



A CRITICAL ANALYSIS ON INFLUENCE OF HUMAN RESOURCE PRACTICES ON EMPLOYEE PRODUCTIVITY IN PUBLIC SECTOR BANKS OF KRISHNA DISTRICT

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Abstract

Human resource management plays a predominant role in managing employment relation which emphasizes that leveraging people capabilities is critical to gain sustainable competitive advantage, this being achieved via a distinctive set of integrated employment policies, programs and practices. Organizations need to look into the needs of the employees' and ensure that HRD practices are aligned with both company and individual goals.

Realizing the importance of customer oriented corporate culture and continuous up gradation of skill of their manpower in ensuring growth and maintaining its pre-eminent position, the banks heralded in redesigning the HRM area. It is a considerable study had yet to be made on the HRM aspects of banks as only in the last decade, several HRM systems have been evolved and experimented. This is an area in which banking industry needs considerable change the basic premises for human resource management and development.

The study embraces in its fold all the public sector banks in Krishna District. The sample units thus account for roughly taken 150 employees working in the public sector banks. The data collected for the present study are primary as well as secondary in nature. For analyzing and compiling the data the following sophisticated statistical tools are used apart from the use of simple tools like averages and percentages including Chi- square test.

Regarding HRM systems adopted by public sector banks in India, particularly in Krishna District. The HRM surveys should be carried out in the banks every 3 years and findings of these surveys should be interpreted and suitable HRM interventions should be made. The suggestions emerging from these surveys need to be examined and followed up seriously.

Introduction

Human resource management plays a predominant role in managing employment relation which emphasizes that leveraging people capabilities is critical to gain sustainable competitive advantage, this being achieved via a distinctive set of integrated employment policies, programs and practices. Organizations need to look into the needs of the employees' and ensure that HRD practices are aligned with both company and individual goals. It has been suggested that the level of employees' satisfaction with the HRD practices are among the most important criteria to consider when assessing the HRD practices. (Wan, 2007). During the 1990, the HR functions were performed by the line managers in the large organization. They were responsible for supporting daily people management and act as strategic business partners range from advisors to line managers. In the organization, the line managers are the main bodies who implement the HR strategies and policies and put it into reality. Now recently, there almost in all the big organization, there is a separate department named HR department that performs HR functions. This department performs a lot of functions like selection of new employees, their training and learning programs, a system of rewarding them, a system for leaves, retention policies etc. HR management practices and system have been linked to the increased productivity, higher quality work, higher level of profitability, and organizational competitiveness. Human resource management (HRM) is considered as, a distinctive approach to employment management which seeks to obtain competitive advantage, through the employment of highly committed and skilled workforce using an array of techniques (Storey, 1995). According to Damanpour and Gopalakrishnan, 1998; Tan and Nasuridin, 2010, effective human resources management (HRM) practices has been widely acknowledged as significant in extracting positive work behaviour among employees. Further on, (Oladipo, 2011), mentioned, "Having the right personnel at the right place, and at the right time is almost important to survival and success of any organization. Therefore, organizational performance is the most interest aspect for researches among any area of management. Its importance as the ultimate evaluative criterion reflected in its pervasive use as a dependent variable. Marketing, operations, human resources, and strategy all ultimately judged by their contribution to organizational performance.

Statement of the Problem

Banking is now a part of the larger financial service industry. The number of players in the market and the range of services and facilities offered are increasing, thereby signifying more intense competition. The new economic environment has posed new challenges and opportunities for the banks. In contrast to the largely service based competition that banks have witnessed hitherto, the competition is now manifesting itself in the form of technology based competition and price based competition as well. The advent of new technologically well-equipped, structurally lean and capital strong banks is going to make a difference in the markets in terms of the range and the cost of services offered as also the speed and efficiency with

which customer expectations are met. To survive in an intensely competitive market, banks must measure up in terms of efficiency. Market related as well as internal and one crucial factor that makes a big difference to competitive efficiency for any bank is the human resource factor. It is against this backdrop that whole lot of HRM initiatives have to be taken by Indian Banks. Banks have to tune up their employee's knowledge and skills. Attitudes have to be changed to equip them to meet the increasing client expectations. Realizing the importance of customer oriented corporate culture and continuous up gradation of skill of their manpower in ensuring growth and maintaining its pre-eminent position, the banks heralded in redesigning the HRM area. It is a considerable study had yet to be made on the HRM aspects of banks as only in the last decade, several HRM systems have been evolved and experimented. This is an area in which banking industry needs considerable change in the basic premises for human resource management and development.

Scope of Study

There are very few empirical studies on Human Resource Management and whatever sporadic researcher have been conducted, they tend to be survey researcher dwelling at length, the perceptions of employees and are undertaken mostly by Human Resource Management staff of those companies very few researchers outside the corporate management have attempted to study the Human Resource Management variables.

