

The Effect of Human Resource Management Practices on Employee Performance in Selected Banks in India

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ABSTRACT

This study is designed to extend the previous work by examining the relationship of human resource management practices and performance of the employees. Human resource management practices have been considered as the most important basis for the employee performance, job satisfaction and employee retention. The purpose of the present study is to examine and analyze the effect of human resource management practices on employee performance in selected public and private sector bank in India. Purposive sampling method has been adopted to select the 400 sample from the selected public and private sector banks in India. The study revealed that human resource management practices including career planning, training and development, performance appraisal, rewards and compensation, employee participation and work life balance shows positive and significant effect on employee performance.

Keywords: Human Resource Management Practices, Employee Performance, Training and Development, Performance Appraisal, Rewards and Compensation, Employee Participation, Work life Balance.

INTRODUCTION

Today, business organizations are reorganizing and reconsidering with numerous emerging drifts and practices to look at current market trend and moving towards work intensification and flexibility which are ultimately affected by the employer and employee relationship. Most of the organizations are providing training programmes for the employees in different levels for the purpose of increasing job knowledge to make them more effective, more productive and multi-skilled and improved performance. At present, HRM in India focuses upon contextual relevance of work, performance excellence, and motivation at work in order to achieve higher level of employees' in-role performance. In a service-oriented industry like banking, manpower is the key input and serious focus has to be given on Human Resource Development so as to enable the existing banking system to successfully meet the emerging challenges in the coming years. In spite of the rapid technological reformations, human resource remains the backbone of the organizational structure of Indian banks who undertake the crucial responsibility of transforming its operational system into the modern one that suits to the present requirements.

LITERATURE REVIEW

The empirical studies are considered as a rich literature that indicates the link between human resource practices and performance (Gerhart et al., 1992; Haddock-Millar et al., 2016), those studies have been carried out in different sectors and various countries and most of them reveal that there is a positive relationship between human resource practices and employees' performance (Tabiu & Nura, 2013). Therefore, human resource practices offer a key role to increase the performance of the employees, which lead the organizations to achieve their goal. Thus, the organization should consider the human resource practices as a core method to achieve their goals through employees' performance (Hassan, 2016). Boselie et al. (2005) HRM was tested as a set of human resource practices in 104 studies. Human resource practices have seven factors that offer positive contribute to employees' performance, those factors are training and development, reward, job analysis, recruitment and selection, social support, employee relationship and employee empowerment (Delery & Doty, 1996; Nataraja & Alamri, 2016). Consequently, organisation seeks to select the right people who have the skills and abilities to offer successful environment through those factors (Cania, 2014; Pfeffer & Villeneuve, 1994). The managers at each organization should imply the practices of human management in a right way because the success of human resource practices is based on the way of implementation. Thus, managers should pay high attention once they intend to imply human resource practices to avoid any mistake that cause a failure (Guest, 2011, 2017). There are many empirical studies that examine the relationship between human resource practices and employees' performance at various fields (Korde & Laghate, 2015; Shakeel & Lodhi, 2015). In addition, the impact of human resource practice on other facets of employee's behaviour such as loyalty and engagement was examined (Si & Li, 2012). Human resource practices is a method that offers satisfaction for the employees based on their work at different fields (Bekru et al., 2017; Ting, 1997). In addition, many scholars have stated that human resource

practices offer positive contribution to employees' satisfaction in various levels of organisations which increase the performance of the workers. Gould-Williams (2003) conducted a study at local government organizations in the United Kingdom (UK) to examine specific HR practices. The result of their study stated that Human resource practices offer a positive contribution to job satisfaction and increase the workplace trust, commitment, engagement, performance, therefore, organization will gain their goals. The human resource practices should be considered by managers as a method that improves the work condition and increases the outcome of the organization (Absar et al., 2010). There are some empirical studies on human resource practices and job satisfaction at different sectors and we have a rich literature on the effect of human resource practices on other issues such as performance, loyalty, engagement (AlKhasawneh, 2013; Balozi& Aman, 2014; Tabiu & Nura, 2013).

Research Objectives

To examine the effect of various human resource management practices (career planning, training and development, compensation and rewards, performance appraisal, work life balance and employee participation) on employee performance.

METHODOLOGY

The population of the present study comprises of all the employees working in selected Indian public and private sector banks. The banks were selected and scrutinized for the research on the basis of availability of financial data and the number of branches. For the present study purposive sampling was used to select the banks whereas respondents were designated on the basis of random sampling. The correlation and descriptive research design are used to achieve the purpose of the present study. Primary data and secondary data were used for the present study. Secondary data is collected from several books, journals, research papers and websites. Survey method was used for collecting the primary data. The number of respondents used in the survey method was 400 employees who work in several branches of public and private sector banks in India. They were surveyed by using structured questionnaire. Primary data has been collected through questionnaire, designed on five-point likert scale with options from strongly agree to strongly disagree. Each option was assigned a scale, 5=strongly agree, 4=agree, 3=neutral, 2=disagree, 1=strongly disagree.

