



EFFECTIVENESS OF HUMAN RESOURCE MANAGEMENT TOWARDS EMPLOYEES' PERFORMANCE IN PRIVATE BANKS OF BANGLADESH

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ABSTRACT

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HRM is a management function involving procurement of suitable human resources train & develops their competencies. The study of human resource management practices has been an important and critical area in management and organizational performance from last several years especially in the banking industry. The study highlights the fact that private banks i.e Dutch Bangla Bank Ltd., United Commercial Bank Ltd., Dhaka Bank Ltd., & One Bank Limited leading private commercial banks of Bogura & Sirajganj District in Bangladesh is better can be the facilities and benefits provided to the employees. The study helps to the policy maker's researches and bankers etc. Further it would be also using the formulation of bank policies related to the HRM practices in a banking sector. Therefore, the present study focus on HRM practices and Employees performance in Private sector banks in in Bangladesh. This study concluded that HR practices and policies pave the way for improving and raising employee productivity in bank sector and leading to the achievement of organizational objectives, employee satisfaction and long termsustainability in Private Banks of Bangladesh.

INTRODUCTION

Human resource management is a management function involving procurement of suitable human resources train and develops their competencies. Motivate them. Reward them effectively and create in them an urge to be part of the management team whose aim should be render, dedicated committed services for the success and growth of the organization. The study of human resource management practices has been an important and critical area in management and organizational performance from last several years especially in the banking industry. HRM practices refer to organizational activities directed at managing the pool of human resource and ensuring that theresources are

employed towards the fulfillment of organizational goals. Human Resource Management is all about practices, policies and different structures firms adopt to take care of the most important resource of the organization i.e. employees or human resource. HRM is about planned HR deployments and activities intended to achieve its goals as per Wright and McMahan. More concisely, HRM is about how a firm uses the complete package of practices and policies in order to achieve effectiveness and better organizational performance. The present study is an insight into details of HRM practices and Performance linkages, as mentioned in Figure 1.1 which encircles the strategic linkage between HR practices and firm performance. Figure 1.1 shows

the linkage between HRM Practices and Firm Performance as developed by Guest et al

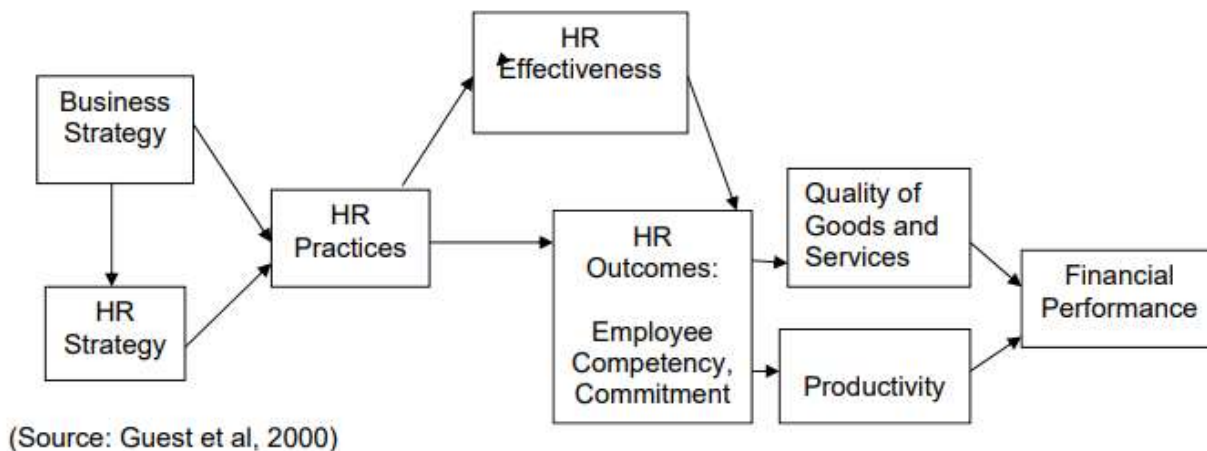


Figure 1.1 Model of Linkages between HRM Practices and Performance

Few models in the past have also been studied and developed as Harvard Model developed by Beer et al (1984), Michigan Model developed by Fombrun, Tichy, and Devanna and Warwick developed by John Bratton and Jeffrey Gold (2008). The present study is all about impact or linkages between HRM practices and Employee Performance as well as Organizational Productivity, here is very famous and widely studied model of the same.

