IMPACT OF HRM PRACTICES ON EMPLOYEE GRATIFICATION IN BANKING SECTOR IN TRUCHY DISTRICT

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Abstract:

The present study examined the influence human resource practices on job satisfaction in the context of banking sector. The present study used five human resource practices such as recruitment and selection, performance appraisal, training and development, compensation, and employee participation. A total of 280 responses from five banks were collected and analyzed objectively. Multiple regression was used to test the hypotheses. Results showed that all practices of human resource (i.e. recruitment and selection, performance appraisal, training and development, compensation, and employee participation) had positive influence on job satisfaction.

Keywords: human resource practices, job satisfaction, Services Sector,

Introduction:

In this background, human resource management is important for successful organization as human capital possesses valuable qualities. With regards to the business strategy, an organization can succeed if it obtains sustainable competitive advantage indicating that it is superior to its rivals at something and can holds such advantage over a sustainable period (Noe, Hollenbeck, Gerhart, & Wright, 2007). In relation to this, job satisfaction would boost the employees’ motivation in the long-term and keep them in their positions. Without job satisfaction, the organization has to contend with the recruitment costs stemming from turnover (Mudor & Tooksoon, 2011). Majority of studies concentrated on the outcomes of human resource in terms of commitment of employee, employee satisfaction, and employee retention in the face of the dynamic business environment. Organizations are making a shift towards considering human resource as a valuable asset, wherein knowledge, skills and abilities of workers is viewed as a source of competitive advantage. Armstrong (2010) revealed that motivation, commitment and job satisfaction, individually or together, will be higher, when positive experience of human resource practices are perceived by people and this would lead to an able workforce, motivated behaviors and participation opportunities. In Jordanian private organizations, there is considerable number of employees working, with majority of them not satisfied with their work’s human resource practices and their job positions. In this regard, private organizations are often secretive about details on the effect of human resource practices on their employees’ satisfaction. Moreover, private organizations are characterized by high turnover, with some employees often searching for jobs in rival organizations, including public organizations. However, private organizations with effective
human resource practices, facilitating a good working environment and making sure that their employees are satisfied working for them are exceptions. Each employee is inclined towards perceiving job satisfaction, but often times, human resource practices are handled in a way that employee job satisfaction is not viewed at the forefront (Javed, Rafiq, Ahmed, & Khan, 2012). Owing to the scarcity of efficient human resources practices, satisfaction among employees has decreased and eventually, this influences their organizational commitment (Majumder, 2012). Although human resources practices are expected to have a direct influence on job satisfaction, empirical findings that support this fact are still few and far between (Omar, Salessi, & Urteaga, 2017). Moreover, while majority of studies including (Igbal et al., 2013; Javed et al., 2012; Syed & Yan, 2012) focused on examining the human resource practices effect on job satisfaction among employees in the public sector banks.

