

Human Capital Management in Indian Banking Sector: An Appraisal of available evidence

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Abstract: *The Human Resource profession is continuously evolving over to time. Present day business approaches often view and express the workers in terms of resource. They are now dealt with as most vital resource named as "Human Capital". From Personal Management, it has evolved into Human Resource Management and now, there are strong indications that this profession may gain momentum on its transformation as Human Capital Management. The present paper examines prevailing Human Capital Management in Indian Banking Sector through available reports / publications by different organizations.*

Keywords: - Human Capital Management Practices, Employee Performance, Organizations.

Introduction Background

The Human Resource profession is continuously evolving over to time. Present day business approaches view and express the workers in terms of resource. They are dealt with as most vital resource named as "Human Capital". From Personal Management, it has evolved into Human Resource Management and now, there are strong indications that this profession is beginning to gain momentum on its recognition as Human Capital Management. In today's competitive and rapidly changing business world, organizations especially in the service industry need to ensure maximum utilization of their resources to their own advantage, a necessity for organizational survival. This has increased the need for organizations to not only improve the way they deliver services but also to examine their practices, organization mission and goals, performance objectives and performance measures.

Nowadays, we are moving towards a learning economy where interests in intangibles resources are viewed as crucial components to esteem creation in business organization, and the development of this approach is changing the entire procedure treatment to execution in changing Human Resource work. Presently, there is a general understanding that scholarly capital, all the more particularly human capital is basic to an association's prosperity, and that the HR centre must be more considered in the new information based economy period (Afiouni Fida, 2009).

These evolutionary changes are driven by a multitude of factors both internal and external to the Organization. The emphasis today is to create value and recognize the human competences as the engine behind the creation of value to develop it as a strategic asset for the organization. Human Capital Management practices has the ability to create organizations that are more intelligent, flexible and competent than their rivals through the application of policies and practices that concentrate on recruiting, selecting, training skilled employees and directing their best efforts to cooperate within the resource bundle of the organization.

Human capital management (HCM) is responsible for the people dimension of an organization. It has a significant role to play in today's world in that it not only has to assist the organization in achieving its strategic direction, but it also must represent and advocate for the organization's employees. Every business exists in each environment, which provides opportunities and challenges. Building organizational capability requires specific and an integrated strategy, the integration of different initiatives of human resources provides value to the organization. This includes the integration of employee relations, compensation and benefits, organizational development, performance management, human resource development, manpower planning and procurement and labor management relations.

Of all the resources available to an organization, human resources are considered the most important for attaining the objectives of the organization. Hence, employees are now variously referred to as human capital, human assets, or human resources. An organization may have huge capital and the most advanced machinery, but if it does not have capable, motivated, and high performing employees, the organization is not likely to demonstrate sustained level of performance. Since all physical and capital resources depend on people for their efficient use, maintenance and management, the quality of the people of an organization is important in attaining competitive advantage. The term capital refers to wealth, money, or property. Capital is used to generate more wealth for an organization. When employees are referred to as capital, it is implied that they are the resources that generate more 'wealth'. Not one facet of the total human resource system can be designed in isolation. The value chain relationship must be established to gauge maximum organizational benefits. Indian banking has witnessed a sea change in recent years, reflecting the onset of the regulation, financial market liberalization and disintermediation.

The concept of human capital is not a particularly new one: the term was first coined in the 1960s by the economist Theodore Schultz and was centered on the division of labour and how one could compartmentalize employees into specific categories of seniority. Employee's were primarily seen as being a cost, rather than a form of capital and contributor of value to the organizations financial and non-financial performance. The 1980s saw a rise in the "Human Resources" function within business, which recognized the importance of employee management in improving operational efficiencies by training and development and job satisfaction. Fast forward to the 2000s, and people are officially recognized as adding value to the business from more than just an efficiency perspective - they constitute an intangible asset in terms of reputation, intellectual capital, expertise and knowledge and innovation, as well as contributing to the strategy achievement.