HR practices are based on the business needs of the firm within the context of culture, structure, technology and processes Armstrong. Decent HRM practices are a mixture of Human Resource Planning, Recruitment and Selection, Training and Development, Compensation and Benefits, Performance Management, Career Planning and Development Coaching and Mentoring etc. Talking about small size firms, the major decisions regarding Human Resources are directly taken by the owners and managers as compared to a formal department of big organizations Koch de Kok. As reasoned by HR professionals there can't be any "best fit" combination of HR practices. What happens is good HR practices are taken from benchmarked companies and "best practice" HRM practices are framed.

REVIEW OF LITERATURE

Tseng & Lee (2009) in their research applied HRM practices to examine organizational performance of multiple industries using Analytical Hierarchical Process/Data Envelopment Analysis (AHP/DEA) modeled on data collected from 129 companies in the Taiwanese electronic industry, and found a positive effect of five Human Resource Management practices on performance.

Extension of the same work done by Becker and Huselid, for exploring the synthesis and managerial implication for high performance work systems and firm performance, with the aim that strategic role of human resource management (HRM), and its influence on a firm's HRM system and its financial performance, is actually limited to changing market demands and organizational structures, and thus the strategic importance of a skilled and motivated workforce as firms move away from centralized command and control management structures, HPWS should be able to provide a significant, source of value creation within this context, a firm's workforce, and its systems for managing people, are seen as an investment rather than a cost to be minimized. By including different branches of the banking sector as cases Sue Hutchinson et al studied whether HR Practices and Business Performance makes a difference and does it influence business performance. The focus of the study was to explore the importance of discretionary behavior by employees and managers and the effect of variations in this behavior on business performance. At the end, they concluded that for sure there is clearly a strong association between employee attitudes on a wide variety of job design and HR practices, employee views on the quality of HR management applied to them, especially in the opportunity to participate, and branch performance.

It is theoretically similar to the job characteristics approach to job design proposed by Hackman and Oldham. The difference in the two approaches is the level at which the concepts of diversity, individuality, significance, sovereignty, and feedback are applied. The most frequently studied type of outcome variable in a link to teamwork was some form of performance measure like individual/team performance, quality or

productivity etc, various other outcome variables also includes such as motivation, job satisfaction, organizational commitment, employee turnover, absenteeism, etc. Out of these, Job satisfaction is the most studied employee-centric outcome, and Job turnover is the next most commonly studied outcome in link with teamwork Wall TD, Armstrong support for the improved team and individual performance under self-directed or semi-autonomous teamwork. One another study failed to find any such significant relationship. Both quality and labor productivity were also found to have improved as a result of introducing high-performance work teams, characterized by decision-making authority, mandated team membership, and an expanded, information-rich, problem-solving domain Pearson, Banker. There was very strong support for the positive impact of work teams on job satisfaction, according to Wall TD, Cordery more studies investigated the impact of work teams on job turnover and the results were equivocal, with three studies finding support for the positive impact of team working on job turnover, Wall TD, Pearson, Kirchmeyer whereas two other studies found team working to have a negative impact on employee turnover Wall TD, Cordery, Kirchmeyer found that a healthier work group fit had an optimistic impact on organizational promise and led to reduced turnover, whereas variation in terms of age, education, and lifestyle led to poor addition with the work group, which, in turn, led to poor organizational commitment and high job turnover. A parallel finding was reported for the link between organizational commitment and work teams; with employees viewing high commitment if they worked in teams with similar demographics Kirchmeyer. Mixed results were found for the relationship between team working and absenteeism. One study found work teams to exert a positive impact on absenteeism Pearson but the study by Cordery et al found a negative impact of teamwork on absenteeism.

