep providing different inputs (Opatha, 2019). Yet, most commercial companies merely engage in their social responsibility (CSR) efforts and fail to recognise the long-term advantages of sustainability. Companies frequently overlook the significance of sustainable in human resource management, which can negatively impact the firm over time. This is because the heart and soul of every organisation are its people. Thus, firms must adopt sustainable human resource practices since sustainable practises should begin with the people.

This paper is unique in this regard, which intends to research many facets of human resource sustainability and its effect on organisational performance in the banking sector in Punjab. Human resources, or the people who comprise an organization, are regarded as one of the most crucial resources for modern businesses. Because many other drivers of competitive edge are no longer as potent as they once were, people and the way they operate are becoming increasingly crucial. It is imperative to acknowledge that the foundation for competitive edge has shifted in order to formulate an alternative framework for analysing matters related to strategy and human resource management. Even though protected markets, efficiencies of scale, product and process the internet, and other traditional drivers of success can still give an organization a competitive edge, its employees are more important to its long-term viability.

Review of Literature

The HRM function of an organization concentrates on the management level. It consists of practices that help the organization to effectively manage employees during the different phases of the employment, including pre-hire, staffing, and post-hire. HRM practices directly affect. Employee motivation, their behaviour, and skill improvement to boost organizational performance. (Abdi and Azizpour, 2013).

The organizations use different HRM practices to achieve their appropriate goals. Accurate human resource management in an organization, such as a friendly environment, pay appreciation for performance, providing feedback to employees, a fair evaluation system for employees, an award ceremony, employee empowerment, extrinsic and intrinsic motivational rewards, recruitment and retention, training and involvement of employees, and performance evaluation, guarantee overall organizational performance. HRM practices involve all management decision and actions. The role of practices starts with the hiring of people by an organization. Thus, appointing new personnel requires the achievement of HRM practices (Iqbal, Arif, and Abbas, 2011). While employed, employees must be included in the organization's structure through training and socialization. After this process, key elements of HRM are evaluated in the development of staff members and encourages them through. compensation and reward systems (Schuler and MacMillan, 1984).

Employee retention, training, assessment, communication, and compensating one's domestic. Workers could pose many difficulties and challenges for organizations (Nadarajah et al., 2012). It is very difficult to manage personnel in an efficient way. The personnel issue needs to be. precisely confronted, otherwise it will harm the benefits of the organization (Harzing and Pinnington, 2010). Minor studies have investigated this concept in developing countries. However, evaluation of the sustainable HRM practices on organizational performance across the banking sector is nearly non-existent and very limited. Hence, the current study deliberately assesses this concept in India. The purpose of this study is to analyse the role of sustainable. HRM practices in organizational performance in state banks of India. To the authors' knowledge there has never been a study carried out regarding the correlation between sustainable HRM practices and organizational performance in India. Thus, the present study is based on an inventive idea whose purpose is to examine the hypothetical association of sustainable HRM practices and organizational

performance. Furthermore, the present study argues the role of sustainable HRM practices and hypothesizes the effect on organizational performance.

In the current study, the HR practices that are considered are recruitment and retention, performance management, training and development, and organizational ethics and a call for how these practices can play a role in organizational performance. The main reason for choosing. These practices are that they connect sustainability to HRM practices. Sustainable HRM is one of the innovative concepts that some scholars and practitioners have researched (Opatha, 2019, Wikhamn, 2019, Stankevi and Savanevi, 2018). As there is no previous study regarding sustainable HR practices (functions), in our study we choose sustainable HRM practices to evaluate organizational performance. The purpose of the study is to increase the knowledge of sustainable HRM by revealing the practices, such as recruitment and retention, performance. Management, training and development, and organizational ethics on organizational performance.

The present study has tried to address the research questions that remain unsettled regarding HRM practices and how the organization can avoid failure by motivating effective human resource practices. Healthy HRM practices is needed to evaluate the extent to which they are pursuing sustainable HR practices in accomplishing their organizational goals. The current study examines the role of sustainable HRM practices on organizational performance. That exists in the mentioned banks. Here, the independent variables in HRM Practices are recruitment and retention, performance management, training, and development, and organizational ethics. The dependent variable is organizational performance.