Human capital refers to the collective skills and knowledge of the total workforce of an organization that hold economic value for the organization. It enhances the productivity and profitability of the organization. To ensure that human capital generates more wealth as well as leads to value creation, it is important that human capital is utilized and managed efficiently and effectively. When the value of the people is enhanced, it enhances the value of the organization. According to economics theory, two of the main reasons for pooling of human resources into companies are the cost reduction that is achieved with partitioning of work and the need for management of work, which is divided between numerous employees. The distinction in value that people bring to the organization had been lost in the past as financial capital, physical capital and technological capital were viewed as the driving energies behind the success of organizations. In early days HCM was not acknowledged that well in the organization. There is still little credible information community communicating this view of HCM in annual reports and sustainability report along with other quantitative and narrative disclosures. Reporting is still largely voluntary in the UK, aside from the clause in the update Companies Act (passed November 2006) that asks for narrative disclosures, in the annual business review, on non-financial issues such as environment, community and employs.

Nonetheless, it is ultimately led to the director's discretion to decide whether this information is material to the business and therefore should be included in the disclosures, and as a result many organizations disclose the bare minimum or simply state that it is not considered sufficiently important. In response to this lack of transparency on HCM issues, in 2003 the UK government set up the accounting for People Task Force, whose aims were to look at performance measures used to assess human capital and best practice in subsequent reporting. The Task Force stated that HCM should be treated as a strategic issue and the project sought to analyse, measure, and evaluate how employee policies create value. Business strategy should be directly aligned with the management of human capital, and this alignment should be clearly stated by them company reporting. The advantages of doing so are numerous.

- It demonstrates extremely that the organization takes HCM seriously and could therefore help attract new talent to the business.
- Its response to any stakeholder concerns there may be on employee issues.
- The data collection and internal engagement involved in preparing a report can assist and identifying risk that may have otherwise been left unaddressed.

- It can increase the trust of existing employees, who may not be aware of how their organization perceives human capital and how it is managed.
- It can improve internal management systems through data and information collection, trend analysis and target setting.

INDIAN BANKING SYSTEM			
	PSBs	Pvt. SBs	Foreign Banks
Number of banks	26	21	43
Total Business (INR Billion)	102,185	25,391	5,517
Number of employees	801,659	269,941	25,384

Source: RBI 2019

The transition from personnel management to human resources management saw an increase in awareness that the human resources in an organization were equally critical to the overall businesses success as were technology and other physical resources. At the core of the value that human resources bring to the organization is the fundamental belief that the knowledge, skills, attributes and brain power that an employee possesses, are viewed as the organization’s human capital. When collectively embraced the composition of an organization’s human capital is considered a key strategic business advantage that organizations possess. Notwithstanding the investments that are being placed in human capital and talent management, companies guided by human resources professionals must be creative, innovative and ingenious by deciding on non-conventional ways to recruit. The introduction of job testing, competency standards and enhanced performance management systems must be explored to ensure that recruitment and retention efforts are successful within organizations.



Human Capital Management—the end-product of the human resource (HR) function—receives far less corporate focus than it deserves. Human capital defines and categorizes a person’s embodied knowledge, health, skills, and abilities as they affect production, exchange, and entrepreneurship, as well as disembodied human knowledge, as reflected in publications, patents, and other forms of intellectual capital that contribute to the formation and transfer of new knowledge and innovation. While paralleling physical capital—including buildings, factories and machines—as a means of production, human capital also has a special role in promoting productivity growth and economic development. Individuals, families, firms, and societies invest in human capital via education, health care, and organized research. Individual and family incomes depend in large part on human capital attainments. Thus, human capital is a major input affecting production in both the marketplace and in the household sector, as well as a key determinant of wealth creation and social mobility. Studying the role of human capital in the modern information economy is critical for understanding the continuing transformation and expansion of individual and societal well-being in our increasingly global economy.

