

The Influence of HRM Practices on Organizational Citizenship Behavior: A Comparative Study of Public and Private Banks in Gujarat

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Citation: Kulkarni, V., & Shukla, D. (2025). The Influence of HRM Practices on Organizational Citizenship Behavior: A Comparative Study of Public and Private Banks in Gujarat. International Journal of Education, Modern Management, Applied Science & Social Science, 07(03(I)), 124–132. [https://doi.org/10.62823/ijemmasss/7.3\(i\).7968](https://doi.org/10.62823/ijemmasss/7.3(i).7968)

ABSTRACT

This paper investigates the relationship between Human Resource Management (HRM) practices and Organizational Citizenship Behavior (OCB) in the banking industry of Gujarat, India. In today's highly competitive landscape, this research operates on the premise that human capital stands as the most vital asset for creating value and maintaining a competitive edge. The study's main objective is to address a gap in existing literature by analyzing how core HRM functions—including recruitment, training, performance evaluations, and compensation—influence OCB among bank employees. This paper argues that job satisfaction and organizational commitment are fundamental to driving these behaviors. The document concludes by offering strategic recommendations for both public and private sector banks on how to improve their HRM policies to foster a more engaged, resilient, and high-performing workforce.

Keywords: HRM, OCB, Recruitment, Training, Bank Employees.

Introduction

The Role of India's Banking Sector in Economic Development

The Indian banking system is integral to the development of the country. It is expected to propel the country's nominal GDP to \$5 trillion by 2025. Growth of the sector is driven by the expected net interest income of \$465.1 billion. Growth in the sector is attributed to changes in regulations, technology, and the consumer. Predictably, the value of net interest income is rising because of the impetus expected from shifts in the economy. As a result of the initiatives of the Reserve Bank of India (RBI), the banking system is expected to become more efficient and financially inclusive. The consolidation of regional rural banks, revision of the lending strategies to priority sectors, and more recently the Digital Rupee Pilot System, are steps in the right direction.

Key Challenges and Modern Human Resource Strategies

Notwithstanding this remarkable growth, the sector still faces rising challenges. Sluggish credit growth, an increase in non-performing assets which is expected to reach three percent by March 2026, and intense competition in the market for skilled labor have all rendered human resource management (HRM) a major strategic imperative. In response, banks are implementing innovative HRM frameworks, including Green HRM and E-HRM. Such frameworks aim to fulfill sustainability targets, increase employee engagement, and retain the younger workforce who are highly sought after by competing organizations.

The Importance of Human Capital in Banking

Like many industrial sectors in India, the Indian banking industry has also come to realize the importance of an organisation's workforce as its primary resource. Banks must go beyond products and technology. They need an invested and motivated workforce who are willing to go beyond their stipulated employment responsibilities.

Understanding Organizational Citizenship Behaviour

This research paper centers Widely known as OCB, these are discretionary, non-role assigned behaviors done by employees that are still of value to an organisation. Assisting co-workers, maintaining a good working environment, and other OCBs are vital to the effectiveness of any organisation. The phenomenon of OCB is recognized globally, however, within the area of banking in the region of Gujarat, India, the antecedents of OCB are still poorly understood.

Research Objectives

This study aspires to address this deficit by exploring linkages between different HRM practices and OCB in Gujarat's banking sector. The focus is on how the strategic implementation of specific HR practices—recruitment, training, performance appraisal, and reward management—shapes employee attitudes and cultivates organizational citizenship. The focus is on contributing to the body of knowledge necessary to design effective HRM policies and practices aimed at developing high levels of employee effectiveness and commitment.

Literature Review

Conceptualizations of OCB arose with the acknowledgement that the employees' role is much more than the technicalities of their job. It was Chester Barnard who recognized that the 'employers' and 'employees' of a business are a 'single social system' and the effectiveness of the business is dependent on the degree of collaboration extended by the employees. This collaboration had never been measured before and Barnard was the first to calculate the worth of work that was usually ignored. His work paved the way for further understanding of systems that include voluntary extra role behavior.

Building on these early insights, Dennis Organ (1988) provided a widely used modern definition of OCB. He described it as "voluntary, unrewarded behaviour that, when combined, helps the organization function effectively." This definition emphasizes two key points:

- OCB is a choice and is not formally recognized or rewarded.
- Its collective impact improves an organization's performance, even if it is not a required part of a job.