This study aims to examine how sustainable HRM practises affect organisational performance in Indian state banks. According to the authors' knowledge, India has never had research done on the relationship between sustainable HRM practises and organisational performance. In order to investigate the potential relationship between sustainable HRM practises and organisational performance, the current study is built on a creative notion. The current study also makes an argument for the importance of sustainable HRM practises and hypothesises how they may affect organisational performance. Retention and recruitment, reward systems, training and development, organisational ethics, and a demand for how these practises might play a role in organisational performance are the HR practises that are taken into consideration in the current study. These strategies were chosen primarily because they link sustainability to HRM practises. One of the novel ideas that several researchers and practitioners have studied is sustainable HRM (Opatha, 2019; Wikhamn, 2019; Stankevi & Savanevi, 2018). We chose sustainable HRM practises in our study to assess organisational performance because there hasn't been any prior research on sustainable HR practises (functions). By exposing the strategies used in performance management, recruiting, and retention, the study aims to advance understanding of sustainable human resource management. Organizational performance is influenced by training, development, and organisational ethics. The current study has attempted to address the unresolved research issues surrounding HRM practises and how the company can succeed by encouraging efficient HRM practises. To assess how well they are implementing sustainable HR practises in achieving their organisational goals, healthy HRM practises are required. The current study investigates how organisational performance in the institutions is affected by sustainable HRM practises. Here, performance management, organisational ethics, development and training, and recruitment and retention are the relevant factors in HRM practises. Performance inside the organisation is the dependent variable.

Performance of the Organization

After reading a great deal of material on HRM and HR practices, it is equally important to have a conceptual knowledge of organizational performance. Performance is a collection of financial and nonfinancial indicators that provide information on the extent to which goals and results are achieved (Lebans & Euske 2006 after Kaplan & Norton, 1992). Effectiveness (the ability of an organization to achieve its goals), efficiency (the ability to use resources effectively), customer and employee satisfaction, and innovation are some examples of organizational performance indicators. The capacity to preserve a distinctive personnel pool and the caliber of goods and services (Delaney & Huselid, 1996; Dyer & Reeves, 1995; Guest 2001; Katou & Budhwar, 2007). Higher financial performance or the maximization of wealth for stakeholders is

a business organization's ultimate purpose (Becker & Huselid, 1998; Horngren, Foster, & Datar, 2000). However, achieving the organization's objectives is contingent upon the degree of achievement of its organizational performance (Katou & Budhwar, 2007).

HRM Practices and Organizational Performance: A Correlation

HRM procedures enhance the performance of organizations. In a significant number of Canadian nursing facilities, Rondeau and Wager (2001) investigated the relationship among HRM practices, workplace culture, and views of organizational success. According to the study, nursing facilities that had adopted more "progressive" HRM methods often performed better on a variety of important organizational outcomes. In the Indian hotel business, Chand & Katou (2007) looked into whether certain hotel features had an impact on organizational performance as well as whether certain HRM systems had an impact.

The Octapace Culture

The organizations cherish and encourage the OCTAPACE items, which are defined by the presence of openness, conflict, trust, authenticity, proactivity, autonomy, collaboration, and experimentation. Explicitly expressing one's opinions and feelings as well as accepting criticism and information without becoming defensive or afraid of reprisals are examples of being open. Rather than brushing problems and difficulties under the rug out of fear of hurting or being hurt, confrontation brings them to light for resolution. "Taking people at their word and believing what they say" is the definition of trust, put simply. Genuineness is a reflection of people's propensity to "walk the talk."

Objectives of the Study

The purpose of the study is to evaluate how sustainable practices affect hiring and retention and how sustainable practices impact performance management; how sustainable practices affect training and development; and how sustainable organizational ethics affect training and development.

Significance of the Study

There is a dearth of frameworks and literature that describe how to implement sustainable practises in the management of human resources. This study's importance is revealed in this setting. Understanding different sustainable human resource methods and their effects on organisational performance is the goal of this study. With the help of this study, organisations will be better able to manage their human resources sustainably, which will ultimately support the company's overall sustainable goals in other areas. This is highly important since it's common for businesses to undervalue the value of integrating sustainability into their human resource strategies, which may be a costly oversight. The most precious asset of any business is its people; thus, sustainability must begin with them.

