

Impact of Talent Management Practices on Employee Performance in Private Sector Banks: Evidence from Uttar Pradesh

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Abstract

The private sector banking system in India has experienced major changes during the last 20 years which created intense competition for qualified workers while making organizations treat talent management as a key business function instead of treating it as a secondary task for human resources. The research examines how talent management systems affect staff productivity in Varanasi. The study uses primary data from 210 bank employees who work at six private sector banks to analyze five talent management elements which include recruitment and selection methods training and development expenses performance evaluation systems career advancement paths and methods for retaining employees. The results show all five elements have a significant positive relationship with employee performance results while training and development and career development proved to be the most important performance indicators. Employees who believe their organization implements talent management processes in an organized and fair manner achieve better performance results and receive higher assessment scores from their supervisors. The results of this study provide practical guidance to branch managers and HR specialists who work in Varanasi's private banking industry while establishing a connection between systematic talent management practices and performance results in banks that operate in developing market contexts.

Keywords: *employee performance, Varanasi, banking sector India, talent management, private sector banks, human resource management*

I. Introduction

The process of talent management operates in HDFC, ICICI, and Axis Bank Varanasi branches which operate during peak hours on Monday morning. The relationship manager who greets customers with product knowledge and calm professionalism got there through a hiring process, training investments, performance reviews, and career conversations that either worked or did not. The teller who handles a complicated transaction without escalating it has skills that were built somewhere. The branch manager who oversees these activities maintains her current job because the bank provides her with reasons to continue working there or she develops her resume through silent efforts. The integrated system of talent management practices enables organizations to attract, develop, motivate, and retain employees according to human resource management research which shows that this concept has gained widespread popularity during the last twenty years. The banking sector requires proper talent management because front-line employees determine customer experiences and regulatory demands require specialized knowledge. A loan officer who lacks proper training creates compliance risks for the organization. When a top-performing relationship manager departs to join a competitor he takes his customer connections with him. The connection between how banks manage their people and how well those people perform is not abstract because it demonstrates itself through customer satisfaction scores and non-performing asset ratios and branch profitability.

The story displays Varanasi as its main character. The city serves as the second most vital economic center of Uttar Pradesh because it has developed its commercial sector through recent infrastructure investments. The market represents a tier-two urban banking sector which major private banks target for their expansion efforts. The markets show significant differences from metropolitan areas because they have smaller labor pools which cause employees to leave for government and public sector banking positions that people consider safer and they lack the training facilities available in Mumbai and Delhi. The research investigates how talent management techniques function in this situation and show their impact on organizational results which

provides value for academic research and business applications. The article presents results from a primary survey research study which investigates talent management methods and their effect on employee performance in six private banks located in Varanasi. The study presents its results through theoretical and empirical literature review, research methodology explanation, main results presentation, and findings analysis which reveals practical applications and regional policy implications.

II. Theoretical Framework: Talent Management and Performance

2.1 Defining Talent Management in the Banking Context

Different organizations interpret talent management according to their unique requirements. Banks use advanced technology-based systems which enable them to conduct recruitment analysis and create structured employee development programs and manage succession planning. The practice exists in most organizations as nothing more than their annual performance evaluations and their occasional employee development sessions. The academic literature has documented ongoing disputes about this concept because its definition and its actual practices differ between various organizations (Collings & Mellahi, 2009). The study defines talent management through organizational activities which ensure that needed personnel with essential abilities remain ready for their designated tasks at specific times and that employees receive necessary motivation and development to achieve optimal performance. The definition adapted from Scullion and Collings (2011) provides a wide scope which includes all practices used by Indian private sector banks but it contains specific details which enable measurement through definite indicators. The five examined dimensions talent management activities which Indian banking HR research identifies as core functions (Rao Pande 2014 Sharma Bhatnagar 2009). Employee performance connects through distinct mechanisms to each element. Recruitment quality affects the baseline capability entering the organization. Training shapes the skills applied on the job. Appraisal systems create performance feedback loops. Career development builds motivation and commitment. Retention ensures that investments in the other four dimensions are not lost when valuable employees leave.