**Review Of literature:**

HR Practices are linked with the management of human resources, activities necessary for staffing the organization and sustaining high employee performance (Mahmood, 2004). The most common HR Practices are recruitment, selection, training and development, compensation, rewards and recognition (Yeganeh & Su, 2008). Six HR practices selective hiring, compensation policy, rewards, recognition, training and development and information sharing have been studied with relation to employee job satisfaction (Dessler, 2007). The present study examines the relationship between three HR Practices i.e training and development, rewards, recognition and employee job satisfaction. Training is focusing on fixing a specific issue (Doyle, 1997). Training often answers the question "what happens if" Development on the other hand takes a more global approach. Training is related with current performance and progress of an employee while development is related with the future performance and progress (Miller, 2006). Training is anything offering learning experience (Paul & Anantharaman, 2003) Training helps employees is more specific with their job and organization and as a result increases employee job satisfaction and makes them work better. Recognition is appreciation of employee’s performance in formal or an informal way. Recognition is one of the driving force towards motivating employees, it also highlights how much an employee’s performance is appreciated in an organization for the amount of work he/she has put in (Miller & Lawson, 1999). Recognition maintains a strong bond between motivation and performance and as a result the level of motivation of employee’s stays very high almost all the time (Flynn, 1998). Recognition increases level of job satisfaction and satisfied employees are a valuable asset for any organization (Entwistle, 1997). Recognition is often considered to be of two major types, cash and non-cash awards. Different sectors need different ways of recognition to be applied, some sectors or segments of population may like cash and prizes to be a easy and better way of motivation while others may like non-cash awards because they feel that if cash is to be given as recognition than they already have salaries and other bonuses which get consumed very quickly (Holmes, 1994). Rewards are usually referred to as intangible returns including cash compensation and benefits. Reward system is set of mechanisms for distributing both tangible and intangible returns as part of an employment relationship (Rue & Byars, 1992). Rewards are also termed as the need of an employee because when reward will be linked with the employee’s desire it will motivate him/her to a very high level (Kalleberg, 1977). It certainly shows that what an employee wants after performing a certain task. It has been revealed in the past researches that rewards are very strongly correlated with job satisfaction. Rewards are positively linked to employee job satisfaction (Gerald & Dorothee, 2004). Their research extracted one important element that employees are more satisfied with those rewards that they actually perceive. (Clifford, 1985) argues that employee Job satisfaction may be determined through job rewards. There are a
lot of differences between different authors related to the dimensions of rewards and employee job satisfaction but one thing upon which almost all agree upon is the element of rewards that are perceived by employees (Kalleberg, 1997). According to Darlington (2005), compensation system is referred to as a framework of paying employee back based on their participation and productivity which resulted in successful performance of the organization, and the rewards are normally in the form of pay, commissions, bonuses and other incentives. It is argued that in today’s organizations treat compensation systems more than a means to secure employment but rather as a means of enhancing organizational performance. In addition to using it to attract, retain and motivate employees, employers should also consider it as a means of implementing strategy to support organizational culture (Dessler, 2007). The practices of participative establishment have been acknowledged as suitable and effective means to optimize the competitiveness of organizations (Zwick, 2004). Employee participation practice is essentially to enable employees to contribute to decision making and work processes and to give them higher independence and control over job responsibilities and strategy of work (Irawanto, 2015). As this practice takes advantage of the specific knowledge employees have about their own work processes and combines the skills and expertise of a group of workers (Syed & Yan, 2012), employees participating in decision making can more effectively harmonize production, and will get rid of hindrance or disruption of production process Human resource practices and job satisfaction have been investigated extensively in different countries all over the globe and it is assumed that a relationship exists between the two variables (Islam, Bangish, Muhammad, & Jehan, 2016). The belief is such that sound human resource practices generally lead to high job satisfaction level, and enhanced performance of the organization (Javed et al., 2012). Many researchers have investigated empirically the effects of human resource practices on job satisfaction (e.g., Khanna & Sehgal, 2016; Oyeniyi, Afolabi & Olayanju, 2014; Ray & Ray, 2011; Werku, 2015) and generally found a positive impact. For instance, Ray and Ray (2011) examined the influence of human resource practices on job satisfaction of 17 small and medium manufacturing firms in India. Human resource practices were measured by five dimensions namely, training and development, performance appraisal, participation, compensation, and empowerment. The study revealed that human resource practices have a positive impact on job satisfaction. Another study, Oyeniyi, Afolabi and Olayanju (2014) examined the influence of human resource practices on job satisfaction in Nigeria. Human resources practices were measured in terms of compensation, training, supervisory role, promotion, and performance evaluation. The study shows the positive relationship between human resource practices and job satisfaction. In a later study, Niazi (2014) investigated the influence of human resource practices on job satisfaction in Pakistan. Six dimensions of human resource practices were examined. They were training and development, compensation and benefits, performance appraisal, promotion, opportunities for growth, and respect and integrity. The results indicated a positive relationship between human resource practices and job satisfaction. In Ethiopia, Werku (2015) examined the effects of human resource practices on job satisfaction. The human resource practices considered were training and development, recruitment and selection, compensation, and performance appraisal. The regression result shows that all human resource practices have a significant positive impact on job satisfaction. In a recent empirical study khanna and Sehgal (2016) examined the effects of human resource practices on job satisfaction in private sector Banks. The human resource practices included, training and development, performance appraisal, compensation, team work, and employee participation. The study showed that the human resource practices has significant impact on job satisfaction. Although different researchers have studied different sets of human resource management practices, most of them agree that certain practices are important in generating high job satisfaction. five dimensions are identified for measuring human resource management practices from past studies (e.g., Khanna & Sehgal, 2016; Oyeniyi, Afolabi & Olayanju, 2014;
Werku, 2015). They are categorized as functional dimensions which include recruitment and selection, training and development, performance appraisal, compensation, and employee participation. They are considered to have a great impact on obtaining, motivating, and retaining employees, and they are responsible for improving continual competitive advantage (Pfeffer, 1995).