Scope of the Study

The idea of a sustainable company strategy has gained a lot of traction in recent decades. More and more companies are attempting to properly integrate sustainability. Nevertheless, because there are so few frameworks that provide a thorough explanation of this, sustainable can be a challenging characteristic to quantify. John Elkington's Triple Bottom Line is an example of such an efficient structure. This paradigm mandates that a company incorporate sustainability into its social, environmental, and financial practises. People, planet, and profits are more often used names for these factors. The social as well as environmental dimensions of sustainability will be the focus of this study because a thorough examination of each component would take a lot of time and resources.

The scope of the study focused on the social and environmental aspects of sustainability within the framework of the Triple Bottom Line (TBL) developed by John Elkington. The study aims to provide a comprehensive analysis of how a business integrates sustainability into its operations, particularly in terms of people (social) and planet (environmental), while acknowledging the importance of profits as the third dimension of the TBL. The scope of the study encompasses a detailed examination of how a business addresses social and environmental sustainability within the Triple Bottom Line framework. The goal is to

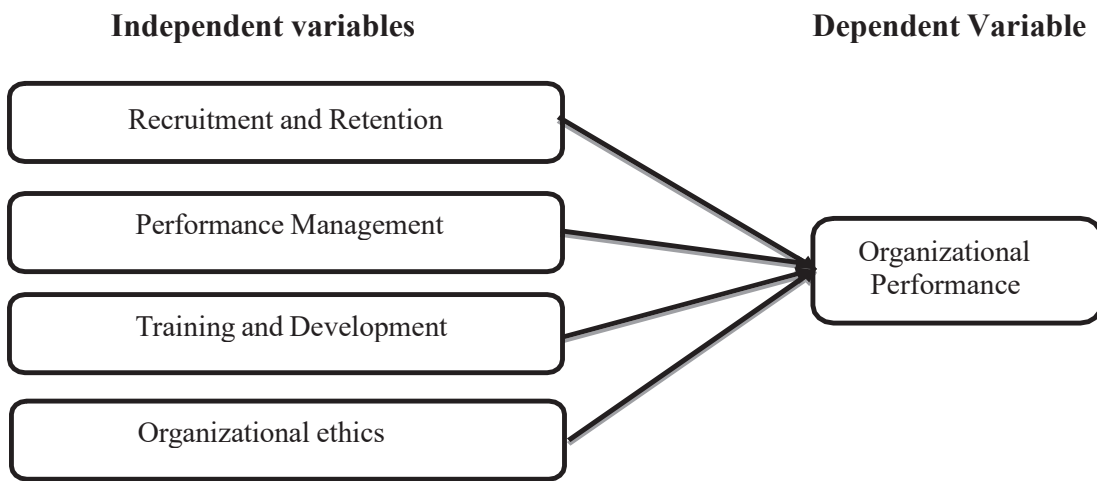
provide insights, recommendations, and a foundation for the company to enhance its sustainability practices and contribute positively to people, planet, and profits.

Conceptual Framework

Figure 1 depicts the conceptual framework for sustainable HRM practices, emphasizing the interconnectedness among the independent variables of Recruitment and Retention, Performance Management, Training and Development, Organizational Ethics, and the dependent variable of Organizational Performance.

Figure 1

Sustainable HRM Practices



(Developed for the Research purpose)

Research Methodology

The aim of the study was to ascertain whether dependent factors pertaining to reward systems, recruitment and retention, development and training, and organizational ethics had a substantial impact on the performance of the organization. In this study, sustainable HR practices are the independence factor while managing performance is the dependent variable. The primary data will be collected via a questionnaire.

The selected respondents hold managerial positions in the banking sector in Punjab. One hundred fifty employees received the questionnaire; of those, 143 who replied were selected to participate in the analysis. There were seven unanswered questions.

