

IMPACT OF HRM PRACTICES AND POLICIES ON EMPLOYEE JOB SATISFACTION IN BANKING INDUSTRY WITH SPECIAL REFERENCE TO MORADABAD CITY

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Abstract:

While there has been growing interest concerning the relationship between human resource (HRM) practices, and job satisfaction, but limited attention has been paid in banking industry. This study investigates the relationship between HRM policies and practices and job satisfaction in public sector banks of Moradabad.

For the purpose of this study, the data was extracted from the branches of three public sector banks of Moradabad and the researcher analysed the data by employing simple correlation analysis. In the analysis, it is found that there is a positive relationship between job satisfaction and HRM policies and practices. The study concentrates upon six HRM policies and practices viz. performance evaluation, promotion practices, training and development, job description, work relationships and pay and fringe benefits. The findings indicate a strong relationship between different HRM policies and practices and job satisfaction.

KEYWORDS:

Job satisfaction, HRM policies and practices.

INTRODUCTION

Human resource Management (HRM) and other management practices have changed dramatically in last four decades due to globalization, privatization, deregulation, competition, and technological advances. These highly turbulent environmental changes have enforced organizations to adopt new workplace practices that enhance sustained level of high performance. With these changes, people's perceptions regarding their jobs are also changing. In this grow-or-die marketplace, the success of any organization relies on its workforce. Satisfied and committed employees are the most significant assets of any organization, including banks. As banking institutions are the backbone of a nation's economy, the efficient management of human resource and the maintenance of higher job satisfaction levels affect the growth and performance of an entire economy.

Since HRM policies and practices have a vital role to play in an organization and employee job satisfaction is the key to organizational performance, hence the study aims to explore, how banks may leverage upon employees' performance by providing them better job satisfaction through a controlled HR system.

1.HRM Policies and Practices:

Effective human resource (HR) planning and management is required at all stages of an employee's corporate lifecycle to help ensure employee growth and satisfaction. Employee satisfaction is vital to the success of an organization because of its direct impact on productivity. When employees are satisfied, they are more likely to produce high quality work, optimize performance, and exercise more

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critical thought and creativity. This combination of high satisfaction and maximum productivity amounts to employee engagement.

Engaged employees are invaluable assets since they are motivated to perform to the highest of their abilities because of their dedication and voluntary commitment to the success of the organization. Companies who effectively cultivate employee engagement benefit from low employee turn-over, greater customer satisfaction, a cohesive corporate culture, improved performance and communication, and higher employee commitment to the core values and objectives of the organization.

In the organizations or firms, human resource management (HRM) practices as a mediator between HRM strategy and HRM outcome. The best Human Resource practices areas are recruitment and selection, socialization, job design, training, communication/participation, career development, performance management, employee reward and job security (Huselid, 1995). It is plausible that when employees judge the organization to be fair and supportive in their treatment particularly with regards to the availability and frequency of promotional opportunities, adequacy of pay and good supervision, positive feelings of well being will be created, which is likely to stimulate that to reciprocate by increasing their loyalty to the organization and reducing turnover (Nasurdin et. al., 2001).

On the basis of the literature review, the study consider the following dimensions of HRM practices and policies that have impacts on employees' satisfaction towards organization such as, Work Relationships, Work Autonomy, work Ambiance, Training & Development, Performance Appraisal, Remuneration, Carrier Development.

2. Job Satisfaction:

Definitions:

"Job satisfaction is defined as "the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs"

There are a plethora of definitions of job satisfaction, some of which are contradictory in nature. Spector (1997) refers to job satisfaction in terms of how people feel about their jobs and different aspects of their jobs. Ellickson and Logsdon (2002) support this view by defining job satisfaction as the extent to which employees like their work.

Schermerhorn (1993) defines job satisfaction as an affective or emotional response towards various aspects of an employee's work. The author emphasizes that likely cause of job satisfaction include status, supervision, co-worker relationships, job content, remuneration and extrinsic rewards, promotion and physical conditions of the work environment, as well as organisational structure.