INCREMENTAL HUMAN RESOURCE REQUIREMENTS

	Employment(in Million)			Employment Growth 2013-17	Employment Growth 2017-22
	2013	2017	2022	(in million)	(in million)
Banking & NBFC	1.89	2.38	3.16	0.48	0.78

Source: KPMG in India analysis 2017

Human capital management (HCM)’s belief that human capital is an organization’s most important resource provides HR (including learning & development) with a new, strategically important role. This moves past the debate about whether HR should be given equal status with other functions to create a role for HR that is second only to the CEO (perhaps that of a Chief People Officer). This new role concerns the development of business strategy based upon the people in the organization: their capability, or their potential to develop a particular capability. It is also about ensuring that, at least on some occasions and for at least some of the time, the business strategy should be informed by the people management strategy rather than solely the other way around. However, the role is not purely focused on strategy. The need to develop organizational capability through people means that Ulrich’s employee champion or employee advocate role is an essential part of the position. People need to be managed and supported effectively if they are going to keep their human capital invested in the organization. They also need to see the returns on their investment; so, one requirement of HR is to develop a clear Employee Value Proposition (EVP) that articulates what an individual employee can expect to receive in return for his/her contribution. And HR needs to execute new activities, such as organization design, knowledge management and network development that do not figure largely in HR’s traditional concerns.

Human Capital Management (HCM) has already emerged as a separate discipline to ‘personnel’. In personnel management, people management strategy is developed through a process that is separate to the development of the business strategy and in which the primary focus of attention and effort is within the HR function and on the current state. In HCM, people management strategy links to and

cascades from the business strategy. It is also forward looking, focusing on making incremental changes to the current state to achieve the objectives in the annual business plan.

Critical Appraisal

Much of the research carried out in recent past talks about the changing competitive scenario of the 21st century. All external and environmental conditions for the firms operating in marketplaces have changed.

Modern approach of professionals and organization has been changed to see and treat the employees and workers as most valuable resource which may be termed as "Human Capital". Now a day, there is a consensus that human capital is most important for organization's growth and development, and that the Human Resource Development activities must be more considered in the new information based economy period. In different studies, researchers found and established the fact that there is direct relationship between human capital management practices and employee performance which at last, is converted and assessed in terms of organizational performance. It has been stated that from the organizational level, human capital plays an important role in the strategic planning to create competitive advantage. In terms of human resource development practices, the studies show that although every bank understands the importance of human resource development practice and its impact on organizational performance these days, the amount of focus and activity for the same vary from bank to bank.

Most of the banks adopt human capital management practices to an average degree. Some reports say that HRD department's functioning is far from satisfactory level in majority of the banks yet. At the same time, to perform at competitive level with set benchmarks, the focus on HRD in banks is gradually increasing. Most of the banks are setting up separate HRD Departments to match the standards in external environment.

Review of Literature

Literature on HRM & Strategic HR Leadership

The literature survey was conducted on the research topic from leading national and international journal. A brief review of the survey conducted is as follows:

Oyeniyi, K.O, Afolabi, M.A, Olayanju, Mufutau (2014) studied five HRM practices such as compensation practice, supervisory role practice, promotion practice, training practice and performance evaluation practice. Study is of selected six (6) banks in Nigeria. They recommended that bank authorities should encourage mentoring to be enhanced and there should be adequate training in employees' specialization through seminars and conferences in and out- side the country and also compensation and promotion should be improved as well.

Dr. R. Madhesh, (2014) investigated Human Resource Management Practices in Primary

Agriculture Co-operative Credit Societies in Tamil Nadu: Issues and Challenges concluded that Compared with all other management functions, human resource management in Primary Agricultural Co-operative Credit Societies is more sensitive and cannot be managed through a set of predefined techniques. HR management is no longer just a support function but a strategic tool for competitive advantage. In fact, it is difficult to practice customer-centric strategic management without first achieving employee satisfaction. Based on a careful analysis of the needs of the business, Primary Agricultural Co-operative Credit Societies must prioritize their choices around workforce engagement. Successful HRM requires a sound management philosophy that respects human dignity and diversity, committed to the growth of employees, believe in the value of employee's contribution and involve them in decision -making.

