

An Analytical Study of Impact of HRM Practices on Job Satisfaction in Private Banking Sector in India

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Abstract

Today's Era is of globalization where business environment has become very volatile. Acquisition and optimization of human resource has become a serious challenge for each organization. Human resources are an important source of competitive advantage but unfortunately valuable and competent employees scarcely found. No doubt several internal and external factors affects the success of an organization but the most important of them are its company specific employees. HRM practices are concerned with the creation of linkage between the overall goals of an organization and human resource strategy and implementation. This paper intends to emphasize that there exists a casual linkage between HRM practices and job satisfaction. An attempt to examine and analyses the impact of HRM practices on job satisfaction of the employees has been made in this paper with specific reference to the private sector banks in India. In the courses of examination the estimated regression model identified that HRM practices like training, performance appraisal, team work and compensation package and reward have significant impact on the job satisfaction of the employees of banks. The conclusion is that the way an organization manages its human resources has a significant relationship with the organization performance.

Keywords: Compensation, Job Satisfaction, Performance Appraisal, Training, Team Work

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1. Introduction

Today the business world is highly volatile facing new challenges emerging everyday one of the biggest challenges that organization are facing today has emerged in the form of acquisition and optimization for human resource .

Human resource in the current world has become immensely valuable and considerably searches. They act as a sustainable advantage in today's competitive scenario. Though several factors go in to make an organization successful, its employees are its greatest assets. Their performance is most crucial to any organization. Human resources play an integral part in helping an organization become innovative, thereby achieving highly productive goals but all this will become possible only if its employees enjoy job satisfaction. The employees who take pleasure in what they are doing give their best to their organization. The focus of an organization is therefore, on its HRM. It tries to make optimum utilization of their capabilities.

In order to achieve this, management needs to use its human resource cleverly and effectively to get maximum output. The management decides approaches and forms strategies to find alternative to make its employees work to their best ability to

achieve the organizational goals. Khan (2010)¹⁰ is of the opinion that it is important to originate and implement HRM practices in order to energize the business environment this will lead to competitive advantage .Schuler and Jackson (1987) asserted the importance of human resources in maintaining a competitive advantage to achieve organization goals they are of the opinion that HRM practice should be directed in such a way that human resources pool is maintain and manage well. This will ensure the fulfillment of organization goals. Appelbaum (2001)¹ explained that human management practices refer to the management of employees within the internal environment of organization they comprise the activities within, the policies and practices used in planning strategies, obtaining people and developing their skills. Further organizations utilize the skills of their employees, formulate methods to evaluate their work by appraising their performance, maintain a proper mix of employees to achieve the organization's objectives and try to retain the appropriate number of people. The current business world has become very volatile. The organizations are implementing unique HRM Practices to obtain the best brains and skills. Most up to date HRM practices have emerged out of globalization. In fact, the scenario is quite conducive to the constructive growth of business as it is helping

the employer as well as employees. When an employee takes up a job he experiences several likes and dislikes. Over a period they go into the process of harmonizing this experience and this forms an attitude once the attitude is formed comes the stage of job satisfaction. If the outcome of the summation and harmony of his/her experience is positive he finds satisfactions in doing that job. If the outcome proves to be negative it means that the level of his/her satisfaction is low. It besides good or adverse experiences continues to be connected with a job. If the employee succeeds in increasing the output of the organization he/she starts to enjoy doing that job. On the other hand it is important for the growth of an organization that its employees should enjoy job satisfaction. If the turnover is low it would directly affect the morale of the employee and profit of the organization. Therefore it is the foremost priority of an organization to provide job satisfaction to its employee; to make them concentrate hopefully on their careers. Bodanova (2008)³ asserts that the HRM practices should be such as to promote and develop and allocate human capital in the least possible way to give maximum job satisfaction to employee. In order to achieve their longer gains, organization should make sure that their employees achieve a healthy environment to work in to boost employees' motivation and job satisfaction. HRM practices should be favorable to them. Retaining and sustaining the best hands and providing job satisfaction to them should be at the top of the priority of HRM practices Gurbuz (2009)⁴

2. Objective of the Study

This Study is undertaken to analyze and examine the impact of human resource development management practices regarding job satisfaction of private sector banking employees.