Objectives

- To study the multifarious functions of HRM's and their relevance in achieving targeted bank objectives.
- To list out the prevailing HRM Mechanisms/tasks/assess how well HRM tasks are performed in public sector banks.
- To study about the motivation factors influence the employee in public sector banks
- To offer appropriate suggestions for the improvement in HRM Systems applicable for Indian banks.

Methodology

There are 21 public sector banks presently functioning in India. The study embraces in its fold all the public sector banks in Krishna District. Convenient random sampling is employed to select the sample of banks. The sample units thus account for roughly taken 150 employees working in the Andhra Bank and SBI banks. The data collected for the present study are primary as well as secondary in nature. For analyzing and compiling the data following sophisticated statistical tools are used apart from the use of simple tools like averages and percentages including Chi-square test.

The perspectives of the HRM systems adopted by public sector banks in India, particularly in Krishna District is examined from data collected from published and unpublished sources such as Books, Journals, Various study groups, Special enactments, Reserve Bank of India Bulletins, Annual reports and Reports published by the Government of India. The primary data is collected through the questionnaire method and to explain that there is no positive correlation between variables like age, sex, income level among overall services of banks but prior importance given only to analyse the association between age, income level regarding overall satisfaction of employees.

Literature Review

Employees are more loyal and productive when they are satisfied (Hunter & Tietjen, 1997), and these satisfied employees affect the customer satisfaction and organizational productivity (Potterfield, 1999). Employee satisfaction is defined as the combination of affective reactions to the differential perceptions of what he/she wants to receive compared with what he/she actually receives (Cranny, Smith, & Stone, 1992). Therefore, the organizations should try to supply the employee expectations in order to approach the employee satisfaction. In addition, emotional state of the employees may also affect their satisfaction. This forces the managers to create and sustain the desired working environments in the organizations. On the other hand, as stated by Organ and Ryan (1995), the employee satisfaction is one of the basics of organizational citizenship behaviour (Ozdevecioglu, 2003). That is, the well-satisfied employees will work more willingly and this contributes to the effectiveness of their organizations. Having good relationships with the colleagues, high salary, good working conditions, training and education opportunities, career developments or any other benefits may be related with the increasing of employee satisfaction. When investigating the employee satisfaction, it should be known that; -an employee may be more satisfied by a satisfying item, whereas the other employee may be less satisfied with the same item-. Because of this, analyzing the employee satisfaction from a large perspective will be better. That means; the sum of all satisfying factors composes that employee's satisfaction level. As a general definition, the employee satisfaction may be described as how pleased an employee is with his or her position of employment (Moyes, Shao, & Newsome, 2008). To investigate what the employees are satisfied by and measuring the employee satisfaction in the workplace is critical to the success and increases the profitability of the organization for having competitive advantage (Kelley, 2005). The study of HRD indicates that views on what constitutes HRD vary considerably. Traditionally, various terms were used such as training, development and education. The more contemporary terms are Human Resource Development (HRD) and Human Capital

Development. According to Mondy and Noe (1990), human resource development is: “planned and continuous process of helping employees to become better at their tasks, knowledge and experiences through training, education and development programs.”

HRD is planned and continuous effort of organizations to enhance employees’ task performance, knowledge and experiences. Therefore, HRD is primarily designed to benefit both organizations and employees through: improving employees’ task performance and supporting employees’ knowledge and experience development. The other concept that we infer from the definition is that HRD is done through three methods: training, education and other development programs. The combination of the four focus of HRD (Individuals, Dyads (employee-boss), Team, and Organization) with four agents of HRD (Employee, Immediate boss, HR department, and Organizations) gives the HRD systems (Armstrong, 2006). According to him, the fundamental purpose of HRD system is to enhance resource capability in accordance with the belief that the human capital of an organization is a major source of competitive advantage. It is therefore about ensuring that the right quality people are available to meet present and future needs. This is achieved by producing a coherent and comprehensive framework for developing people. Furthermore, Armstrong has mentioned specific purpose of HRD as: to develop intellectual capital and promote organizational, team and individual learning by creating a learning culture – an environment in which employees are encouraged to learn and develop and in which knowledge is managed systematically. Satisfaction is an important goal for organizations to reach as it has been shown that profitability, productivity, employee retention, and customer satisfaction are linked to Employee Satisfaction (ES). Satisfied, motivated employees will create higher customer satisfaction and in turn positively influence organizational performance. Past research that focused on ES (Becker and Gerhardt, 1996; Becker and Huselid, 1998; Wright and Boswell, 2002), as referred by Wan (2007), established the link between human resource development and organizational performance. Other behavioural theories too suggest that the impact of human development management practices on performance is mediated by ES, commitment and well-being (Wan, 2007). Many researchers have explored the links between HRM practices and organization performance. Flamholtz, 1985 and Cascio 1995 argued that, the financial returns associated with investment in progressive HRM practices are generally substantial. In 1995, Huselid conducted a study to assess the link between systems of High Performance work practices and firm performance found that, these practices have statistically significant impact on intermediate employee outcomes (productivity and turnover) at short and long-term measures of corporate financial performance. In India, Singh, 2004, investigated the relationship between six HRM practices and firms’ level performance using regression and correlation analysis. The study found a significant relationship between the two HRM practices namely training and compensation, and perceived organizational and market performance.