Similarly, Mc Namara (n.d.) points out that job satisfaction refers to an individual's feeling or state of mind giving heed to the nature of the individual's work. The author further explains that job satisfaction can be influenced by a diversity of job dimensions, inter alia, the quality of the employee's relationship with their supervisor, the status of the physical environment in which the individual works, degree of fulfillment in work.

In direct contrast, Rue and Byars (1992) refer to job satisfaction as an individual's mental state about the job. Robbins et al. (2003) add that an individual with high job satisfaction will display a positive attitude towards their job, and the individual who is dissatisfied will have a negative attitude about the job. This definition is expanded by Greenberg and Baron (1995) who define job satisfaction as an individual's cognitive, affective and evaluative reactions toward their jobs.

According to Coster (1992 cited in Sempagne, Rieger & Roodt, 2002), the work itself could have an effect on the total quality of life of the employee. Schneider and Snyder (1975 cited in Sempagne et al., 2002) conclude job satisfaction is an individual's personal assessment of conditions prevalent in the job, thus evaluation occurs on the basis of factors, which they regard as important to them.

OBJECTIVES OF RESEARCH WORK

The objectives of the study are as follows:

To study and analyse the HRM policies and practices followed in public sector banks.

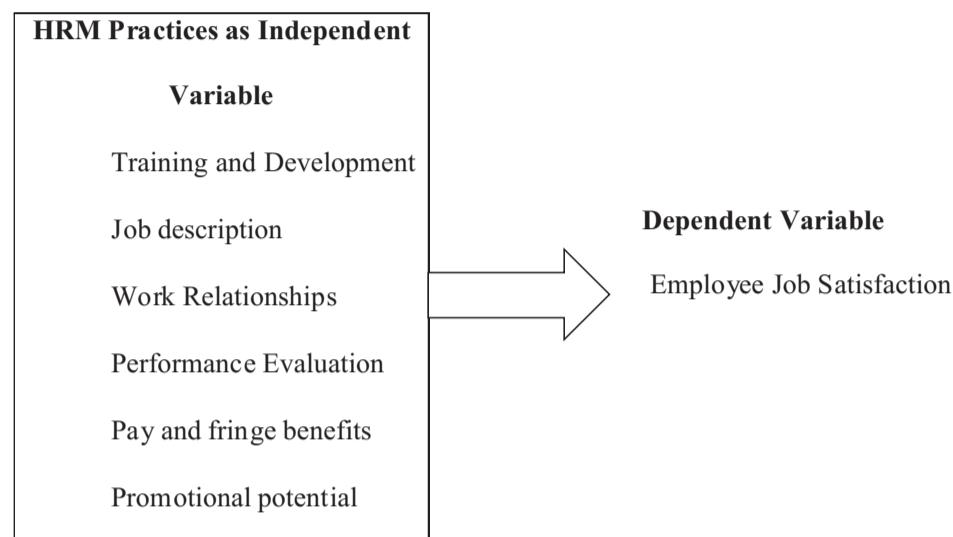
To explore and identify the influence of HRM policies and practices on employees' job satisfaction.

To identify the major HRM policies and practices strongly influencing employees' job satisfaction and vice versa.

To open new vistas for research in the related fields.

Conceptual Framework and Hypothesis: HRM practices training and development, job description, work relationships, performance evaluation, pay and fringe benefits and promotional potential is considered as independent variable while employee job satisfaction is considered as dependent variable.

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Hypothesis 1: H1: Performance evaluation is positively related with employee job satisfaction.

Hypothesis 2: H2: Promotional potential is positively related with employee job satisfaction.

Hypothesis 3: H3: Training and Development is positively related with employee job satisfaction.

Hypothesis 4: H4: Job description is positively related with employee job satisfaction.

Hypothesis 5: H5: Work relationship is positively related with employee job satisfaction.

Hypothesis 6: H6: Pay and Fringe benefits is positively related with employee job satisfaction.