2.2 Connecting Talent Management to Performance: Theoretical Pathways

The connection between talent management and employee performance is established through multiple existing theoretical frameworks. Human capital theory explains that training employees brings direct productivity benefits because banks require highly skilled workers for tasks such as credit assessment and financial advisory and compliance management (Becker, 1964, as applied in Garavan et al., 2012). The psychological perspective established by self-determination theory creates an additional viewpoint about human motivation. Employees who experience competence — the feeling that they are good at what they do — autonomy, and relatedness are intrinsically motivated to perform well. Talent management practices that build skills (competence), provide career pathways (autonomy over development), and create mentoring and team relationships (relatedness) directly support these psychological needs. The relationship between formal talent management practices and performance outcomes in Indian banking institutions is mediated through development support that organizations provide to their employees (Thakur, 2014). Social exchange theory adds another layer. Employees show higher effort and commitment in return for organizational development and career investment because this creates a reciprocal obligation which functions through informal channels yet strengthens employment relationships. Employees who view appraisal systems as unfair and career development initiatives as mere gestures will decrease their extra work efforts which will become evident in their performance data throughout time (Collings & Mellahi, 2009).

III. Literature Review

3.1 Global Evidence on Talent Management and Performance

The international evidence demonstrates that structured talent management practices enhance employee performance and organizational outcomes, but most studies originate from Western contexts which do not directly apply to Indian banking situations. Iles, Chuai, and Preece (2010) conducted a talent management research review across different industries which demonstrated that organizations that successfully executed talent identification and development training programs achieved better employee performance results than those which only implemented formal training programs. Alias et al. (2014) examined talent management practices in Malaysian commercial banks through their study of banking operations which revealed that development and career management activities generated stronger performance outcomes than recruitment methods did because post-hiring activities proved more critical than hiring standards. Mahfoozi, Salajegheh, Ghorbani, and Sheikhi (2018) discovered that in Iranian banking performance evaluation system equity represented the primary factor which determined employee work output from all studied talent management aspects. The international research results offer valuable insights, but their application to India requires careful consideration. The Indian private banking sector operates under unique institutional parameters which include a

heavily controlled industry environment that faces major public sector competition and a labor force which prioritizes job security and a continent-sized regional labor market with diverse skill resources. The research conducted in Mumbai and Bangalore will require empirical evidence to confirm its applicability to Varanasi.

3.2 Indian Evidence: Emerging Market Banking Context

The study of talent management in Indian banking has expanded since 2010 because researchers follow the industry's growth and the increasing need for expert workers. The first research study in this area was conducted by Sharma and Bhatnagar (2009) who studied talent management practices at Indian IT and banking companies. The research discovered that companies which implemented advanced talent management tools achieved better employee retention rates and higher performance assessments. The research discovered that companies which implemented advanced talent management tools achieved better employee retention rates and higher performance assessments yet across all organizations with official programs there existed substantial differences in execution standards.

Rao and Pande (2014) surveyed employees in public and private sector banks across three Indian cities and found that private sector banks outperformed public sector banks on most talent management dimensions. The study found that private sector banks outperformed public sector banks in all talent management areas except for training quality and career development support. Public sector banks demonstrated better employee retention because many Indian banking workers value job security which they associate with government positions. The study specifically pertains to Varanasi because private banks and public banks battle for control over skilled workforce in that region.

Singh and Sharma (2020) conducted their research on talent management at Indian tier-two cities. The researchers found that Varanasi and Kanpur and Lucknow face different talent management problems compared to metropolitan areas. The study found that cities with underdeveloped labor markets will experience larger impacts from talent management expenditures because smaller local talent pools and stronger family retention standards and their lower training capacity create advantages for organizations which operate in those areas.

IV. Methodology

4.1 Research Design and Sampling

The study employed a cross-sectional survey methodology for its research. The researchers selected all personnel who worked in non-administrative officer positions at private bank branches located throughout Varanasi district. The research targeted six banks which maintained extensive branch networks throughout Varanasi. The researchers selected 210 employees from the local headcount of each bank through a stratified random sampling method. The HR units confirmed attendance while branch managers shared information about staff members. The research obtained 198 valid responses from participants after excluding incomplete surveys which resulted in a 94.3% response rate.

The sample included respondents who worked as relationship managers and loan officers and branch operations managers and sales executives. The participant group consisted of 61% male members and 39% female members who had an average age of 31.4 years. The average duration of employment at the organization reached 4.2 years which demonstrated the high employee turnover rates found in private banking throughout this area.