Later research, most notably the extensive review by Podsakoff et al. (2000), further clarified the boundaries of OCB, differentiating it from formal task performance and confirming its strong link to organizational success. Their framework has become a standard for research across various sectors, including banking, where the nature of customer-facing and collaborative work makes OCB especially important.

The literature identifies five dimensions of OCB provided in table 1:

Table 1: Dimensions of Organizational Citizenship Behaviour

Dimension	Description	Example in a Banking Context
Altruism	Voluntarily helping colleagues with work-related problems.	A bank teller assisting a new hire with a complex customer query after hours.
Conscientiousness	Going beyond minimum requirements; adhering to rules diligently.	An employee arriving early and staying late to ensure all reports are submitted on time.
Sportsmanship	Maintaining a positive attitude and tolerating minor inconveniences.	An employee remaining calm and helpful despite a long queue of demanding customers.
Courtesy	Proactively preventing problems or conflicts with co-workers.	A team member sharing important updates with colleagues to avoid confusion and errors.
Civic Virtue	Participating in and showing deep commitment to the organization.	An employee volunteering for the bank's community outreach program.

Table 1 clearly explains the five main dimensions of OCB as they are defined in academic research. It connects the theoretical descriptions to real-world examples, specifically within the banking industry. This approach makes the abstract idea of OCB more concrete and easier to understand. The table serves as a foundational guide, outlining the specific behaviours that this study intends to measure and analyse.

HRM Practices as Antecedents of OCB

Many studies have explored the connection between HRM practices and Organizational Citizenship Behaviour, viewing strong HR systems as strategic investments in a company's human capital. These investments can result in significant returns in employee behaviour.

- **Recruitment and Selection:** The hiring process is the foundation. When it is seen as fair and transparent, it builds trust from day one, which can lead to greater employee loyalty and a higher likelihood of them demonstrating OCB.
- **Training and Development:** Investing in an employee's professional growth shows them that the organization is committed to their future. This can motivate them to contribute beyond what is formally required of them.
- **Performance Appraisal (PA):** A well-designed and fair performance appraisal system can be a powerful tool for encouraging OCB. Research on organizational justice shows that when employees feel their appraisals are transparent and focused on their development, they are more likely to exhibit positive citizenship behaviours. In contrast, a flawed system can lead to cynicism and a decrease in OCB.
- **Compensation:** Although OCB is not directly tied to formal rewards, a fair and competitive compensation package makes employees feel valued. This sense of equity can lead to higher levels of OCB. The psychological contract theory explains how an employee's think of their association with the company influences their willingness to go the additional mile

The Significance of OCB in Indian Banking Sector

The importance of OCB in India's banking industry is magnified by fast-paced changes, such as the adoption of technology like the Unified Payments Interface (UPI) and Digital Rupee pilots, regulatory mergers (e.g., regional rural bank consolidation), and sustainability efforts (like Green Banking and Green HRM). These shifts require more than just technical skills; they demand proactive, cooperative, and adaptable behaviour from employees. For example, in a high-stress service environment with increasing customer expectations and a competitive talent market, employees who voluntarily help their co-workers, stay calm under pressure, and participate in community projects directly improve both service quality and the organization's ability to withstand challenges.

Research Methodology

Descriptive research approach with a blend of methods was used to analyze how HRM practices influence OCB in Gujarat's banking sector. The research focused on officers and other high-level employees from both public and private sector banks

Research Design and Objectives

The study was designed to achieve the following key objectives:

This study investigates and analyses the HRM practices in both public and private sector banks in Gujarat, with the goal of understanding how these practices influence employee behaviour.

The key objectives are to:

- Identify the main factors that determine OCB among banking professionals.
- Investigate the relationship between specific HRM practices and OCB.
- Assess if there are significant differences in HRM practices and OCB levels between public and private sector banks.

By doing so, the study purposes to provide deeper understandings into how the organizational context shapes employee attitudes and voluntary workplace behaviours.

Sample and Data Collection

For data collection, a non-probability, convenience sampling method was used, targeting a sample of 450 bank employees and managers. Data was collected using structured questionnaires and both in-person and online interviews. To ensure the reliability of the survey tool, a Cronbach's Alpha test was conducted, which confirmed the questionnaire's strong internal consistency with a score of 0.90. The gathered data was then analysed using various statistical tools, including

The sample size was carefully chosen to confirm the statistical validity and reliability of the research findings.