3. Review of Literature

It has always been a subject of keen interest to the researches in academia and policy makers to investigate and examine the relationship between HRM practice and job satisfaction of employees over a period. Several studies have been undertaken to find the best measure. Many studies by researchers have come to the conclusion that HRM Practices and job satisfaction of employee plays a dominant role in the growth of any organization. This paper attempts to examine and assess the relationship between HRM Practices and job satisfaction of private sector employees. Researchers and academia have conducted several studies at different times about diverse kinds of industries to investigate this relationship. Katow (2008)⁹ conducted a study to examine the impact of HRM Practices on organization performance in the manufacturing sector of Greece. The results indicated that HRM practices comprising resourcing and development, compensation

and incentive to the employees' involvement of the organization and job designing and the performance of the organization are mediated to a large extent through HRM practices. HRM practices include the skills, innovative attitude and behavior of the employees. This is further influenced by business strategies such as cost, quality and innovations. Hence, the conclusion was that HRM practices are associated with business strategies and they in turn affect organization performance through HRM practices. In 2011 Iqbal⁸ carried out a study to examine and compare HRM practices followed in public and private universities in Pakistan and their influence on the executive there. They concluded in their study that HRM practices like job defining, the jobs, employees' training programs, measures taken for their skill development and team spirit development and their compensation packages were much better in the public universities than the private ones. On the other hand they found that the performance appraisal system of the executive in private universities were more commendable than they were in the public universities. Zulfqan (2011) investigates a study to examine the relationship between HRM practices comprising compensation package, performance evaluation and promotion schemes and practices and the perception of the employees, i.e., how the employees viewed them, in the banking sector in Pakistan. The results proved that the employees found HRM practices moving in a very positive direction resulting in big job satisfaction to them. Further analysis indicated that their performance appraisal system was quite motivating and promotion policies were significant enough. The only negative conclusion was that the employees did not find their compensation packages significant and motivating enough. Majumdar (2012)¹³ too carried out a study in Bangladesh for the banking sector to investigate the then HRM practices comprising recruitment and selection procedure, compensation packages, job security, career advancement, training and employee-development programmes, management style, job-designing, allocation of responsibilities, rewards, motivation plans and a conducive environment to work at. Majumdar's examination concluded that most of the employees were dissatisfied with compensation packages. Moreover, the private banking sector employees were also not satisfied with the records offered for good work which was demotivating. Their career prospects, training and development programmes, the policies and working style of management along with job design and responsibilities delegated to them were also not satisfactory and encouraging. Hussain and Rehman (2013)⁶ investigated the relationship between HRM practices adopted by an organization and the impact they have on employees' intention to stick to the organization and give their best to it. They concluded that HRM practices viz-a-viz person-organization fit, job security, good communication, training programmes for employees' development contribute greatly in winning employees' loyalty and

intention to stay with the organization. Moreover, a strong and positive inter-personal relationship between HRM practices and employees' retention go a long way in retraining skillful and quality talent which contribute greatly to the growth of an organization. The global market today is highly volatile and competitive. Employee friendly HRM practices have a positive impact on the employee's commitment to stick to the organization (Lamba and Choudhary 2013)¹². This study revealed that HRM practices like providing regular training and development programmes to the employees enhances their skills. Further rewarding compensation packages and employee-welfare activities have a significant impression on organizational commitment which eventually leads to superior organizational performance. The organization thus succeeds in relating knowledgeable and skilled workers. Aurang et al (2010)² examined the impact of job satisfaction among the University teachers on their commitment to academic achieves. Their study also analyzed what factors specifically contributed to University teacher's job satisfaction. These factors comprised promotional opportunities, remuneration, workload, working environment, relationship with colleagues and attitude of the management as to how employee friendly it was. They concluded that opportunities for promotion, workload and relationship with the colleagues have a significant impact on the job satisfaction of the teachers. The most important fact which they discovered was that job satisfaction leads to work commitment in a long way. Malik (2010)¹⁴ carried out a study to examine the impact of job satisfaction of lecturers in Pakistan's public sector Universities on organizational and work commitment. The examination revealed that satisfaction with the work-itself, quality of supervision and a satisfied remuneration largely affected in a positive way the commitment of lecturers to academics and other functions of the University. The results found that job satisfaction, a good pay package, clever supervision and a healthy inter-personal relationship with the colleagues led the teachers to have a sound and high degree commitment with the organization. Moreover, they were greatly motivated by the opportunities if they could have promotions. In 2010 Padala too conducted a similar study to identify various parameters for job satisfaction among the employees and its correlation with organizational commitment. Padala believed that generally employees are positively inclined to remain committed to their organization. But there are certain adverse factors like age, education, nature of job, length of service and dissatisfaction with remuneration work against organizational commitment. Dissatisfaction with the job affects the intensity of the employee's organizational commitment. Olusegun's study in 2013¹⁶ tried to examine the impact of job satisfaction on turnover intentions among the university lecturers in South-West Nigeria. The study revealed that the linear