Research Methodology:

The present study is of explanatory type of research i.e. it studies the relationship between the select HRM practices and employee satisfaction. Both primary and secondary data are used for the study. Sample sizes of 280 respondents of different public sector banks. then these were selected using convenience sampling method. Cronbach's Alpha and correlation are the statistical tools used for analyzing the data with the support of SPSS 21.0 version.

Data Analysis and Discussion

Table 1: Reliability Analysis

<table>
<thead>
<tr>
<th>S.NO</th>
<th>Component</th>
<th>No. Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Work environment</td>
<td>5</td>
<td>0.803</td>
</tr>
<tr>
<td>2</td>
<td>Employee compensation</td>
<td>5</td>
<td>0.667</td>
</tr>
<tr>
<td>3</td>
<td>Human resource planning</td>
<td>6</td>
<td>0.722</td>
</tr>
<tr>
<td>4</td>
<td>Training and development</td>
<td>5</td>
<td>0.803</td>
</tr>
<tr>
<td>5</td>
<td>Employee satisfaction</td>
<td>4</td>
<td>0.715</td>
</tr>
</tbody>
</table>

(Sources: primary data) (Output: from the SPSS)

Reliability analysis was conducted for the data collected using Cronbach’s Alpha. Table-1 presents the select HRM Practices, No. of items in each component and alpha values. All the Cronbach’s Alpha are greater than 0.6, a cut off that was suggested by Gefen, D., Straub, D. W., & Boudreau, M. C. Therefore, Cronbach’s Alpha for HRM Practices and Employee satisfaction has highly acceptable range.

Table 2: Descriptive statistics and correlation coefficients of HR practices with ES

<table>
<thead>
<tr>
<th>Variable name</th>
<th>Mean</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training and development</td>
<td>3.32</td>
<td>.559</td>
<td></td>
<td>0.7**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee compensation</td>
<td>3.37</td>
<td>.680</td>
<td></td>
<td>0.83**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resource planning</td>
<td>3.43</td>
<td>.685</td>
<td></td>
<td></td>
<td>0.8**</td>
<td></td>
</tr>
<tr>
<td>Work environment</td>
<td>2.88</td>
<td>.608</td>
<td></td>
<td></td>
<td></td>
<td>0.72**</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>2.99</td>
<td>.738</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: ** p< 0.01 (two-tailed test). N= 280, ES (Employee satisfaction) (Sources: primary data) (Output: from the SPSS)

Table 2 shows the descriptive statistics and correlation coefficients of the current study between the independent variables with the Employee satisfaction as dependent variable. Among the select HRM practices having the positive values, so it is having positive correlation. In table 2,
it observed that the correlation between Training & Development and Employee satisfaction is 0.6 which is having positive correlation. Therefore, the H01 is rejected that means there exist positive relation. Another variable observed that the correlation between Employee compensation and employee satisfaction is 0.83 which is high degree of positive correlation. Therefore, the H02 is rejected that means there exist positive relation. Another variable observed that the correlation between Human resource planning and employee satisfaction is 0.7 which is having positive correlation. Therefore, the H03 is rejected that means there exist positive relation. Another variable observed that the correlation between Work environment and employee satisfaction is 0.62 which is having positive correlation. Therefore, the H04 is rejected that means there exist positive relation.

Conclusion:

This study examines potential job satisfaction determinants namely, human resource practices namely, recruitment and selection, training and development, performance appraisal, compensation and employee participation. On the basis of the results, the job satisfaction level among employees ranged from high, moderate and slightly low according to the factors examined. This result is aligned with prior studies and practitioners’ feedback in that effective human resource practices can lead to enhanced job satisfaction, and in turn, enhanced performance of the organization (Syed & Yan, 2012). The combined enhancement of human resource practices, particularly with a focus on recruitment and selection, training and development, performance appraisal, compensation, and employee participation can significantly influence organizational success, and enhance employee satisfaction.

References:


