



## IMPACT OF HR PRACTICES ON EMPLOYEE PRODUCTIVITY IN PRIVATE BANKS IN COIMBATORE DISTRICT

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### Abstract

Human resource practices are strategic in nature. They represent a vital guidance system that coordinates with executive business plan. HR practices form the foundation supporting the way of bank's human capital will operate effectively. This research has estimated the impact of HR practices among the employees working in private sector banks on their productivity in Coimbatore district of Tamilnadu. In this research, the researcher has taken randomly around 125 banking employees working in private sector banks in Coimbatore district. A structured questionnaire has framed and collected their opinion about the HR practices which were practiced in their banks. Their opinion were subdued into tables by using percentage analysis, mean score analysis, correlation analysis and regression analysis. The results showed that PG qualified employee whose age between 41 to 50 years have more impact of HR practices and their productivity also high when compared to others.

**Keywords :** Impact of HR Practices, Employee Productivity, Private Sector Banks, Coimbatore.

### Introduction

Dramatic advances of Information and Communication Technology (ICT), changing mix and personal values of the workforce, emergence of the knowledge economy and increasing global competition have created enormous challenges on organizations. To cope with the challenges efficiently, human resource has been considered as one of the most important factors in today's hyper-competitive market place. In the context of a developing economy like Coimbatore, where the need for formation of capital is pressing, where developments in the field of industrial and bank management are dynamic, and where financial crises accompanying pangs of economic growth are frequent, the challenges posed by HRM are great importance; and, as a sequel, exploring the possibilities of the application of HRM becomes a very relevant field of enquiry and research. HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce using an integrated array of cultural, structural and personnel techniques. Human resource measurement is about valuing the contribution people make to the success of an organization, and the term 'human capital' describes the contribution made by human skills and knowledge to the production of goods and services.

From these definitions, it is clear that efficient HRM practices are inevitable factor in determining the growth and prospects of any organization. Human resource is the most precious asset and delicate factor of production. In this global competitive world, it is necessary to retain skilled workers in the organization by efficient HRM practices. Every organization operates its activities with the support of human resource which includes top level managers, executives, supervisors and other employees. The overall performance of any organization depends upon the extent to which human resource is effectively utilized.

### Statement of the Problem

Due to the dynamic and competitive nature of the private banking environment, an innovative HRM practices have to focus on equipping employees with new and diverse skills, and also to ensure flexibility of employees so as to be able to respond to change. HRM practices need to consciously revolve around provision of issues that not only enhance job security but make the employee productivity with increased job security and satisfaction in their work. This derives from the fact that the best asset in an organization is the people, and not just people, skilled and competent people which need to be managed effectively to ensure job satisfaction. However, the situation in the private banks has potentials for high attrition rate due to lack of job security and satisfaction occasioned by adjustments in the industry. There have been many justifiable factors that affect retention, which are company image, learning opportunities, performance recognition and rewards and working conditions. From the discussion, the researcher has taken this research for examining the HR practices offered by the private sector banks in Coimbatore district of Tamilnadu.

### Review of Literature

According to Storey (1989), Human Resource Management is a set of interrelated policies with an ideological and philosophical underpinning and these policies are classified under four aspects vis-a-vis (i) constellation of beliefs and

assumptions; (ii) strategic thrust informing decisions about people management; (iii) the central involvement of line managers; and (iv) reliance upon a set of 'levers' to shape employment relationship. From a research conducted by Berdamine (2004) noticed that The human resource management activities can be summarized briefly under five major domains: (i) organizational design; (ii) staffing; (iii) performance management appraisal; (iv) employment training and organization development; and (v) reward systems, benefits and compliance. Also, a study conducted by Hackman & Oldham (1975), found in their research that high job satisfaction is connected with high productivity, low turnover rate and low absenteeism.

The implementation of human resource management policies in an organization requires HR practitioners or professionals to take an active part in different organizational activities found by Mohiuddin (2011). According to Ahmed et.al., (2002) that staffing is a major HRM practice that organization uses to help to co-ordinate and control their global operations. On the other hand, the author Arthur (1994) explained that performance appraisal is a managerial tool to control individual performance in organizations in order to achieve maximum performance.

### Objectives of the Study

The specific objectives of the study are as follows.

1. To study the socio-demographic factors of the employees working in private sector banks in Coimbatore.
2. To examine the impact of HR practices on productivity among the employees in Coimbatore district.