combination effect on job satisfaction was significant; even the turnover intentions were remarkable. There was a notable relationship between work satisfaction and turnover intention. This means that the employees who had no work satisfaction were inclined towards the turnover. Further study asserted that among the library personnel of the Universities there was significant difference in their turnover intentions. They were not much inclined towards a change. Shikha (2010) conducted a study to examine the HRM practices of Indian Commercial banks to find out what practices provide a source of sustainable competitive advantage. Her study concluded that banks should not spend much on training and development instead they should emphasize on long-term commitment to human resources. Hock in 2011⁵ conducted a study to examine and have a clear understanding of the impact of HRM practices on the sense of job satisfaction among the foreign workers employed in PCSB Group of Companies in Malaysia. The study revealed that only pay package had a positive impact on their job satisfaction. Further Hock found out that the expatriates with only primary education had better job satisfaction. Martin (2011)¹⁵ pursued a study to investigate the influence of human resources practices on job satisfaction, organizational commitment and on employees' intention to quit from the job. HRM practices comprise recruitment and hiring of people, their remuneration package, benefits and rewards, training and development programmes, and supervision and evaluation of employees' performance. Martin asserted that there lay a significant relationship between the employee's perception of human resources practices and his intention to stick or quit. This is mediated by organizational commitment and job satisfaction. A study conducted by Khan (2012)¹¹ on University teachers of three different sectors of public, private and semi-private Universities in Pakistan revealed that there is a significant relationship between job satisfaction and HRM practices. They found out that the male lecturers were more satisfied with their jobs whereas female lecturers were more satisfied with HRM practices of Universities. Public sector University teachers were found to be more satisfied. The study also revealed that there was a strong relationship between the length of service and job satisfaction. It is very clear with the investigations and results of studies discussed above that there lies a positive correlation between HRM practices and job satisfaction. Iqbal (2013)⁷ examined the relationship of HRM practices which included the impact of supervisor's role, employees' participation in decision-making and framing of compensation policy and employees' job satisfaction among the workers of manufacturing and service sector of Pakistan. The results revealed that the supervisor's role had a major and positive impact on job satisfaction.

4. Research Methodology

For this research paper, different private banks of Delhi NCR were selected on random sampling basis. Executives, middle level managers and managers of these private banks were included in this sample. For the research, for acquiring the information regarding HRM practices, 57 respondents were contacted. Questionnaire method was used for this purpose. Also two methodologies i.e. Qureshi and Ramay (2006) scale on HRM practices and Singh (2001) scale on job satisfaction were used.

5. Model Building

Following regression model has been defined to analyze the impact of HRM practices on job satisfaction:

$$J_i = a + b_1 (TR) + b_2 (PA) + b_3 (T) + b_4 (E) + b_5 (Comp) + e$$

Where,

J_i = job satisfaction which has been taken as dependable variable

a = constant

b_i = the regression coefficients of the independent variables

e = the residual error of regression.

TR= Training

PA= Performance Appraisal

T= Team work

E=Employee Participation

Comp= Compensation

TR, PA, T, E and Comp are the independent variables

6. Hypotheses

For examining the impact of HRM practices on Job Satisfaction the following null hypotheses have been framed.

H_{01} : Job satisfaction is not significantly affected by Training

H_{02} : Job satisfaction is not significantly affected by Performance Appraisal.

H_{03} : Job satisfaction is not significantly affected by Team work.

H_{04} : Employees' Participation has no significant impact on job satisfaction.

H_{05} : Job satisfaction is not significantly affected by Compensation.

7. Data Analysis and Interpretation

For analyzing satisfaction from training, respondents were asked to give a scale of 2 to 5. On the basis of scaling given by respondents, it was found that to a large extent the respondents (average 4.03) are satisfied from the training practices provided

by the private banks. Similarly, to analyze job satisfaction through other variables, scaling was set between 3 to 5. It was noticed that the performance appraisal system provides satisfaction to all the respondents. On an average (4) the respondents are satisfied with the performance appraisal system to a large extent. Respondents are satisfied to a small extent (average 2.55) with the team work and Employee participation (average 2.7) practices offered by the Banks. Compensation which is the most important factor showed that respondents are highly satisfied (average 4.45) with the remuneration packages and other salary benefits. The average value (3.546) presents that the employees are satisfied to a great extent with the HRM practices offered by the Banks. The mean value of Job satisfaction (4.34) indicated that the employees are satisfied to a big extent. Values of Coeff. Of Var. also show the positive sign of job satisfaction among employees.