4.2 Measurement Instruments

The researchers used a 30-item scale which they adapted from Collings and Mellahi (2009) to assess talent management practices according to their study which was validated in the Indian banking sector by Rao and Pande (2014). The researchers used six items for each of the five talent management dimensions which participants rated on a five-point Likert scale that ranged from "strongly disagree" to "strongly agree." Sample items include: "The recruitment process of my bank successfully identifies candidates who meet all role requirements" (recruitment quality), "The training programs I have attended directly improve my job performance" (training and development), and "My performance appraisal gives me clear and fair feedback" (appraisal systems). Employee performance assessment used two methods which included a 10-item self-rating scale that measured task performance contextual performance and adaptive performance and supervisor ratings which were collected from a subsample of 87 respondents whose supervisors agreed to participate. The scales achieved an internal consistency rating above 0.78 according to Cronbach's alpha for all scales.

V. Results

5.1 Descriptive Findings: State of Talent Management in Varanasi's Private Banks

The survey produced descriptive results which presented an honest depiction of the study matter instead of offering a positive representation. Employees rated recruitment and selection quality highest among the five talent management dimensions, with a mean score of 3.71 out of 5 — which showed that bank

employees achieved reasonable satisfaction with the methods used to identify and hire new staff members. Training and development received a mean rating of 3.54. The performance appraisal systems achieved a rating of 3.29 while the retention strategies received a score of 3.18. Career development support received the lowest average rating of 3.09 — which matches the results of wider Indian banking studies that found many private banks lack proper career pathing and succession planning systems outside their major metropolitan branches. The study found that the banks exhibited two different patterns of variation which were equally interesting to study. HDFC Bank employees rated all five talent management practices better than their other bank counterparts who achieved a total talent management rating of 3.82. Yes Bank and IndusInd Bank showed the lowest composite scores at 3.21 and 3.14. The differences between organizations emerge from two factors which include actual HR program differences and the way staff members from different companies understand identical HR procedures according to survey-based talent management research measurement problems. As shown in Figure 1, the profile of talent management dimension scores varies systematically across the six banks, with consistent gaps between the highest and lowest performing institutions on career development and retention dimensions specifically.

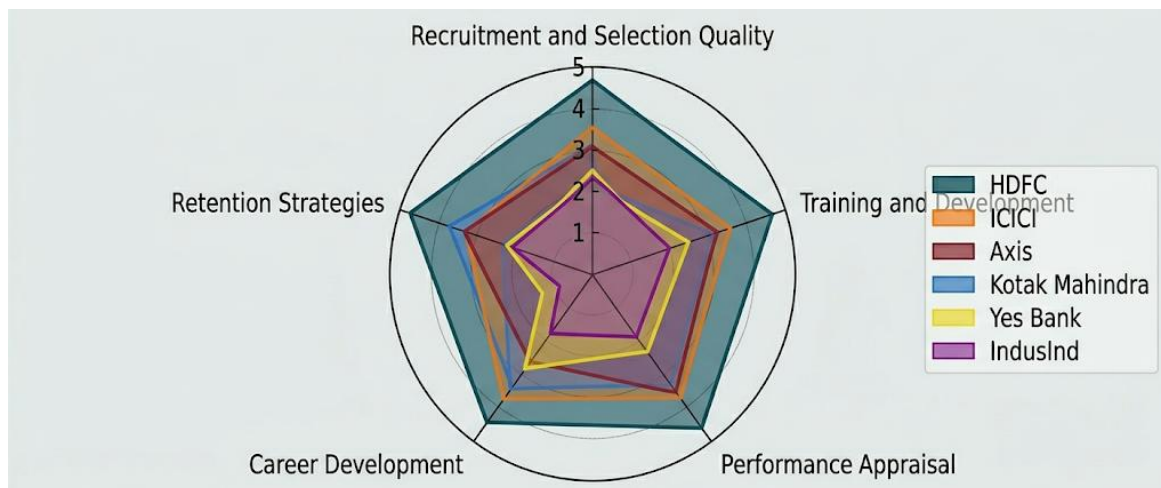


Figure 1: Mean Talent Management Dimension Scores Across Six Private Sector Banks in Varanasi, 2024, Source: Author Generated

5.2 Correlation and Regression Analysis

The Spearman rank correlations between talent management dimensions and employee self-assessment performance showed positive results which achieved statistical significance at $p < 0.01$. The performance correlation with training and development reached its highest value at ($r_s = 0.61$) whereas career development achieved ($r_s = 0.57$) and performance appraisal quality attained ($r_s = 0.52$) and recruitment and selection scored ($r_s = 0.44$) and retention strategies received ($r_s = 0.39$) respectively. The multiple regression analysis used composite employee performance as its main variable while it measured the effects of employee age and tenure and gender and bank affiliation. The complete model demonstrated that performance ratings showed 54.3% of variation which the model explained with ($R^2 = 0.543$, $F = 31.7$, $p < 0.001$). The two strongest independent predictors of performance achievement emerged through training and development ($\beta = 0.31$, $p < 0.001$) and career development ($\beta = 0.27$, $p < 0.001$). The appraisal system quality showed significant impact through ($\beta = 0.19$, $p < 0.01$) and recruitment quality demonstrated similar impact through ($\beta = 0.14$, $p < 0.05$) results. The positive performance relationship between retention strategies and bivariate analysis showed that performance pattern did not achieve significance through multivariate analysis which found ($\beta = 0.08$, $p = 0.11$) results indicating that other dimensions control the visible effect. The comparison of both self-rated and supervisor-rated performance in the subsample displayed positive results which showed two assessments leading to similar results. Employees who rated their performance at high levels received significantly higher supervisor ratings than expected (Pearson $r = 0.63$, $p < 0.001$) because both performance measurement methods showed similar patterns of talent management predictors. The self-rating measure demonstrates reasonable validity as a performance indicator because it matches actual performance results from this sample.

5.3 Qualitative Insights from Open-Ended Responses

The survey included three open-ended questions which required employees to explain their most valuable talent management practices and their most frustrating aspects and their recommended changes. The thematic analysis of these responses provides additional information which exceeds what the quantitative results show.

Structured on-the-job training emerged as the most commonly cited positive feature because it involved existing employees mentoring new staff members through their work on complicated tasks and client interactions. Several respondents specifically mentioned that classroom-based training from headquarters felt disconnected from the actual demands of Varanasi branch work, while mentoring from local senior colleagues was immediately useful. The observation demonstrates that training delivery methods have different effects on performance because training effectively enhances performance results.

The most common frustration concerned performance appraisals. Employees across multiple banks described feeling that appraisals were conducted as administrative formalities rather than genuine feedback conversations. One relationship manager at an Axis Bank branch wrote: "My appraisal takes 15 minutes and tells me nothing I didn't know. The appraisal form remains unchanged although my targets shift every quarter." The qualitative theme establishes a link to the quantitative finding which shows that performance appraisals depend on appraisal quality but currently scores at a low level which creates an opportunity for improvement.

VI. Conclusion

Talent management in private sector banking is not a soft, peripheral concern — it sits at the center of how banks build and sustain competitive advantage through their people. This study's findings from Varanasi make that case with local, specific evidence. Across six banks and nearly 200 employees, structured talent management practices consistently predict employee performance, with training quality and career development emerging as the dimensions that matter most.

Varanasi's private banking sector has distinct characteristics that national-level research tends to smooth over: a competitive labor market where public sector banking remains a strong alternative, a customer base that demands technically proficient but also locally sensitive service, and branch-level training infrastructure that varies significantly in quality. Understanding these characteristics is important for translating this study's findings into practice.

The practical message for branch managers and HR professionals is fairly direct. Invest in local mentoring arrangements that complement centralized training. Fix appraisal systems so they generate genuine performance feedback rather than annual paperwork. Build career pathways that are visible and credible to employees who might otherwise plan their exit. None of these recommendations requires extraordinary resources — they require organizational attention and follow-through on practices that most banks already have in some form but implement inconsistently.

For researchers, this study points toward several productive directions. Longitudinal designs that track talent management investments and performance outcomes over time would add considerably to the cross-sectional evidence presented here. Studies examining how the mode and quality of talent management practice implementation — not just its presence — affects outcomes would help move the field beyond the question of whether talent management matters toward the more useful question of exactly how and under what conditions it works best. The Varanasi context, as a rapidly growing tier-two banking market, offers a particularly interesting setting for that kind of work.

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