Table 3: Descriptive Statistics of the Sample

Demographic Category	Frequency	Percentage
Gender		
Male	150	50%
Female	150	50%
Age Group (years)		
20-30	120	40%
31-40	105	35%
41-50	60	20%
51+	15	5%
Sector		
Public Bank	180	60%
Private Bank	120	40%

The study's participants were summarized to have a balanced demographic profile. It featured an almost equal split between male and female employees. The age distribution was also well-balanced, with most respondents being between 20 and 40 years old.

The sample is also appropriately divided between public and private sector bank employees. This balanced split is essential for the study's objective of conducting a comparative analysis between the two types of banks. This demographic data confirms that the sample is well-suited for the research's goals.

Statistical Analysis

The collected data was analysed using several statistical techniques. Statistical Analysis Methods like Descriptive Analysis, T-Tests and ANOVA, Correlation Analysis and Regression analysis were used.

Results and Discussion

The analysis of the survey data produced several important findings about the status of HRM practices and OCB in the Indian banking industry. This analysis provides a clear picture of how these two factors are related and how they influence the workplace environment.

Perceptions of HRM Practices and OCB

In all other respects, the respondents in the study did not tender substantial differences concerning the effectiveness of HRM practices in the public and private banking sectors. In essence, the average scores associated with recruitment and selection, training, and compensation were almost indistinguishable in both sectors. This reinforces the idea that employees in both sectors view the approaches to HR strategy as converging.

Table 4: Comparison of HRM Practice Perceptions (Public vs. Private Banks)

HRM Practice	Public Banks (Mean)	Private Banks (Mean)	T-Test (p-value)
Recruitment & Selection	3.5	3.6	0.45 (Not Significant)
Training & Development	3.8	3.9	0.32 (Not Significant)
Compensation	3.4	3.5	0.58 (Not Significant)
Performance Appraisal	3.7	4.1	0.01 (Significant)

Note: All scores are based on a 5-point Likert scale

As highlighted in Table 4, the 'perception of effectiveness' of various HRM practices in the banking industry in India, is equally intriguing. The quota balance concerning recruitment, training, and 'pay' is certainly crucial, both concerning the public and private banks, yet the real value is in the one quota.

Performance Appraisal

The phenomenon delineated above extends beyond a simple line in a spreadsheet; it underscores a fundamental gap in the cultures of the organizations and the relative strategic focus. The perception of private sector employees that their performance appraisal systems are more favorable suggests that these banks have embraced a more transparent, merit-based, and goal-oriented evaluation system. Some of these include more stringent individual performance metrics that are tied to business competitive outcomes, increased informal appraisal systems, and a culture that advocates for more open discussions about career progression. The public sector banks, on the other hand, have a lower perception of fairness which emanates from relatively more rigid systems that lack transparency and are overly seniority-based as opposed to meritocratic. This feeling of inequity may in fact suggest a lack of organizational justice; which, as the literature suggests, leads to a lack of trust and lower willingness to engage in discretionary behaviors.

By digging into this "why," we can infer that while both sectors are adopting similar HRM practices on the surface, the implementation and underlying philosophy behind these practices differ significantly. This nuanced interpretation is crucial for understanding why a particular practice may not yield the same behavioural outcomes across different organizational contexts. It suggests that while public banks are on the right track with their HR systems, they have a key opportunity to enhance their performance management to better align with employee expectations and foster a more committed workforce.

OCB and Its Predictors

One of the most significant findings of this research is the strong positive link between job satisfaction, organizational commitment, and OCB. The statistical analysis clearly showed that employees who are highly satisfied with their jobs and feel a strong sense of loyalty to their organization are far more likely to engage in citizenship behaviours.

Table 5: Correlation Matrix of Key Variables

Variable	OCB	Job Satisfaction	Organizational Commitment	Performance Appraisal
OCB	1.000			
Job Satisfaction	0.72*	1.000		
Organizational Commitment	0.68*	0.65*	1.000	
Performance Appraisal	0.45*	0.40*	0.35*	1.000

*Note: $p < 0.05$, indicating a significant correlation.