Ramakrishna and Srinivasa Rao, (2017) made an attempt to compare the human resource management (HRM) practices of public and private sector banks in Telangana state. In this study, employees from the leading public sector bank - State bank of India and ICICI Bank from the private sector were included as sample respondents. A sample of 360 employees working in these banks at different levels was contacted for the purpose of soliciting the opinions on the subject. The convenience and judgement sampling method was adopted for select sample respondents. It was found that the HRM practices in the Indian banking industry had evolved over a period of time and the HRM practices of Indian private sector banks were better than the Indian public sector banks. Ramakrishna and Srinivasa Rao,

(2017) made an attempt to review the existing literature on the HRM practices of various Indian banks. Earlier research studies at the national level and various state-level research studies had been examined to understand the HRM practices of the Indian banking industry. It can be concluded from this research that the HRM practices followed in the private banking sector were marginally superior to the HRM practices adopted by the public sector banks. The growth in the Indian banking sectors with new players entering the market and the challenges faced during consolidation of public sector banks soon were likely to pose new challenges for HRM practices in the Indian banking industry.

Shaheeb Abdul Azeez, (2017) aimed in the study to identify the relationship between HRM practices and employee retention based on the literature review. The objectives of this research were to find out the various research works that had been done in the area of HRM practices and employee retention, to highlight the various factors which affected retention initiatives in an organisation and to explore the relation between HRM practices with job satisfaction leading to employee retention. Although this research tried to explore the area of HRM practices and employee retention by the various researchers, still much scope remaining for more exploration in the field of HRM practices and employee retention. Factor analysis was used for analyse the collected data. It was found from the research that the direct relationship between HRM practices and job satisfaction leading employee retention. Thus, the job satisfaction and turnover negatively correlated to one another. Also, the model clearly defined the HRM factors existed in the organisation will not only help to attract new employees but will lead to retain the existing employees in the organisation.

UNIVERSE FOR THE STUDY

The study of the universe consists of all employees working in private banks in Bangladesh. It includes Dutch Bangla Bank Ltd., United Commercial Bank Ltd., Dhaka Bank Ltd., & One Bank Limited leading private commercial banks of Bogura & Sirajganj District. The banks were scrutinized and selected for the study on the basis of financial data availability and existence of branches. The postal addresses of the registered offices of these companies were also obtained.

IMPORTANCE OF THE STUDY

Numerable studies have been done in the past regarding investment in HR practices and Organizational Performance, but still, there is a dearth of studies which directly or indirectly develops or establishes the linkages between or impact of HR

practices and Employee Performance in private banks in Bangladesh. The present study is done in the same continuation but for private sector banking Industry of Bangladesh to know which major practices prevail in the banking sector, which is widely practiced and which are followed less or given less priority. There may be many parameters for which investment in HR practices are measured by various performance outcomes. The present study covers outcomes like HR or Employee Outcomes, employees performance which also include Growth as well as Financial Outcomes. The study highlights the fact that private banks i.e Dutch Bangla Bank Ltd., United Commercial Bank Ltd., Dhaka Bank Ltd., & One Bank Limited leading private commercial banks of Bogura & Sirajganj District in Bangladesh is better can be the facilities and benefits provided to the employees. The study helps to the policy maker's researches and bankers etc. Further it would be also use the formulation of bank policies related to the HRM practices in a banking sector. Therefore the present study focus on HRM practices and Employees performance in Private sector banks in in Bangladesh.

OBJECTIVES OF THE STUDY

- To know major HR Practices Prevailing in Selected private banks in Bangladesh
- To Study Employee performance of selected private banks in Bangladesh
- To find out the significance difference between HR practice and demographic variables of employees in private banks in Bangladesh.
- To study the relation and/or impact of or linkage between HR practices and Employee

performance of selected private banks in Bangladesh.