Research Methodology: Research Methodology adopted for the proposed study is as follows:

Research Design-Research design is the strategy, the plan, and the structure of conducting a research project. Exploratory Cum Descriptive research design is chosen for conducting research in both the sectors of banking industry- public sector.

TYPE OF DATA - PRIMARY AND SECONDARY

Tools for Data Collection-

1)Primary data is collected through a structured questionnaire from managerial and clerical staff of public and private sector banks.

2)Secondary data is collected through journals, newspapers, magazines RBI manuals and websites.

Tool for Data Analysis: MS excel application is used for correlation analysis.

Sample: Two public sector banks in Moradabad have been selected to study how HRM practices have an impact on employee job satisfaction of public sector banks. The sample of this study consisted of 57 respondents from both managerial and clerical staff.

Sample Area – Moradabad City.

Sampling Procedure: purposive sampling

Data Collection Method

Both primary and secondary data were gathered to study the impact of HRM practices on employee's job satisfaction. For the purpose of this study, a structured questionnaire was prepared to collect data. The questionnaire consisted of the questions regarding HRM practices and job satisfaction. The respondents were asked to rate their response regarding HRM practices on five point likert scale as 5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree. Similarly, the respondents were asked to rate their response regarding job satisfaction on five point likert scale as 5 for strongly satisfied, 4 for satisfied, 3 for neutral, 2 for dissatisfied and 1 for strongly dissatisfied.

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FINDINGS AND RESULTS:

Following findings and results were obtained:

Table: 1
Correlation between HRM policies and practices and job satisfaction

| Variables of job satisfaction | Correlation | Coefficient of determination |
|-------------------------------|-------------|------------------------------|
| Performance evaluation | .844 | .712 |
| Promotional Potential | .784 | .614 |
| Training and development | .688 | .473 |
| Job description | .521 | .271 |
| Work relationships | .820 | .672 |
| Pay and fringe benefits | .834 | .695 |

Table 1 indicates the result of correlation analysis, according to which correlation between performance evaluation and job satisfaction is moderately positive. This means that performance evaluation has positive impact on job satisfaction. The coefficient of determination for independent variable performance evaluation is 71% which indicates that performance evaluation has an impact of about 71 % on job satisfaction.

The correlation between promotion potential and job satisfaction is moderately positive. This means that reasonable promotional potential has positive impact on employees' job satisfaction. The coefficient of determination between promotional potential and job satisfaction is 61 % which means that the impact of promotional potential is 61 % on job satisfaction.

The correlation between training and development and job satisfaction is moderately positive which means that appropriate training and development has positive impact on employees' job satisfaction. The coefficient of determination for independent variable training and development is 47 %.

The correlation between job description and job satisfaction is moderately positive which means that appropriate job satisfaction has a positive impact on job satisfaction and the coefficient of determination for job satisfaction is 27 %.

The correlation between work relationships and job satisfaction is moderately positive which means that with healthy working conditions job satisfaction can be positive and the coefficient of determination of work relationships is 67 %

The correlation between pay and fringe benefits and job satisfaction is moderately positive which means that fair pay and fringe benefits can create positive job satisfaction and the coefficient of determination is 69% which means that the impact of pay and fringe benefits is 69%.

Implications of the Study: The present study intended to investigate the relationship between HRM policies and practices and employee job satisfaction in public sector bank of Moradabad city. The study brings forth the fact that HRM policies and practices (performance evaluation, promotional potential, training and development, job description, work relationship and pay and fringe benefits) are having positive impact on employee job satisfaction. Hence high level of fair promotion policies, fair performance evaluation system, good training and development system, job description, good working relationships and fringe benefits may lead to higher degree of job satisfaction.

Even though there are several factors affecting employees' satisfaction, the researcher considered only six variables: performance evaluation, promotional potential, training and development, job description, work relationship and pay and fringe benefits. Therefore in future a detailed research can be conducted focusing on other different factors which have remained unexplored in the present study study.

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