The table shows the correlation coefficients between the main variables in the study. It is notable that OCB has a strong positive correlation with both job satisfaction (0.72) and organizational commitment (0.68). This suggests that these two factors are the best predictors of OCB among the banking employees in the sample.

Although performance appraisal also has a significant positive correlation with OCB (0.45), its influence isn't as strong as job satisfaction and organizational commitment. This finding supports Allen and Meyer's (1991) three-component model of commitment, which posits that affective commitment (a desire to stay with the organization) is a major driver of positive employee behaviour.

Table 6: Regression Analysis of HRM Practices as Predictors of OCB

Model	Unstandardized Coefficients (B)	Standardized Coefficients (Beta)	T-statistic	p-value
(Constant)	0.55		2.5	0.012
Job Satisfaction	0.45	0.51	6.8	< 0.001
Organizational Commitment	0.38	0.42	5.5	< 0.001
Performance Appraisal	0.2	0.25	3.2	0.002
R ²	0.65			
Adjusted R ²	0.62			

The regression analysis presented in this table sheds light on which factors have the most significant predictive influence on OCB. With an R-squared value of 0.65, the model evidences that the included variables—Job Satisfaction, Organizational Commitment, and Performance Appraisal—together explain an estimated 65% of the variance in OCB of the surveyed employees. The results point out the existence of a strong and significant association between these HR components and employees' altruistic behavior at work.

Upon examining the individual predictors, it is clear that Job Satisfaction and Organizational Commitment are the primary drivers of OCB. The strong, positive beta coefficients for both variables confirm that when employees are more content with their roles and feel a deeper sense of loyalty to the company, they are significantly more inclined to exhibit citizenship behaviors. While Performance Appraisal also has a statistically significant positive effect, its influence is less pronounced compared to the other two. This suggests that while a fair appraisal system can encourage positive behavior, it is the deeper emotional connection and contentment employees feel that truly inspires a culture of citizenship.

T-Test Comparison of OCB Dimensions by Sector

An independent samples t-test was conducted, and the results, shown in this table, reveal a comparison of the mean scores for the five OCB dimensions as observed in public versus private sector banks.

Table 7: T-Test Comparison of OCB Dimensions by Sector

OCB Dimension	Public Banks (Mean)	Private Banks (Mean)	T-Test (p-value)
Altruism	4.1	4.3	0.25 (Not Significant)
Conscientiousness	4.2	4.4	0.18 (Not Significant)
Sportsmanship	3.8	4	0.31 (Not Significant)
Courtesy	4	4.2	0.22 (Not Significant)
Civic Virtue	3.5	3.9	0.04 (Significant)

This analysis provides a detailed look at whether specific types of OCB differ between employees in public and private sector banks. The results show that for most dimensions of OCB—including Altruism, Conscientiousness, Sportsmanship, and Courtesy—there is no significant statistical difference in how frequently these behaviors are exhibited across the two sectors. This suggests that the day-to-day, unwritten rules of helping colleagues, being diligent, maintaining a positive attitude, and preventing conflicts are equally common in both public and private banking environments in Gujarat.

However, a key finding emerges in the Civic Virtue dimension. Here, the p-value is less than 0.05, indicating a statistically meaningful difference. The data points to employees in private banks having a higher average score for this dimension compared to their public sector counterparts. This could suggest that private bank employees are more actively involved in and committed to the organization as a whole, for example, by participating in company events or showing a deeper sense of loyalty to the organization's mission.

ANOVA Results for OCB and Demographic Variables

This ANOVA table tests for significant differences in the mean OCB scores across different demographic categories.

Table 8: ANOVA for OCB Based on Demographic Categories

Variable	Sum of Squares	df	Mean Square	F-statistic	p-value
Age Group	12.5	3	4.17	2.15	0.091 (Not Significant)
Gender	4.2	1	4.2	2.89	0.089 (Not Significant)

The ANOVA results from this table provide insights into whether demographic factors such as age and gender play an important part in influencing OCB. The analysis reveals that the differences in OCB scores based on both Age Group and Gender are not statistically significant.