Cascio, 1991: Financial returns associated with investment in progressive HR practices are generally substantial.

Becker & Gerhart, 1996: Organizations' worldwide are under pressure today to continually improve their performance. The major trends behind these competitive pressures are globalization, advances in information technology and increasing deregulation of global markets. As a result of these changes in the global economic environment business strategy, the field of human resource management is rapidly changing more than ever today.

Tomaka 2001: Without an efficient workforce, organization lose their ability to compete, both locally & internationally, eventually leading to poor organizational performance and thus ending up with little or no economic success.

Collins and Smith 2006: Recent research on HRM show strong and positive relationship between HRM practices and organizational performance.

Dany et al 2008: Unlike in the past when natural resources, technology and capital used to be the key factors to determine the competitive advantage of the firms of one nation over the other nations, human resource today in modern times have become the most important resource for the firms to obtain strategic advantage over the other firm.

Mesch 2010. This is because the managers in both the public and private organizations regard the human resources of their organization as its major source of competitive advantage by having the 'best of the best'. Human resource system place for recruiting, selecting, motivating and efficiently manage their people.

Human Resource Development consists of all measures calculated to improve the quality of human resources for the nation. It embraces within its scope education, health, welfare and such other activities, which are concerned with efficiency and quality of life. Considering the importance of Human Resource Development in the national context, the National Human Resource Development Network and Ministry of Human Resource Development came into existence. The National Human Resource Development is a Network of human resource development of professionals and others who are basically concerned with promotion or expansion of the Human Resource Development movement in a country. It is a non-profit organization and a professional body dedicated to the advancement of knowledge, skills, values and attitudes through education, training and experience sharing. The main objectives of national Human Resource Development network include dissemination of knowledge and experience and to facilitate learning among Human Resource Development people, line managers and all employees that have Human Resource Development role to perform.

Organizational policy involves the use of processes through which the employees of an organization are pre-paring to give their best for corporate objectives. It involves setting up of a system through which human capabilities and potentials can be tapped resulting in mutual satisfaction of the individuals and organizations. It is a process by which employees of an organization are continuously helped in a planned way to meet the objectives of an organization. It helps to acquire or sharpen capabilities and improve organizational culture where superior subordinate relationships, teamwork and collaboration among different subunits are improved for better organizational health, dynamism, and pride of employees.

Department policy involves the processes through which employees working within a department are organized to develop and sharpen skill to meet the organizational objectives. It involves the creation of mutual trust, confidence, transparency, and improved process to reduce process times in the interest of employees. In the context of an individual: HRD deals with individual values, behavior, action, and thoughts. As such it may be defined as the activities and processes undertaken to promote the intellectual, moral, psychological, cultural, social, and economic development of an individual to achieve his highest human potential as a resource for the community. In other words, it means an all-round development of the person so that he can contribute his best to the organization, the community, and the nation.

Jack ["Building a Competitive Organization through HRM Initiatives: A Macro Perspective, Street Smart Human Resource Management & Business Practices," 2007.] quoted that in the competitive market today, keeping the business and its people or human resource (HR) competitive is not easy. Competitiveness is one of the most important roles of HR professionals to play. Competitiveness focuses on the ability to compete in the market by learning new ways of doing business.

Dave Ulrich et al. ["Tomorrow's HR Management," John Wiley & Sons, Inc., New York, 1997] developed a model for understanding the synergies of HR professionals for operational and strategic jobs. The operational aspect focuses on day-to-day activities on the other-hand strategic aspects have become a part of the management of the organization.

