

HPWS in Indian Public Sector Banks: Evaluating Prospects and Developing Research Framework



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High performance work system (HPWS), a batch performance module intended to achieve specific task crafted for a fixed life line, is an instrument engaged across the sectors to catch strategic coherence in corporate governance. After developing IT capabilities, banking reform process is also observing knowledge capabilities building, thus seeking towards knowledge creators to map the need innovation in order to develop strong foundation. The development of High-performance work system in banking segment seems an herculean task. However, the work characteristics matches closely. This study primarily focuses on evaluating the prospects and challenges in implementation and develop the research agenda in this domain.

Keywords: High Performance Work System (HPWS); Public Sector Banks; Employee Performance; organizational Performance

1. Introduction

Researchers in the field of strategic human resource management (SHRM) are evaluating the potential impact of implementing high-performance work systems (HPWS) as a means of enhancing an organization's competitive edge. HPWS is a cohesive set of human resources policies and practices that includes rigorous recruitment & selection process, comprehensive training & development programmes, performance based reward system, a healthy work-life balance, empowering employees, job security, and ample career advancement opportunities (Javed et al., 2023). The purpose of HPWS is to improve employees skills and abilities to help the organisations to achieve its goals. However, the results of the previous HPWS study showed a connection between employee contentment and organisational effectiveness. The new HPWS research is frequently criticised for its significant focus on management, prioritising objectives at the expense of employee well-being (Kamna & Ilkhanizadeh, 2022). This perspective is evident in its narrow economic perspective of HPWS research, which focuses on enhancing the effectiveness of HR processes, while neglecting the impact of employees on HPWS.

2. Literature Review

The systematic meta-analysis of literature revealed that lack of research regarding the high-performance work system (HPWS) implementation in public sector banks are very less. According to Harley, Allen, and Sargent 2007, HPWS are associated with more positive outcomes for low-skilled than high-skilled workers in cooperative service sector organization (Harley et al., 2007). The performance measurement systems adopted by Indian financial institutions are also found to be different than that followed by multinational financial ones (Yadav, 2014). The role of social, economic and cultural factors is being comprehended by most of the banking service providers in India. Heffernan and Dundon led cross-level study investigated the relationship between HPWS and employee outcomes like job satisfaction, dedication, and work pressure by looking at how employees perceived the fairness of HR practices related to HPWS (Heffernan & Dundon, 2016). The study adds to our understanding of the processes that connect HPWS to employee outcomes and helps to frame discussions on the advantages and disadvantages of HPWS for worker wellbeing.

Muduli, Verma, and Datta, the study intends to investigate the applicability of a "high performance work system" in the Indian setting. They recommend that Indian business practitioners implement a high-performance work structure that is properly aligned with employee engagement in order to increase organisational performance. (Muduli et al., 2016). According to Jyoti and Dev, HPWS can improve performance by creating a learning culture in which employees constantly learn and share knowledge, so that they continually expand their capacity to achieve the desired results (Jyoti & Dev, 2016). Another extended research conducted by Jyoti and Rani indicates that high performance work system positively affects organisational performance. Further knowledge management act as mediator between high performance work system and organisational performance (Jyoti & Rani, 2017). Wahid and Hyams-Ssekasi, findings suggest that HPWS is linked to better levels of job satisfaction, emotional commitment, and trust in management. Furthermore, these attitudinal qualities were positively correlated with greater employee performance. (Wahid & Hyams-Ssekasi, 2018). Figueroa views on HPWS have garnered attention across different industries, including healthcare. Introducing HPWS in healthcare environments brings about both obstacles and advantages for leaders and employees (Figueroa et al., 2019). In summary, the development of HPWS in healthcare

organizations has significant promise, but the challenge it brings must be met by leadership. Considering the specific conditions surrounding the organization, taking into account the issues related to leadership, and involving employees' health and commitment all play important roles in overcoming the entry levels of developing HPWS in healthcare organizations that may help improve performance and outcomes. As Conteh and Yuan point out, if the study employers actually embrace HPWS procedures that demonstrate them valuing their employee's contributions and being concerned about the welfare of their employees, they are most likely to be perceived as offering high levels of support to their staff. (Conteh & Yuan, 2022).

3. Research Gap

There was a scarcity of study conducted on the Government owned and public banking sector of India. The banking sector is characterised by a high level of competitiveness as non-banking enterprises like Aditya Birla Capital, Bajaj Finance, L & T Holdings Limited, Muthoot Fincorp and Reliance Capital have entered in the market, making it a knowledge-intensive industry. The majority of pertinent studies were carried out in developed nations. Thus, this study was conducted to illustrate that High Performance Work Systems (HPWS) can have a beneficial effect on the advancement of innovative capabilities in banking sectors by leveraging intellectual capital. Amid addition, financial institute can maintain their competitive edge amid the growing competition by leveraging their innovative capabilities. There is so much research has been done on HPWS in different areas but insufficient research has been done on the prospects and challenges of deploying HPWS in the context of public sector banks in India.

Materials and Methods

The emphasis of this study is mostly on employee-driven High Performance Work system (HPWS), which has not gotten enough attention. This indicates that employees feel accountable for acknowledging and reciprocating the organization's benefits when applying HPWS in the organisation.

4. Data Collection

This study was carried out in accordance with the principles and directions issued by Reserve Bank of India (RBI) and all procedures involving human subjects were authorised by the Government of India (GOI). The sample data was based on secondary data gathered from the body of existing literature on the application of HPWS in the banking industry, with an emphasis on public sector banks in India. Various research articles, annual reports published by RBI and GOI, and other academic materials that are accessible in university databases and repositories are systematically reviewed.

5. Analysis and Discussion

The researcher creates a conceptual or theoretical framework based on the literature analysis and review to comprehend the prospects and challenges of HPWS implementation in Indian public sector banks.

Prospects of HPWS implementation in Indian public sector banks may improve organizational performance and effectiveness. It may enhance employee engagement, job satisfaction and employee commitment. During implementation of HPWS in public sector banks, organisation faces some challenges like resistance to change from employees and managers, cultural barriers, lack of training and development programmes, insufficient resources etc.

Challenges

The key significance lies in developing a conceptual framework to understand the prospects and challenges of adopting HPWS practices in this sector.

- **Improved Decision-making process:** HPWS helps to improve decision making process by applying practices like employee empowerment, knowledge exchange, and skill development. When workers are involved in deep with operations and their different perspectives are used, this can lead to better comprehensive decision-making process. Furthermore, coordinating HR procedures with organisational objectives via HPWS guarantees that worker efforts and choices are in line with the bank's strategic goals, resulting in more efficient decision-making.
- **Alignment of HR practices with organisational goals:** Coordinating HR procedures with organisational objectives via HPWS guarantees that worker efforts and choices are in line with the bank's strategic goals. HPWS provide alignment to employee efforts and behaviours towards organizational vision and mission.
- **Facilitating knowledge sharing:** Knowledge sharing help employees to developing their skills and capacities. HPWS can create a learning culture where employees continuously learn from each other and share their knowledge and experiences.
- **Increase employee's loyalty:** HPWS provide HR practices like fair compensation, performance-based rewards, work life balance and organisational support to the employees that creates an environment that develop a strong emotional attachment and loyalty towards the organization.
- **Enhance employee career competence:** HPWS provide extensive training and development to employees. HPWS provides employees with a wide range of competencies that apply to both their present positions and their potential advancement within the organisation.

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