METHODOLOGY

The study made use of both secondary data and primary data. Secondary data were collected from books, journals, magazine, article, annual reports of banks Database like websites of Bangladesh banks and internet. It included information on the private banks, HRM practices % employee's performance of Dutch Bangla Bank Ltd., United Commercial Bank Ltd., Dhaka Bank Ltd., & One Bank Limited leading private commercial banks of Bogura & Sirajganj District. The study is as its objective, the effectiveness of HR on the employee's performance of private banks in Bangladesh. It was a micro level study and required primary data to be collected from a selected four private banks employees. A descriptive research was carried out by applying a survey method. The nature of this study demands survey method, keeping in sight the basis of the study, simple random sampling was used to achieve representativeness in the selection of respondents. The questionnaire was distributed through the HR team managers, while ensuring confidentiality of the responses collected. Sample size was 186 private banks employees of Bangladesh. For data analysis and testing of Hypothesis, the collected data has been analysis with help of SPSS package.

DATA ANALYSIS

- H0: HR practices are having a negative impact on employee performance.
- H1: There is a positive relationship between HR practices and employee performance.

Table No.1: correlation between HR practices and employee performance

Correlations		HR Practices	Performance
HR practices	Pearson Correlation	1	.724**
	Sig. (2-tailed)		.000
	N	186	186
Performance	Pearson Correlation	.724**	1
	Sig. (2-tailed)	.000	
	N	186	186

** . Correlation is significant at the 0.01 level (2-tailed).

Table No. 1 exhibit the correlation between HR practices and employee performance in private banks in Bangladesh. As per the correlation Table, the value of Pearson's co efficient of correlation is .724. It shows that there is a high positive correlation exists between

HR practices and employee performance. The Sig. (2-tailed) value is .000. As the Sig. (2- tailed) value is less than the alpha value (.05), we can reject the null hypothesis. It means that there is a significant positive correlation between HR practices and employee performance in private banks in Bangladesh.

Null hypothesis: There is no significance difference between demographic variables and opinion about HR practice.

Chi – square Test

Table No.2: demographic variables and opinion about HR practice

Opinion about HR practice	N	Chi-value	P-value	Significant value
Gender wise opinion about HR practice	186	433.248	.000	0.05
Age wise opinion about HR practice	186	308.801	.000	0.05
Education wise opinion about HR practice	186	272.702	.000	0.05
Income wise opinion about HR practice	186	146.175	.000	0.05
Marital status wise opinion about HR practices	186	301.221	.000	0.05
Experience wise perception towards performance appraisal practices	186	143.639	.001	0.05

Table No.2 shows the chi square test of demographic variables and opinion about HR practice. The demographic variables used for the test are gender, age, marital status, education, income and experience. The chi square analysis of the gender and opinion about HR practice shows that the p (0.000) value is less than the alpha value (P<0.05). The value of Pearson Chi-Square is 433.248. As the p value is less than the alpha value, the null hypothesis is accepted. It indicates that there is no significance difference between gender variables and opinion about HR practice. The chi square analysis of the age and opinion about HR practice shows that the p (0.000) value is less than the alpha value (P<0.05). The value of Pearson Chi-Square is 308.801. As the p value is less than the alpha value, the null hypothesis is accepted. It indicates that there is no significance difference between age and opinion about HR practice. The chi square analysis of the education and opinion about HR practice shows that the p (0.000) value is less than the alpha value (P<0.05). The value of Pearson Chi-Square is 272.702. As the p value is less than the alpha value, the null hypothesis is accepted. It indicates that there is no significance difference between education and opinion about HR