### Research Methodology

The present study intends to examine the impact of HR practices among the employees working in private sector banks in Coimbatore district. The study is an empirical research based on survey method and the data collected for the study includes only primary data. The primary data have been collected through the survey method with a structured questionnaire. The required primary data for the present study were collected from 125 sample respondents by using random sampling method. The collected data were organized into simple tabular forms with the help of simple statistical tools like percentage analysis, mean score analysis, correlation and multiple regression analysis.

### Results and Discussion

In this section, the researcher has presented the collected information of the private sector banking employees about the opinion of the impact of HR practices on productivity of the employees. The results and discussions are given below.

#### Socio-Demographic Profile of the Employees

The following table shows the socio-demographic profile of the employees working in private sector banks in Coimbatore district.

**Table 1: Age of The Employees And Their Opinion Towards HR Practices**

No.	Age	No. of Respondents	%	Mean Score
1	Below 30 years	29	23	3.8
2	30-40 years	61	49	4.2
3	41-50 years	23	18	3.9
4	Above 50 years	13	10	3.5
	<b>Total</b>	<b>125</b>	<b>100</b>	

It is noted from the analysis that 23 percent of the respondents belongs to below 30 years age category, 49 percent of the employees belongs to 30 to 40 years aged, 18 percent belongs to 41-50 years aged and 13 percent belongs to above 50 years aged. Also, it is noted from the mean score analysis that between 30 and 40 years aged respondents have impacted more from HR practices offered by the private sector banks.

**Table 2: Gender of The Employees And Their Opinion Towards HR Practices**

No.	Gender	No. of Respondents	%	Mean Score
1	Male	79	63	3.6
2	Female	46	37	4.1
	<b>Total</b>	<b>125</b>	<b>100</b>	

It brings from the analysis that 63 percent of the respondents are male and remaining 37 percent of the respondents are female. Also, it is observed from the mean score analysis that female employees have impacted more from HR practices offered by the private sector banks.

**Table 3: Educational Qualification of the Employees and Their Opinion Towards HR Practices**

No.	Educational Qualification	No. of Respondents	%	Mean Score
1	UG	53	42	3.9
2	PG	34	27	3.4
3	Professional	39	31	4.1
	<b>Total</b>	<b>125</b>	<b>100</b>	

It is observed from the analysis that 42 percent of the respondents are having UG level qualification, 27 percent of the employees are having PG level qualification and remaining 31 percent of the respondents are professionally qualified. Also, it is identified from the mean score analysis that professionals have impacted more from HR practices offered by the private sector banks.

**Table 4: Annual Income of The Employees And Their Opinion Towards HR Practices**

No.	Annual Income	No. of Respondents	%	Mean Score
1	Upto Rs.3 lakhs	43	34	3.5
2	Rs.3.1 to 4 lakhs	59	47	4.2
3	Above Rs.4 lakhs	24	19	3.7
	<b>Total</b>	<b>125</b>	<b>100</b>	

From the above table it is noted that 34 percent of the respondents are earning upto Rs.3 lakhs, 47 percent of the respondents are earning Rs.3.1 to 4 lakhs and 19 percent of the respondents are earning above Rs.4 lakhs annually. Also, it is identified from the mean score analysis that the respondents who earn annually between Rs.3.1 to 4 lakhs have impacted more from HR practices offered by the private sector banks.

**Table 5: Marital Status of the Employees And Their Opinion Towards HR Practices**

No.	Marital Status	No. of Respondents	%	Mean Score
1	Married	78	62	4.2
2	Unmarried	48	38	3.8
	<b>Total</b>	<b>125</b>	<b>100</b>	

It is explained from the analysis that 62 percent of the respondents are married and remaining 38 percent of the respondents are unmarried. Also, it is identified from the mean score analysis that married respondents have impacted more from HR practices offered by the private sector banks.

**Table 6: Working Experience of the Employees and Their Opinion Towards HR Practices**

No.	Working Experience	No. of Respondents	%	Mean Score
1	Upto 4 Years	26	21	3.9
2	5-8 Years	73	58	4.2
3	9-12 Years	16	13	4.1
4	Above 12 years	10	8	3.7
	<b>Total</b>	<b>125</b>	<b>100</b>	

It brings from the analysis that 21 percent of the respondents are having upto 4 years of working experience, 58 percent of the respondents are having 5-8 years, 13 percent of the respondents are having 9-12 years and 8 percent of the respondents are having above 12 years of working experience. On the other hand, it shows from the mean score analysis that the respondents who have 5-8 years of working experience have impacted more from HR practices offered by the private sector banks.