Tools from SPSS will be used in the data analysis. Cronbach's alpha will be used to evaluate the survey's validity and internal reliability. After analysis, the data will subsequently be utilized using multiple linear regressions. The purpose of this analysis was to determine how well the methodology used performed in assessing the impact of sustainable HR practices on organizational performance. The target audience was banking staff members who worked for financial institutions in the Trincomalee District. The study's 150 banking employees, all of whom worked in the Trincomalee District, were chosen at random. The sample complied with ethical standards by not disclosing their identities or addresses to anyone during the study. Four sustainable HRM instruments that originated from Zaugg and Thom's research on sustainability HRM practices in diverse contexts were utilized. The sample adhered to ethical guidelines by maintaining their identity and address confidentiality throughout the entire investigation. The questionnaire was created using four sustainable HRM items derived from Zaugg and Thom's research on environmentally friendly human resources management across several nations (2001). For survey purposes, the study modified the

statements. An aggregate of twenty items was accumulated under the four variables. The following was the distribution of items:

Sustainable HRM Variables	No. of items
Recruitment and Retention (RR)	05
Performance Management (PM)	05
Training and Development (TD)	05
Organizational Ethics (OE)	04
Total surveyed items	19

A five-point Likert scale, created by Rensis Likert in 1932, was used to measure survey responses. The greatest score, 5, was assigned to "Strongly Agree," while the lowest score, 1, was assigned to "Strongly Disagree." Analysis was performed using SPSS 25.0 software. The dependent variable in this study is the organizational performance, which is determined by the study's question and objective. The independent variables were the sustainable HR variables.

The following theories were examined in the study. The study modified the statements for the reason of the survey. Under the four variables, there were a total of 20 items. The internal uniformity of the survey's questions and the questionnaire's reliability is demonstrated by an average coefficient of 0.7 (Cronbach, 1951). All the test questions that fell under the four variables had a common correlation, indicating that they are all meant to measure and comprehend the same concept of sustainable HR practices.

Subsequently, the research utilized the method of multiple regression analysis to compute reliability and uniformity scores, with the aim of ascertaining the impact of sustainable HRM on the overall performance of the organization. Self-sustaining HR characteristics are predictive of long-lasting HRM practices inside a business. The study's impartial variables were human capital recruitment and retention, evaluation of performance, development and training, and organizational ethics. Since organizational performance depended on sustainable HR characteristics, it was selected as the dependent variable.

Hypothesis

A series of hypotheses are formulated to achieve the paper's objectives, as the study seeks to test the premise that sustainable HR practices have a significant impact on organizational performance.

H1: Organizational performance is positively impacted by recruitment and retention.

H2: Organizational performance benefits from performance management.

H3: Organizational performance benefits from training and development.

H4: The performance of organizations is positively impacted by organizational ethics (OE).

Cronbach's Alpha was computed to assess the study's dependability (Cronbach 1951). The respondents' research data was displayed in a table with statistical information. To determine the effect of sustainable HRM on organizational performance, regression analysis was performed. Table 1 shows the descriptive statistics (mean and standard deviation) of the surveyed items.

Table 1*Mean and Standard Deviation of the surveyed items*

Indicators	N	Mean	Standard Deviation
RR1	143	3.90	0.798
RR2	143	4.00	0.778
RR3	143	4.48	0.520
RR4	143	4.46	0.501
RR5	143	4.20	0.625
PM6	143	3.89	0.658
PM7	143	3.15	0.925
PM8	143	3.94	0.763
PM9	143	4.46	0.521
PM10	143	3.71	0.686
TD11	143	3.36	0.871
TD12	143	3.89	0.765
TD13	143	3.45	0.824
TD14	143	4.01	0.657
TD15	143	4.05	0.526
OE16	143	3.86	0.623
OE17	143	3.26	0.526
OE18	143	3.89	0.725
OE19	143	3.52	0.521

The highest mean of the means, 4.48, was found in statement 3, "The banks place significant weight to evaluation centres as a means of personnel recruitment." This indicates that most survey respondents had positive things to say about the testing centres in their banks, which helped to determine the overall effective human resources management practices.

