

Public and Private Sector Bank Employees Loyalty and Personality Types

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Abstract

Present research is a comparison between the various types of Personality and loyalty of employees of public and private sector banks. A sample of 320 bank employees were selected randomly on availability basis taken for this research from a universe of bank employees of private and nationalized banks situated at Punjab, Haryana and National Capital Region of New Delhi. Selected employees were tested for their loyalty and personality types. On the basis of higher and lower scores of personality types, employees were divided into two groups, each having 160 subjects. Junior level managers of both the public and private sector banks are highly loyal and have a high degree of Personality Type A, whereas the middle level managers of both the public and private sector banks are loyal and have a personality type B. Senior level manager are loyal as well as have low degree different personality type B.

Keywords: Loyalty, Loyalty Components, Managerial Effectiveness, Managerially Effective, Managerial Loyalty and Managerially Non-Effective, Public Sector Banks, Private Sector Banks.

1. Introduction

Whenever we talk about an organization's job environment, employee turnover and the quality of its management comes in our mind. In the process of recruitment, training and maintenance of employees a significant investment of management time and effort is devoted. For the sound functioning of an organization, personality types contributing to the loyalty of employees and customers are very significant. An attempt has been made to identify the various types of personality among employees public and private sector banks which contribute to their loyalty which in turn boost an organization growth.

Employee Loyalty

Loyalty is the sincerity, devotion, relatedness and faithfulness towards a belief, place, person or organization. Loyalty specifically related to employees only can be termed as employee loyalty. The employee loyalty is the characteristic by virtue of which loyal employees has faith and devotion towards organization and this loyalty is shown by the employee by contributing maximum of their time, energy, knowledge, skill and effort for the effective and efficient achievement of organizational goals. The long-term success of any company depends upon the quality of its employees and their loyalty. Loyal employees can be incredible assets to a growing company. Furthermore, there is a direct relationship between employee loyalty

and a company's growth and profitability (Aaron Green, 2007). Employee loyalty is evident to the customers and it's nearly impossible to generate loyal customers without strong internal employee loyalty.

Loyal Employees

On a daily basis, employees serve as the look of every organization. Employees are the organization for customers when they interact with them either by telephone, e-mail or meet customers face-to-face. In order to have loyal customers, every organization needs loyal employees. If an employee is not happy with the organization he is working for, that fact will come across to customers. On the other hand if employee is loyal, that fact will come across too. Employees who are loyal and passionate will persuade the customers to also feel loyal and passionate toward the organization.

Public Sector Banks

Public Sector Banks (PSBs) are banks where a majority stake (i.e. more than 50%) is held by the government. There are a total of 21 PSBs in India. The shares of these banks are listed on stock exchanges.

Emergence of Public Sector Banks

The Central Government entered the banking business with the nationalization of the Imperial Bank of India in 1955. A 60% stake was taken by the Reserve Bank of India and the new bank was named as SBI (the State Bank

of India). On July 19, 1960, the seven other state banks became the subsidiaries of the new bank after their nationalization. Another major nationalization of banks took place in 1969 when the government of India, nationalized an additional 14 major banks, under Prime Minister Indira Gandhi. The total deposits in the banks nationalized in 1969 amounted to fifty crores. This progress increased the presence of nationalized banks in India, with 84% of the total branches coming under government control.

The next round of nationalization took place in April 1980. The government nationalized six banks. The total deposits of these banks amounted to around two hundred crores. This budge led to a further increase in the number of branches in the market, increasing to 91% of the total branch network.

The objectives behind nationalization were:

- To mobilize savings from masses from all parts of the country,
- To break the ownership and control of banks by a few business families,
- To prevent the concentration of wealth and economic power,
- To cater to the needs of the priority sectors.....

Private Sector Banks

The private-sector banks in India represent part of the Indian banking sector that is made up of both private and public sector banks. The "private-sector banks" are banks where greater parts of stake or equity are held by the private shareholders and not by government.

Banking in India has been dominated by public sector banks since the 1969 when all major banks were nationalized by the Indian government. However since liberalization in government banking policy in 1990s, old and new private sector banks have re-emerged. They have grown faster and bigger over the two decades since liberalization using the latest technology, providing contemporary innovations and monetary tools and techniques.

The private sector banks are split into two groups by financial regulators in India, old and new. The old private sector banks existed prior to the nationalization in 1969 and kept their independence because they were either too small or specialist to be included in nationalization. The new private sector banks are those that have gained their banking license since the liberalization in the 1990s.

Emergence of Private Sector Banks

Private-sector banks have been functioning in India since the very beginning of the banking system. Initially, during 1921, the private banks like bank of Bengal, bank of Bombay and bank of Madras were in service, which all together formed Imperial Bank of India.

Reserve Bank of India (RBI) came in picture in 1935 and became the centre of every other bank taking away all the responsibilities and functions of Imperial bank. Between 1969 and 1980 there was rapid increase in the number of branches of the private banks. In April 1980, they accounted for nearly 17.5 percent of bank branches in India. In 1980, after 6 more banks were nationalized, about 10 percent of the bank branches were those of private-sector banks. The share of the private bank branches stayed nearly same between 1980 and 2000.

Then from the early 1990s, RBI's liberalization policy came in picture and with this the government gave licenses to a few private banks, which came to be known as new private-sector banks.

There are two categories of the private-sector banks: "old" and "new".