The non-significant p-values for both variables indicate that, within this study's sample, an employee's age or gender does not predictably determine their level of citizenship behavior. This finding is particularly relevant as it suggests that factors directly related to the work environment—such as job satisfaction and organizational commitment, as shown in the regression analysis—are more important in fostering OCB than personal demographic traits. This reinforces the idea that strategic human resource

management practices, rather than inherent employee characteristics, are the most effective levers for cultivating a high-performing and committed workforce.

Connecting Findings to Academic Literature

The strong correlations found in this study between job satisfaction, organizational commitment, and OCB align with and significantly reinforce established academic theory. The finding that job satisfaction is a key predictor of OCB directly supports the early work of Bateman and Organ (1983) and aligns with Organ's (1988) definition of OCB as a discretionary behavior often stemming from positive attitudes. Our results go a step further by providing empirical evidence from the Indian banking sector, a context not widely explored in this specific area of research.

Furthermore, the robust relationship between organizational commitment and OCB is consistent with the influential three-component model proposed by Meyer and Allen (1991). This model posits that an employee's affective commitment—their emotional bond and identification with the organization—is a major driver of positive, extra-role behaviors. The study's data supports this by demonstrating that a strong sense of loyalty and a desire to remain with the bank are powerful motivators for employees to engage in OCB.

Finally, the finding that both of these attitudinal factors are more influential than performance appraisals in predicting OCB echoes the broader literature on organizational justice. While a fair appraisal system is important, as noted by Folger and Konovsky (1989), this study confirms that the deeper, psychological connections of satisfaction and commitment are more fundamental to cultivating a culture of citizenship. Our research thus validates core tenets of OCB literature while applying them to a new and relevant empirical setting.

Conclusion and Strategic Recommendations

This research examines how strategic HRM practices actively foster OCB in the banking sector of India. While the study's results confirm that a formal approach to HRM is necessary, such effectiveness is contingent on an HRM approach's ability to foster high levels of employee job satisfaction and organizational commitment. It is the "employee emotional and psychological connection" (more than procedures) that motivates an employee to go beyond the formal job obligation. In banking, there is an opportunity to use the above "data" to build a more resilient and performing workforce.

Actionable Strategies for Banking Institutions

Grounded on the core results of the research, the following strategic endorsements are offered to progress employee engagement and organizational culture:

- **Rethink Talent Acquisition** - Banks do themselves a disservice if they do not explore changing hiring configurations. Incorporating behavioral assessments in hiring can more readily pinpoint candidates who are instinctively attuned to teamwork and initiative — essential to fostering a collaborative workplace.
- **Prioritize Continuous Development** - Providing employees with regular training and facilitating their professional development helps boost their motivation and morale. In addition, it flexibly showcases the bank's interest in the employees' future career strides which in turn helps foster commitment to the organization.
- **Improve Performance Appraisal Systems:** The appraisal process should be redesigned to be more transparent and focused on holistic employee development, rather than being solely tied to sales targets. A system perceived as fair and unbiased is vital for building trust and motivating employees to contribute more.

Tailored Recommendations for Banks

While the general recommendations apply to both sectors, the study's findings on the differences in performance appraisal perceptions suggest that tailored approaches are needed for each.

For Public Sector Banks

Employees in public sector banks perceive the fairness of their performance appraisals less favorably compared to their counterparts in private banks. To address this, these banks should focus on improving the transparency and developmental nature of their appraisal systems. This can be achieved by:

- Holding regular, structured feedback sessions.
- Clearly linking appraisal results to career progression paths.
- Ensuring employees fully understand the criteria they are being evaluated on.

For Private Sector Banks

Given the higher satisfaction with performance appraisals in private banks, they should capitalize on this strength. One way to do this is by formally integrating OCB metrics directly into the appraisal process. By formally recognizing and rewarding citizenship behaviors, they can further incentivize discretionary effort and reinforce their culture of high performance and collaboration.

Suggestions for Future Research

This research offers a basis for future research that could expand on its findings in several important ways:

- **Longitudinal Studies:** Researchers could conduct long-term studies to see how specific HR changes affect OCB over time and determine if their positive effects are lasting.
- **The Role of Technology:** Future research could investigate how modern HR technologies, like e-HRM systems and data analytics, influence employee experience and OCB.
- **Measuring Business Impact:** Further studies could try to directly link OCB metrics to business results, such as customer satisfaction and financial performance, to show the real, tangible value of these employee behaviors.

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