practice. The chi square analysis of the income and opinion about HR practice shows that the p (0.000) value is less than the alpha value (P<0.05). The value of Pearson Chi-Square is 146.175. As the p value is less than the alpha value, the null hypothesis is accepted. It indicates that there is no significance difference between income and opinion about HR practice. The chi square analysis of the marital status and opinion about HR practice shows that the p (0.000) value is less than the alpha value (P<0.05). The value of Pearson Chi-Square is 143.639. As the p value is less than the alpha value, the null hypothesis is accepted. It indicates that there is no significance difference between marital status and opinion about HR practice. The chi square analysis of the experience and opinion about HR practice shows that the p (0.000) value is less than the alpha value (P<0.05). The value of Pearson Chi-Square is 301.221. As the p value is less than the alpha value, the null hypothesis is accepted. It indicates that there is no significance difference between experience and opinion about HR practice.

H0: There is no association between HR practices and its factors

Table No.3: correlation analysis of the HR practices and its factors

variables	Pearson Correlation	Sig. (2-tailed)
Recruitment and selection	.727**	.000
Compensation practice	.809**	.000
Training practice	.860**	.000
Performance Appraisal	.881**	.000
Promotion	.841**	.000
Career development	.802**	.000

Table No. 3 presents the correlation analysis of the HR practices and its factors. The factors of HR practices are Recruitment and Selection, Compensation, Training practice, Performance Appraisal, Promotion and Career development. The table clears that all the factors are positively correlated with HR practices. Here the p value is less than the alpha value, hence the null hypothesis is rejected. It shows that there is a significant positive association between HR practices and its factors.

MAJOR FINDINGS

The major findings of the study are

- Correlation analysis shows that there is a significant positive correlation between HR practices and employee performance in Private sector Banks of Bangladesh.
- There is no significance difference between demographic variables and opinion about HR practice.
- There is a significant positive association between HR practices and its factors.
- Multiple regression analysis shows that there is significant relationship between the employee performance and HR practice.

SUGGESTIONS

The management of respective banks may able to raise the level of commitment in banks by increasing satisfaction with the specified HR practices. Suitable working environment should be designed in banks through HR practices and policies. The organizations should provide adequate facilities employees to do their works such as appropriate equipment, work breaks and work sharing.

It is outlined from the results that assistant manager felt the maximum level of HR practices for safety, health and wellness. HR practices are essential to empower the employees or divisions for handling different issues in banks. The divisions should be incorporated with well- organized human resource information systems and modern information technology facilities. All banks should allocate sufficient budget and sends competent employees to

international conferences and seminars to prepare them for the competitive knowledge at global level market.

CONCLUSION

The study mainly focused on the Effectiveness of Human Resource Management towards Employees Performance in Private Banks of Bangladesh. The achievement of banks fundamentally relies upon the intellectual development of the banks workers. Alongside intellectual development of the knowledge worker, technical infrastructures of the bank must be guaranteed to enhance the effectiveness of the employee and the bank. The public sector banks need to take inception to change in their HR policies and practices, in order to compete with private and foreign banks in current circumstances of Bangladesh. Bank should spread out their HR practices in all branches and develop strong HR polices. Decision making power and responsibility ought to be legitimately circulated to all HR managers in Private Banks of Bangladesh. Bank should give some essential power and role to HR executives to approve the HR departments. This will help to recruit and maintain skilled, knowledgeable and well performed workforce to meet current and future organizational as well as individual needs. Henceforth, the private sector banks in India have to utilize many opportunities to meet certain challenges under the changed circumstances. Employee performance is an important factor that contributes to develop the productivity through good behavior and traits of the employees of a functional team in an organization. Also, employee performance is the most important factor in an organization success so, there is an essential to adopt effective human resource policies that aim to improve employee productivity with job satisfaction creates the culture of high performance in any organization based on human resource practices. Thus, this study concluded that HR practices and policies pave the way for improving and raising employee productivity in bank sector and leading to the achievement of organizational objectives, employee satisfaction and long term sustainability in Private Banks of Bangladesh.

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