The old private-sector banks have been operating since a long time and may be referred to those banks, which are in operation from before 1991 and all those banks that have commenced their business after 1991 are called as new private-sector banks.

Housing Development Finance Corporation Limited was the first private bank in India to receive license from RBI as a part of the RBI's liberalization policy of the banking sector, to set up a bank in the private-sector banks in India.

Objectives

1. To enquire the relationship between employee loyalty and personality type of public sector banks.
2. To enquire the relationship between employee loyalty and personality type of private sector banks.

Hypothesis

1. There will be some existence of relationship between employee loyalty and personality type of public sector banks.
2. There will be some existence of relationship between employee loyalty and personality type of private sector banks.

Research Methodology

Research Design

320 bank employees were taken for this research from different nationalized and private sector banks located in Punjab, Haryana and National Capital Region of Delhi. Selected subjects were tested for their approach towards the tendency of loyalty to their banks. Subjects were tested for loyalty and personality types by using questionnaire method. With the help of these testing, subjects were categorized into the Type A personality and Type B personality. While testing the subject, not only the

Table 1 Difference of Junior, middle and senior level managers

Banks Groups	Public sector banks			Private sector banks		
	Junior level manager	Middle level manager	Senior level manager	Junior level manager	Middle level manager	Senior level manager
Group No.	1	2	3	4	5	6
N	50	50	50	50	50	50
Means	130.05	109.54	98.47	126.33	104.14	92.17
F Value	F (4, 170) = 7.046; $\underline{p} < 0.05$			F (4, 170) = 8.096; $\underline{p} < 0.05$		

Table 2: Mean Personality Type scores of Junior, Middle and Senior level managers of Public and Private sector banks with F value and results of Duncan's multiple comparison tests

Banks Groups	Public sector banks			Private sector banks		
	Junior level manager	Middle level manager	Senior level manager	Junior level manager	Middle level manager	Senior level manager
Group No.	1	2	3	4	5	6
N	50	50	50	50	50	50
Means	190.25	159.74	138.27	207.05	162.54	126.43
F-Value	F (4, 170) = 17.506; $\underline{p} < 0.01$			F (4, 170) = 24.19; $\underline{p} < 0.01$		

basic tendency and approach for loyalty and personality types were tested but also the responsible factors for types of personality were tested. After collection of data for the above stated purpose, results and findings were analyzed to test the hypothesis.

Sample

The population for sample of this study was the employees from various nationalized & private sector banks situated in the National Capital Region of Delhi, Haryana and Punjab state. From this universe a sample of 320 employees was taken randomly on availability basis for this research.

Method of Data Collection

Questionnaire method was used to collect the data for testing the loyalty and type of personality of the subjects. The tests of loyalty and personality type were developed by the researcher.

Tools Used

Both the Loyalty Test and personality test were developed by the researchers and used for scaling the tendency of loyalty and personality type.

Results and Findings

Table (1) Shows that mean loyalty scores of junior, middle and senior level managers of public sector banks are 130.05, 109.54 and 98.47 respectively and mean loyalty

scores of junior, middle and senior level managers of private sector banks are 126.33, 104.14 and 92.17 respectively. Higher the loyalty scores greater the tendency of loyalty and lower the scores greater the tendency of loyalty. Presentation of the scores in ascending order of all the three categories of both the public sector and private sector bank managers clearly illustrate that loyalty scores are low to high from senior to middle and junior level respectively. Among both the public and private sector bank managers these scores exhibit higher tendency of loyalty among the senior managers in comparison to the middle level managers who have relatively greater inclination towards loyalty in comparison to senior managers. Junior level managers of both the public and private sector banks are the highly inclined towards loyalty tendency in comparison to middle and senior level managers. F-ratio between the groups of public sector banks to be 7.046 which were significant at 0.05 level of significance. Since F-ratio was found significant, it means there exists a major difference between mean loyalty scores of at least two groups, hence, Duncan's multiple comparison of means test was used to examine significant differences among means of different groups. The comparisons were made at 0.05 level of significance. The results of Duncan's multiple comparison of mean revealed that mean loyalty scores in ascending order were of junior managers, middle level managers and senior managers. Table (1) presents that junior managers and middle level managers differ significantly in their means from senior managers but junior managers did not differ significantly from middle level managers. F-ratio between the groups of private sector banks to be 8.096 which were significant at 0.05

level of significance. As F-ratio was found significant, it means there exists a significant difference between mean loyalty scores of at least two groups, hence, Duncan's multiple comparison of means test was used to examine significant differences among means of different groups. The comparisons were made at 0.05 level of significance. The results of Duncan's multiple comparison of mean discovered that mean loyalty scores in ascending order were of junior managers, middle level managers and senior managers from private sector bank. Table (1) presents that junior managers and middle level managers differ significantly in their means from senior managers but junior managers did not differ significantly from middle level managers.

Junior level managers of both the public and private sector banks are highly loyal and have a high degree of Personality Type A, whereas the middle level managers of both the public and private sector banks are loyal and have a personality type B. Senior level manager are loyal as well as have low degree different personality type B.

Limitations and Suggestions

Because of limited resources, sample size taken for the study was very small, if a larger size sample can be managed more exact finding can be deduced. Only two dimensions of relationship between cognitive style and managerial effectiveness are studied, other objectives may be developed and finding can accordingly be worked out. Present study is limited to the two states of Indian banks only, a comparative study may be conducted on international level and finding can be worked out and analyzed to control the loyalty among managers and ultimately improving the personality types.

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