Scale items have been modified for this study to better reflect employee's perspectives in a banking context. To analyse the data stepwise hierarchical multiple regression method was used. The statistical packages for social sciences (SPSS) version 25 (licensed) were used to analyse the preliminary data and provide descriptive analysis about the study sample such mean, standard deviation and frequencies.

HYPOTHESIS

- H 1: Career planning has direct effect on employee performance.
- H 2: Training and development has direct effect on employee performance.
- H 3: Performance appraisal has direct effect on employee performance.
- H 4: Rewards and compensation has direct effect on employee performance.
- H 5: Work life balance has direct effect on employee performance.
- H 6: Employee participation has direct effect on employee performance.

ANALYSIS AND RESULTS

Analysis of proposed model

To determine whether employee participation, rewards and compensation, work life balance, career planning, training and development and performance appraisal have effect on employee performance, stepwise hierarchical multiple regression was used to run the analysis. Table 5.10 and figure 5.10 depicts the details of the regression model with employee performance as a criterion variable.

In model 1, a noteworthy contribution is made by employee participation in discrepancy with the employee performance ($F(1,398) = 244.996, p < 0.01$) which has been explained by 38.1% of the overall variance in employee performance ($R = 0.617, \Delta R^2 = 0.381$). The outcomes shows association among predictor employee participation and employee performance which is significant and positive ($\beta = 0.617, t = 15.65, p < 0.01$). It indicates that higher employee participation can generate or improve performance of employees in banks.

In model 2, an important contribution is made by rewards and compensation in variation with the employee performance ($F(1,397) = 61.439, p < 0.01$) which has been explained by 46.4% of the overall variance and an additional of 8.3% in employee performance ($R = 0.681, \Delta R^2 = 0.083$). The outcomes shows association among predictor rewards and compensation with employee performance which is significant and positive ($\beta = 0.307, t = 7.838, p < 0.01$). The result of the study indicates higher rewards and compensation benefits in banking organisations that can lead to higher employee performance.

In model 3, work life balance also made contribution in discrepancy with the employee performance ($F(1,396) = 25.443$, $p < 0.01$) which has been explained by 49.6% of the overall variance and additional of 3.2% in employee performance ($R = 0.705$, $\Delta R^2 = 0.032$). The outcomes shows association among predictor work life balance and employee performance which is significant and positive ($\beta = 0.241$, $t = 5.044$, $p < 0.01$). It indicates that higher work life balance can lead to higher employee performance in banking sector.

In model 4, career planning made additional contribution in variation with the employee performance ($F(1,395) = 21.077$, $p < 0.01$) which has been explained by additional of 2.6% variance with overall by 52.2% in employee performance ($R = 0.722$, $\Delta R^2 = 0.026$). The outcomes shows association among predictor career planning and employee performance which is significant and positive ($\beta = 0.251$, $t = 4.591$, $p < 0.01$). The results of the study indicate that career planning among employees can lead to higher degree of employee performance.

In model 5 an important contribution is made by training and development in variation of employee performance ($F(1,394) = 11.782$, $p < 0.01$) which has been explained by additional of 1.4% variance with overall 53.6% in employee performance ($R = 0.732$, $\Delta R^2 = 0.014$). The outcomes shows association among training and development and employee performance which is significant and positive ($\beta = 0.133$, $t = 3.43$, $p < 0.01$). It indicates that higher the training and development, higher needs and its fulfilment can result in higher degree of employee performance.

In model 6, performance appraisal made major contribution in variation of employee performance ($F(1,393) = 5.928$, $p < 0.01$) which has been explained by additional 0.7% of the variance with overall variance of 54.3% in employee performance ($R = 0.737$, $\Delta R^2 = 0.007$). The outcomes of the results indicated positive and significant association between performance appraisal and employee performance ($\beta = 0.094$, $t = 2.435$, $p < 0.01$); which indicates that performance can be enhanced with higher degree of appraisal better of employee in banks.

The value of variance inflation factor (VIF) for all the dimensions is within the range of 1-4 which compiles the criteria for multi-collinearity concern (Belsey et al., 1980, Greene, 1993). Results of the study indicate that all the variables under study are positive and significant with employee performance.