Flotter et al. ["Achieving Competitive Advantage through Strategic Human Resource Management," Hospital Health Service Administration, Vol. 35, No. 3, 1990, pp. 341-363.] presented a framework and suggested to focus on: 1) focus on desired strategic outcomes; 2) identification and implementation of essential human resource management actions; and 3) enhancement of competitive advantage. We need to focus on organization's environment, mission business strategy, and assessment of the human resource requirement to attain competitive advantage.

Literature on HCM

Human capital (HC) speaks to the knowledge, ability, judgment power and skill of workers. HC is imperative since it is a wellspring of advancement and considers recovery (Bontis (1998). Likewise, it is said that Human Capital is the most imperative device revenue driven era in the knowledge-driven economy. A knowledge-driven economy is an economy where era and abuse of knowledge assumes a prevalent part during the time spent riches creation (Harman, 2007).

Human capital was characterized as the consolidated insight, abilities and aptitude that give the association its character (Odhong et al., 2013). Human Capital (HC) was as a method for clarifying the benefits of putting resources into instruction on a national scale (Afiouni, 2013). The idea of human capital has assumed an imperative part in the neoclassical investigation of work markets (Omolo (2007). This is in especially with respect to the part it plays in wage assurance. It has additionally come to rule the monetary examination of the training. The accentuation on human capital in organization mirrors the view that market esteem depends less on substantial assets, but instead on impalpable ones, especially human assets (Kulvisaechna, 2006).

Chatzkel. J.L (2004) stated human capital as: "the pack of collected knowledge, aptitudes, experience, innovativeness and other important workforce traits" and propose that HCM includes "instituting the measurements to gauge the estimation of these characteristics and utilizing that knowledge to viably deal with the association" Baron, Armstrong, 2007

Human capital which might be called as human resources capital (Shun Wang, 2011) is spine of intangible resources and is considered as a fundamental component in organization (Royal & O'Donnell, 2008). It incorporates every single scholarly resource of organization like workers' learning and mastery (which empower them to take care of authoritative issues and address clients' issues and wants (Ditillo, 1998). This sort of capital is recognized as the most imperative model of intellectual capital represents organization's capacity to locate the best arrangement by focusing workers' learning (Cornachione, 2010; Bontis, 1998). Human capital shows learning stock of representatives and is a crucial asset of vital development. Human capital is a standout amongst the most imperative and in deeds the most essential knowledge resource in organizations (Bontis & Fitz-enz, 2002), because these benefits are imagination resources. The capital incorporates workers learning in an organization contain capabilities, aptitudes, and capacities. The organizations are not proprietors of these capitals and representatives leaving of organization confront them with new medications (Bontis, Keow, & Richardson, 2000).

Human capital is seen by financial analysts and scientists as a noteworthy mainstay of a nation's monetary development and thusly the base for accomplishing the focused-on level of expectations for everyday comforts. Human capital mirrors the total aggregate attitudes and experience, learning and innovativeness, and vitality and excitement appeared by individuals to put resources into their business (Ingham, 2007). Human Capital is decidedly connected to the execution of the association and its benefits. From the prior, clearly human capital is an imperative factor for the info and yield of present-day organizations (subjective private) and has highlights that are not accessible in other capital (Ukenna et al. 2010).

Theoretical Aspects of Human Capital

The theory of human capital was produced in the middle of the crisis of human capital progression (Schultz, 1960; Becker (1962). These two researchers view human capital in different yet close points of view; Schultz analyses the utilization of instruction as a type of venture though Becker view human capital development as the rate of come back to put resources into training. In any case it is pleasing that both two perspectives are right and can be utilized as a part of each other. It is a total financial perspective of the human being acting inside economies, which is an endeavour to catch the social, organic, social, and mental multifaceted nature as they cooperate in express as well as monetary exchanges. Numerous hypotheses unequivocally associate interest in human capital improvement to instruction, and the part of human capital in financial advancement, efficiency development, and advancement has regularly been referred to as a support for government sponsorships for instruction and employment abilities preparing (Van, 2002).