**Table 7: Designation of the Employees and Their Opinion Towards HR Practices**

No.	Designation	No. of Respondents	%	Mean Score
1	Clerk	98	78	4.1
2	Assistant Manager	20	16	3.9
3	Managers	8	6	3.5
	<b>Total</b>	<b>125</b>	<b>100</b>	

It could be noted from the above table that 78 percent of the respondents are working as clerical cadre, 16 percent of the respondents are working as assistant manager cadre and 6 percent of the respondents are working as managers. Also, it is identified from the mean score analysis that clerical cadre respondents have impacted more from HR practices offered by the private sector banks.

### Impact of HR practices on Productivity (Correlation Analysis)

In this section, the researcher has taken the variables like department organization, manpower planning / recruitment and selection, compensations and labour negotiations as HR practices offered by the private sector banks. From the HR practices, what extent it helps to improve the productivity of the employees working in private sector banks has been calculated through correlation analysis. Also, the research can help to identify the positive and negative way of association between the variables. The results are discussed in the following table.

**Table 8: Degree of Relationship Between Various Dimensions of HR Practices and Productivity**

No.	HR Practices	'r' Value	'p' Value
1	Department Organization	0.608	0.004**
2	Manpower Planning / Recruitment and Selection	0.721	0.000**
3	Compensations	0.624	0.001**
4	Labour Negotiations	0.545	0.018*

**Note :** \*\* - Sig. at 1% level; \* - Sig. at 5% level

From the above table, it is understood that what extend the various dimensions of HR practices has close association with employee productivity. It could be noted that the variables department organization, Manpower Planning / Recruitment and Selection and compensations are having positive significant association with employee productivity at 1 percent level. On the other hand, the variable labour negotiations has positive significant association with employee productivity at 5 percent level.

### Prediction of Impact of HR practices on Productivity (Multiple Regression Analysis)

This section has clearly explained the prediction of impact of HR practices on productivity among the respondents working in private sector banks in Coimbatore. The results are discussed in the following table.

**Table 9: Prediction of Impact of HR practices on Productivity (Multiple Regression Analysis)**

No.	Variable	Coefficient	't' value	'p' value
	(Constant)	13.524		
1.	Employee Productivity	0.257	5.065	0.000*
	<b>R<sup>2</sup> Value</b>	<b>0.911</b>		
	<b>F Value</b>	<b>44.127*</b>		

**Note :** \* - Significant at 1% level

The linear equation is formulated as follows :

$$\text{Impact of HR Practices} = 13.524 + 0.257 (\text{Employee Productivity})$$

The multiple linear regression co-efficient is found to be statistically fit as  $R^2$  is 0.911 for impact of HR practices. From the analysis, it is found that there is a positive significant association between impact of HR practices and employee productivity. Further, it is noted that one unit increase of impact of HR practices is predicted by 0.257 unit increase employee productivity.

### Findings and Suggestions

1. It is found from the analysis that majority of the employees belongs to 30-40 years aged, male category, qualified with UG, earning between Rs.3.1 to 4 lakhs annually, married, 5-8 years of working experience and working as clerical cadre.
2. It brings from the analysis that majority of the employees have impacted more from HR practices offered by the private sector banks who belongs to 30-40 years aged, female, professionals, annual earning of Rs.3.1 to 4 lakhs category, married, 5-8 years of working experience and clerical cadre. Hence, it is suggested to the private sector banks that they may give more attention to young aged (less than 30), unmarried, less years of working experience and assistant manager and manager cadre. It increase their productivity in the bank premises.
3. It is found from the correlation analysis that the various dimensions of the HR practices viz. department organization, Manpower Planning / Recruitment and Selection and compensations and Labour negotiations are having close significant positive association with employee productivity. Among the four HR dimensions, the HR practice 'labour negotiations'



shows less association than other variables. Hence, the private sector banks have to more attention to the HR practice 'labour negotiations' that support to increase the productivity of the employees in the future.

4. From the multiple regression analysis, it is identified that one unit increase of HR practices offered by the private sector banks in Coimbatore district. That is, when the private sector banks offered HR practices that reflect around 25.7 percent increase the employee productivity in their banks.

### Conclusion

This research is mainly focused on impact of HR practices among the private sector banking employees on their productivity in Coimbatore district. In this study, the researcher has considered four HR practices, like department organization, Manpower Planning / Recruitment and Selection and compensations and Labour negotiations and these four factors are having high impact on productivity of the employees. The HR practices altogether have impacted around 25.7 percent on productivity.

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