Analysis and Discussions

Association between Personal Profile Factors and Level of Satisfaction on Over All Services

The association between the personal profile factors namely Age, sex, education, monthly income, occupation, and employee satisfaction with service provided by public sector banks was analyzed in this section. The chi square test is used at 5% level of significance.

Association between Level of Satisfaction on Over all Services and Age

The association between Age and level of satisfaction on over all services is analyzed and the results were given in the following bivariate Table 1.

Null Hypothesis: H_0 : There is no association between Age and Level of satisfaction on over all services.

Table 1: Age * Level of satisfaction on over all services

Particulars		Level of satisfaction on over all services				Total
		Disagree	Undecided	Agree	Strongly agree	
Age	Below 25	2	4	5	2	13
		1.3%	2.7%	3.3%	1.3%	8.7%
	25 - 35	5	9	19	5	38
		3.3%	6.0%	12.7%	3.3%	25.3%
	35 - 45	5	17	20	11	53
		3.3%	11.3%	13.3%	7.3%	35.3%
	45 - 60	3	9	20	14	46
		2.0%	6.0%	13.3%	9.3%	30.7%
Total		15	39	64	32	150
		10.0%	26.0%	42.7%	21.3%	100.0%

In order to find the relationship between the Age of the respondents and Level of satisfaction on over all services, a chi-square test was used and result of the test is shown in the following table 1.1

Table 1.1: Age * Level of satisfaction on over all services –Chi square Test

Age	Value	df	P value	Remark
Pearson Chi-Square	7.049	9	.632	Not Significant

It is noted from the above table that the p; value is greater than 0.05 and hence the result is not significant at 5% level. Hence the hypothesis "Age of there spondents and the Level of satisfaction on overall services are not associated" does hold well. From the analysis it is concluded that there is no close relationship between the Age of the respondents and Level of satisfaction on over all services.

Association between Income and Level of Satisfaction on Overall Services

The association between Income and level of satisfaction on over all services is analyzed and the results were given in the following bi variate table 2.

Null Hypothesis: H₀: There is no association between **Income** and **Level of satisfaction on over all services**.

Table 2: Income * Level of satisfaction on over all services

Particulars		Level of satisfaction on over all services				Total
		Disagree	Undecided	Agree	Strongly	
Income	5000 - 10000	8	19	20	8	55
		5.3%	12.7%	13.3%	5.3%	36.7%
	10000 - 15000	5	14	33	19	71
		3.3%	9.3%	22.0%	12.7%	47.3%
	15000 - Above	2	6	11	5	24
		1.3%	4.0%	7.3%	3.3%	16.0%
Total		15	39	64	32	150
		10.0%	26.0%	42.7%	21.3%	100.0%

Sources : Primary Data

In order to find the relationship between Income and Level of Satisfaction on over all services, a chi- square test was used and result of the test is shown in the following table 4.1

**Table 2: Income * Level of satisfaction on over all services
Chi-Square Tests**

Particulars	Value	df	P value
Pearson Chi-Square	7.437	6	.282

It is noted from the above table that the ,, p; value is greater than 0.05 and henc the result is not significant at 5% level. Hence the hypothesis". Income and the Level of Satisfaction of over all services are not associated" does hold well. From the analysis it is concluded that there is no close relationship between the Income and Level of Satisfaction of overall services.

Findings

1. The HRM instruments like PAS and potential development exercises contributing to Individual Development.
2. The past research studies and literature have clearly revealed that prime challenge for top management and HRM functionaries in banks today is to mould the beliefs and values of their employees in favour of HRM Policy and systems.
3. The unions in banks need to modify the traditional role at the work place and start focusing on development roles like a) Initiation of HRM b) Communication c) Education and Training d) Welfare of bank employees e) Role in family vocational guidance and f) research.



Suggestions

Based on findings emerged from the analysis of the data collected through questionnaires and interacting with the management officials of the public sector banks, the following suggestions are offered to improve the HRM as prevalent in banks.

- An awareness is to be created at all levels that HRM is everybody's business and systems for creating such awareness are to be developed.
- Banks should establish a high power HRM Committee at the corporate level. Alternatively, the form and the scope of the Training Advisory Committee will meet at least once in 3 months. HRM task force at various levels may also be set up to implement various HRM measures as are initiated and approved by the HRM Committee
- All efforts must be continuously made by banks to develop an overall HRM culture and climate at all levels. It is very important that line managers and other functionaries take appraisals of employees as an important part of their portfolio and do not consider it to be the job of either personnel or HRM alone at the corporate level.
- The HRM surveys should be carried out in the banks every 3 years and findings of these surveys should be interpreted and suitable HRM interventions should be made. The suggestions emerging from these surveys need to be examined and followed up seriously.

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