The connection between financial development and human advancement has been a subject of thorough observational econometric work since the 1970s. Training, which is a critical segment of human advancement, has been found to clarify fluctuating levels of return and monetary development (Crook et al 2011). The establishment of the human capital hypothesis lies in the way that people and firms put resources into human capital construct not considering present picks up but rather on future financial and non-monetary returns. Ventures incorporate different perspectives, for example, tutoring, preparing, and getting data, relocation, and exercises that enhance a person's wellbeing. (Afiouni Fida, 2009)

Moreover, Gavaran et al (2011) quoted that human capital concentrates on two primary parts which are people and association. He additionally brings up that the human capital has four key traits which are; adaptability and flexibility, improvement of individual capabilities, the advancement of hierarchical skills and individual employability. Every one of these qualities creates and increases the value of individual and association results (Marimuthu et al (2009).

At the organizational level, human capital assumes a vital part in the strategic planning how to gain competitive advantages (Marimuthu et al., 2009). Crafted by Snell et al., (1999) stress that an organizations' human capital has two measurements which are esteem and uniqueness. They contended that assets are profitable when they permit allow improvement of effectiveness capitalizing on opportunities and minimize threats. Utilizing the theory to clarify the circumstance of labourer's execution at Union Bank of India in Delhi district, it was expected that their working performance relates with the level of human capital potential which may perpetually be connected to the degree to which they have been taught in extending the knowledge and skills significant for their occupations.

Human Capital Management Practices and Organisational Performance

Even though, there is a wide presumption that human capital has constructive outcome on firm performance, the idea of execution for human capital remains to a great extent unquestionable. The always showing signs of change business condition expects firm to take a stab for competitive advantages through dynamic marketable strategy which consolidate imagination and innovative. This is basically essential for their long-term sustainability. Without a doubt, HR inputs assume a critical part in upgrading company's competitiveness (Barney, 1995). Because of current worldwide market changes, most firms have grasped the thought of human capital as a decent upper hand that will improve higher execution. Human capital advancement turns into a piece of a general push to accomplish savvy and firm execution. Consequently, firms need to comprehend human capital that would upgrade employee's satisfaction and enhance their performance.

Initially, generous investigations were done on human capital and their suggestions on organization's performance on generally premise and clearly, human capital improvement will bring about more prominent performance and execution (Choudhury et al (2010). From the individual level, Snell & Dean, 1992) call attention to the significance of human capital relies upon how much it adds to the formation of competitive advantage. From an economic perspective exchange cost demonstrate that firm gain competitive advantages when they claim firm-particular assets that cannot be replicated by competitors. Hence, as the uniqueness of human capital builds, firm has impetuses to put assets into its

administration and the point of diminish risk and benefit from profitable possibilities. Henceforth, individual needs to upgrade their competency abilities keeping in mind the end goal to be focused.

From the hierarchical level, human capital assumes a vital part in the key anticipating how to create competitive advantages. Following crafted by Snell et al, (1999) it expressed that an organization's capital has two measurements which are esteem and uniqueness. Firm showed that assets are profitable when they permit enhancing adequacy, capitalizing on opportunities, and minimizing threats. In the context of viable administration, esteem concentrates on expanding benefits in correlation with the related cost. In this sense, company's human capital can add esteem if it adds to bring down expenses and provide increase performances.

Human Capital Management Practices and Employee Performance

The world has been encountering a war for talent', it is critical to hold the current talent and furthermore to upgrade their skills and capacities to enhance the performance. As indicated by an overview directed by Hay Group in 2002 among the employees who worked in 330 organizations in 50 nations, 33% of them revealed that they expected to leave from their occupations inside the following two years. Many the world's most appreciated organizations recognize that they will lose a large portion of their senior officials in the following five years. This circumstance will be much more dreadful in the coming years; associations ought to deal with their human capital pool more applicably so they can deal with the erratic employee turnover. HCMP like employee engagement, leadership practices, learning capacity and so forth can have effect on employee retention and performance enhancement. In their assessment, Nadoushan, Saeedi, Amidzadeh, and Hosseini (2013), researches the connection between human capital administration practices and employees' performance and they found a positive and important connection between human capital and its measurement with employee performance.