Table 1. Mean and Coefficient of Variation of HRM Practices and Job Satisfaction Table

Variables	N	Mean	Standard deviation	Coeff. Of Var
TR	57	4.03	0.74	18.36
P	57	4.00	0.56	14
T	57	2.55	0.46	18.03
E	57	2.70	1.18	43.7
Comp	57	4.45	0.37	8.31
Mean of Means		3.546		
J	57	4.34	0.50	11.52

7.1 Findings of Regression Model

Simple correlation matrix among independent variables is analyzed to determine the existence of multicollinearity problem it has been presented in table I. A multicollinearity problem exists when correlation scores are 0.8 or greater (Cooper and Schindler , 2003)

Table 2. Correlation between HRM and Job Satisfaction

	J	TR	P	T	E	Comp
J	1.00					
TR	0.278	1.00				
P	0.096	-0.045	1.00			
T	0.774	0.096	0.321	1.00		
E	-0.189	0.187	-0.203	-0.218	1.00	
Comp	0.085	-0.024	0.039	-0.125	0.386	1.00

From the table II, it can be seen that there is no existence of multicollinearity, which is above the standard 0.8. On analysing

Table 3. Regression Analysis Results

Explanatory Variables	a	TR	P	T	E	Comp
B(p-values)	0.710 (0.342)	0.154 (0.011)	-0.183 (0.055)	0.880 (0.000)	-0.091 (0.049)	0.402 (0.008)
t-values	0.975	2.631	-1.994	8.259	-2.047	2.826
R ²	0.717 Adj.R ² 0.687					
F-Test	18.23 Durbin Watson 2.254					

the results of correlation analysis, it can be concluded that job satisfaction of employees is negatively correlated with employee participation. Other HRM practices like training, performance appraisal, team work and compensation are positively correlated with job satisfaction.

In the above analysis b_j has been presented as an interpreter of each variable related to HRM practices. Following observations were noted with the results of above regression analysis:

1. As calculated, R^2 shows that 68.7% variability was noted in the job satisfaction of employees can be explained by independent variables.
2. 254 value of The Durban Watson test indicates that there exists the absence of no serial correlation among HRM variables.
3. 18.23 value of F-Test and less than 5% p-values indicate that the regression model is very well fitted. Therefore the null hypothesis is a clear rejection.
4. .055 value of p clearly indicates that at 5% level of significance level, performance appraisal has no major effect on job satisfaction.
5. The other values of p for other independent variables of HRM practices at 5% significance level are statistically significant. Job satisfaction is significantly affected by these variables.

After analyzing the above table, following regression equation can be formed after fitting results of regression analysis.

$$J = 0.710 + 0.154TR - 0.183P + 0.880T - 0.091E + 0.402C$$

It can be concluded on the basis of above equation that employee's job satisfaction is negatively but insignificantly influenced by Performance Appraisal (P). Also, Employee Participation (E) puts negative and significant influence on Job Satisfaction (JS).

Both the values of b_1 (0.154) and t-value (2.631) are less than p-value at 5% level of significance. Therefore H_{01} is discarded. It indicates that in private Banks, job satisfaction is greatly influenced by training programs (TR).

The value of b_2 coefficient is -0.183 which is not significant at 5% significance level. The t-value (-1.994) is more than p-value at 5% level of significance. As a result H_{02} is accepted. Now, it can be concluded that job satisfaction is not influenced by Performance Appraisal.

The value of b_3 (0.88) influences the Job Satisfaction. The t-value (8.259) and p-value is less at 5% significance level. Therefore H_{03} is rejected. It clearly indicates that Job Satisfaction is significantly influenced by Team Work (T).

The value of b_4 coefficient indicates 0.091 impacts on the Job Satisfaction. The t-value

(-2.047) and p-value (0.049) is less at 5% significance level. Consequently H_{04} is reject It clearly indicates that Job Satisfaction is significantly influenced by Employee Participation (E).

The value of b_5 (0.042) influences the Job Satisfaction. The t-value (2.826) and p-value (0.008) is less at 5% significance level. Therefore H_{05} is rejected. It clearly indicates that Job Satisfaction is significantly influenced by employee compensation (Comp).

8. Conclusion

This research paper has made a realistic effort to evaluate and analyze the relationship different HRM practices and job satisfaction in the employees of private banks. This paper concludes that there exists positive co relationship between different HRM practices such as training, team work, performance appraisal & compensation and job satisfaction of private banking sector employees. However job satisfaction is not much affected by employee participation. Therefore it can be suggested that the policy makers of the private Banks should take steps to introduce some concrete ways for betterment of employees' participation at each organizational level. It is also necessary to maintain the level of other HRM practices such as Training, Performance Appraisal, Team Work and Compensation so that a great level of job satisfaction can be achieved.

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Annexure-I

AN ANALYTICAL STUDY OF IMPACT OF HRM PRACTICES ON JOB SATISFACTION IN PRIVATE BANKING SECTOR IN INDIA

ORIGINALITY REPORT

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