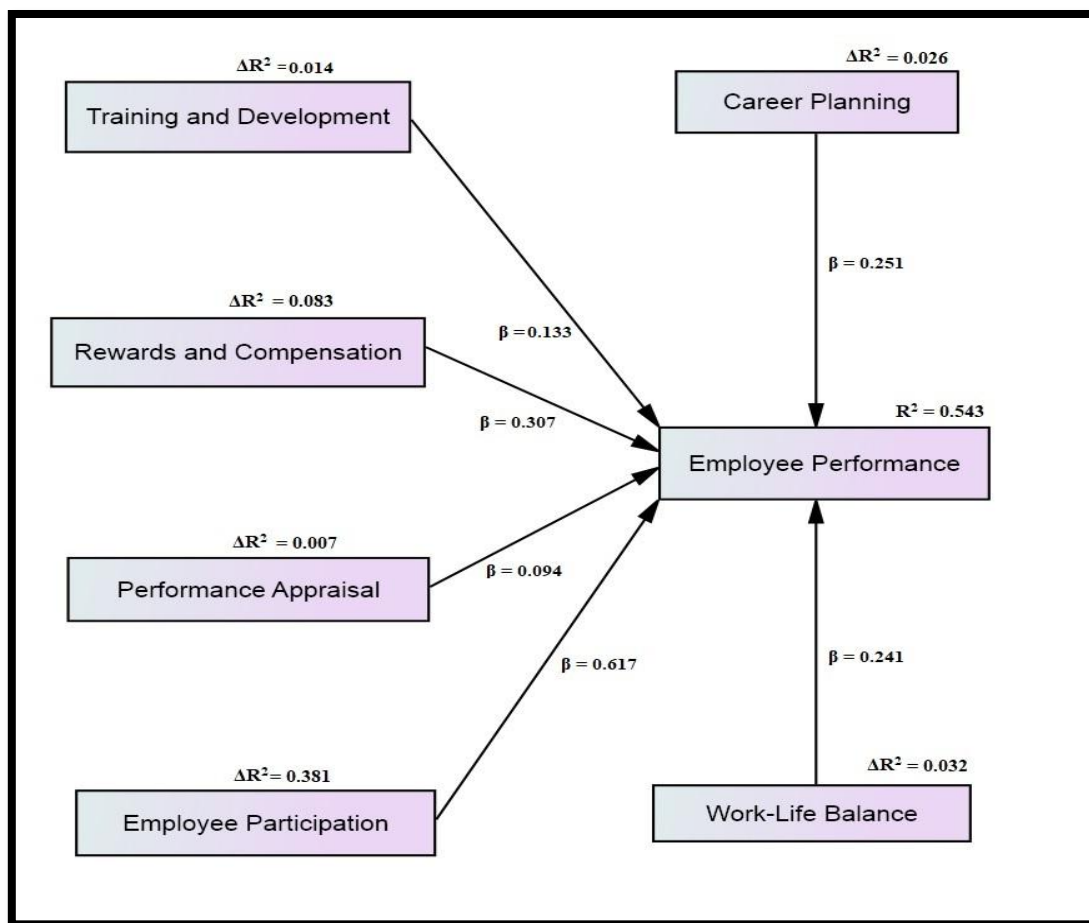


Fig 1.1 Model specifications for predictors on criterion variable of proposed model I

DISCUSSION AND CONCLUSION

The results of the first hypothesis concluded that career planning is a significant positive predictor of employee performance and the hypothesis is accepted. This concludes that banking sector employees are focused towards long term career planning objectives which indicates better performance.

The results of the second hypothesis revealed that training and development is positively and significantly predicted employee performance thus accepted the hypothesis. Hence it can be concluded that the training and development activities of banking sector employees are in the line of generating performance outcomes.

The results of the third hypothesis concluded that rewards and compensation is significant positive predictor of employee performance hence the hypothesis is accepted. Thus, by implementing appropriate reward and compensation system in banks can motivate the employees towards higher achievement of their goals and objectives and hence will make them more productive.

The results of the fourth hypothesis revealed that performance appraisal is positively and significantly predicted employee performance hence the said hypothesis was accepted which signifies that unbiased and transparent performance appraisal process of the banking sector will make employees more productive and performance oriented. The results of the fifth hypothesis reported that employee participation is significant and positive predictor of employee performance hence hypothesis is accepted. This concludes that banking sector employees are more team oriented and participative in nature. Thus, for generating high performance outcomes banks should implement participation practices as a whole which will improve the performance of the employees.

The results of the sixth hypothesis concluded that work life balance is significant positive predictor of employee performance hence accept the hypothesis which signifies that employee are competent enough to make a balance between their personal and professional life which results in better performance outcomes.

Table 1.1 Outcome of Proposed Hypothesis of Model I

HYPOTHESIS	STATEMENT	H0: DECISION
H3 (a)	Career planning has direct effect on employee performance	Accepted
H3 (b)	Training and development have direct effect on employee performance	Accepted
H3 (c)	Performance appraisal has direct effect on employee performance	Accepted
H3 (d)	Rewards and compensation have direct effect on employee performance	Accepted
H3 (e)	Work life balance has direct effect on employee performance	Accepted
H3 (f)	Employee participation has direct effect on employee performance	Accepted

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