As per Chen, Zhu, and Xie (2004), human capital alludes to factors as employees' learning, aptitude, capability, and attitudes in connection to cultivating performances which clients will pay for and the organization's benefit originates from. Wan (2007) declares that human capital advancement strategies can upgrade employee fulfilment and it is apparent from many researches ponders that employee fulfilment has positive critical connection with employee performance. As indicated by Peccei (2004), fulfilled employees are more ready to buckle down and invest additional exertion for the benefit of the association, in this way effectively adding to the general productivity and effectiveness of the framework.

Employee work performance is multidimensional and huge for authoritative achievement (Dyne, Jehn, and Commings, 2002) and effectiveness (Ohly and Fritz, 2010). Work performance is portrayed as synonymous with conduct it is the thing that individuals do that can be watched and measured regarding every individual's involvement or level of contribution (Pulakos, Arad, Donovan, and Plamondon, 2000). Jones and George (2008) additionally showed that performance be an assessment of the aftereffects of a man's conduct which incorporates deciding how well or ineffectively an undertaking has been finished.

LeBlanc et al, (2000), Three types of people investments that build Human Capital: the first builds "knowledge," the second fuels "motivation," and the third creates "opportunity". Human Capital is optimized when there is significant "knowledge," "motivation" and "opportunity" to perform.

Nzuve and Bundi (2012), Conducted a study to decide the connection between human capital management practices and performance of Commercial Banks in Kenya. The investigation inferred that most business banks embrace human capital administration practices to a normal degree. Human capital management practices for the most part impact performance as measured by both turnover development and profit for resources.

Rani and Singh (2016) examined the employee-management relationship in Indian banking sector. Results indicated that employee counseling, effective communication, discipline, and grievance handling mechanisms have a significant impact on employee management relationships in the Indian banking sector which have a long-term impact on the organizational performance.

Gaps in available Literature

From the above discussion, it is pertinent to argue that there is a need for research into the linkage between sustainable competitive advantage and strategic leadership. After a review of the new competitive scenario authors talk about, it is evident that out of the three views of competitive advantage, the resource-based view is the most important; the obvious reason being, it involves "people" and not only "products" and "processes". There have been various studies that bring out the importance of human resources in sustaining competitive advantage; they talk of training and developing them, spreading knowledge in the organization, a focus 28 on being-a-learning-organizations; but the responsibility of doing all this lies on whom? Here comes the role of Strategic Leadership. Very few studies in the field of strategic leadership have been conducted which try to link the concept with competitive advantage. Thus, there is the need to bring out a relationship between the two concepts. More specifically, studies, if available, are based on the developed countries. There is a need to study the strategic leadership of Indian organizations and pave a way towards the sustainable competitive advantage in the new competitive scenario.

Using a strategic leadership perspective to examine competitive advantage will have several advantages. It will provide a holistic approach that will reflect the leadership aspects at all levels of the firms and will try to link it with the competitive advantage. Also, it will enrich the understanding of a developmental approach towards competitive advantage.

Conclusion

This literature review focusing that the certain human capital management practices create the favourable approach towards the job satisfaction and employee performance which will be explicated reversely on the organizational commitment. Strong evidence exists in literature about different HCM practices and organizational commitment. Researcher found positive relationship between HCM practices namely effective recruitment and selection, training and development, compensation and reward, performance appraisal, employee relation with firm performance. Review of literature indicated that essential HR practices heavily researched as career management, training and development, recruitment and selection, performance appraisal, compensation, supervisory control, employee participation, rewards and recognition, job design and employee engagement.

This paper will guide the researcher and practitioner in formulating new practices for organizations and will open a new way towards development and implementation of human capital management practices in various organizations.

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