Conversely, statement 7 captioned "Systems for measuring employee performance regularly" had the lowest mean value, 2.01. To demonstrate this point, companies do not often evaluate the performance of their employees. Cronbach's alpha was then computed to assess the survey instrument's internal consistency and dependability. Of the 19 survey items covering different facets of environmentally friendly human resources management under 4 categories, the study's Cronbach's Alpha was 0.728. The reliability of the questionnaire and the internal consistency of the survey question items are shown by a typical value of 0.7 (Cronbach, 1951). This test demonstrated that every question related to all four variables had a shared covariance, demonstrating that they are all useful in measuring and comprehending the same idea about long-term HR practices.

Following the determination of the validity and uniformity of the scores, the study proceeded to compute multiple regression analysis to ascertain the impact of sustainable human resource management on the overall performance of the business. Because they were thought to be the drivers of effective HRM procedures in an organization, viable HR variables like human resource attraction and retention, management of performance, training and development, and ethical behaviour were chosen as the variables that were independent for this study. The dependent variable was organizational performance, which turned out to be dependent on the sustainable human resources factors. Table 2 shows the value of R square.

Table 2
Model Summary

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.892 ^a	.795	.786	.294

Predictors: (Constant), recruitment and retention, performance management, training and development, organizational ethics

Table 3
Results of Hypotheses Testing

Hypotheses	Correlation coefficient(r)	P value	Accepted/ not accepted
Hypothesis 1: <i>Recruitment and Retention has a positive impact on organizational performance</i>	0.431	0.000	Accepted
Hypothesis 2: <i>Performance Management has a positive impact on organizational performance.</i>	0.497	0.000	Accepted
Hypothesis 3: <i>Training and Development has a positive impact on organizational performance</i>	0.524	0.000	Accepted
Hypothesis 4: <i>Organizational Ethics (OE) has a positive impact on organizational performance.</i>	0.626	0.000	Accepted

The significance and relationship between viable human resource practices and organizational performance were represented by Table 3, which also displays the correlation coefficient evaluate output summary. Table 3 shows that all independent variables—human resource hiring and retaining, management of performance, training and development, and organizational ethics—had significant values that were less than the standard importance value of 0.05, indicating that these factors were all significant and had an impact on organizational performance.

Table 3 also shows that the correlation coefficients for the factors—performance management (0.497), development and training (0.524), organizational ethics (0.626), and employee recruitment and retention (0.431)—were favorable. Regarding the examination of the research theories, the study approved H1 (the impact of recruitment and retention on organizational performance), H2 (the impact of performance management on company performance), H3 (the impact of training and development on organizational effectiveness), and H4 (the impact of organizational ethics (OE) on organizational performance). It follows that as tools of sustainable human resource management, all variables, or factors (recruitment and preservation, performance evaluation, training and development, and organizational ethics) have a positive impact on the organization's performance.

Conclusion

This is the first quantitative investigation of sustainable HRM in the Amritsar District. This study was conducted to determine whether employing sustainable human resources strategies influences how well a

business performs. Many research papers, academic journals, and insightful articles concerning sustainable human resource leadership and its impact on organizational performance were thoroughly and in-depth evaluated and studied.

The study concluded that the performance of a company as a whole is positively impacted by all four aspects or variables of sustainable human resource management. Recruitment and retention of human resources are the first considerations. Sustainable human resource hiring, and retention processes are only possible when the organization can find candidates who best fit the specifications of the vacant position. Performance management comes next. The subsequent variable is training and development, which has a significant impact on organizational performance; as a result, organizations or banking sectors heavily invest in training and development programs. The final variable is organizational ethics, encompassing organizational culture, systems, vision, and mission, all of which have an impact on organizational performance.

Limitations and Future Research Directions

The research is restricted because it is the first quantitative analysis of the banking sector in Trincomalee District to ascertain how sustainable HRM characteristics affect organisational performance. The purpose of the study is just to investigate how sustainable HRM practises affect organisational performance. The data supplied by the respondents is the foundation for all conclusions. The conclusions may differ if the study were transferred to a different geography, demographic landscape, or economy because the study's focus is just on banking industry personnel. Only 143 banking managers were included in this study, and no special organisational sustainable HRM analysis was done. Future analysis could be done on a few particular banks' aspects. Also, a sizable sample might be taken for the upcoming investigation. The study only looked at four variables. Other aspects could be considered in future research in addition to these.

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