

Influence of Human Resource Management Practices on Organizational Commitment of Employees in Private Sector Banks in Chennai City

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Abstract

Human resource management practices have remarkable relevance to banking sector in general and private sector banks in particular. The competency improvement, fair compensation, recognition and information sharing are the Human Resource Management (HRM) practices in private sector banks and there is a significant difference between socio-economic profile of employees and human resource management practices in private sector banks. The fair compensation, recognition, competency improvement and information sharing are significantly and positively influencing organizational commitment of employees in private sector banks. The private sector banks must provide better pay and benefits to their employees and they should recognize and appreciate their employees for their good work and achievements. The private sector banks should provide opportunities for development of skills and knowledge through training and development programmes and they should communicate properly and effectively to employees about various banking activities.

Keywords: Human Resource Management (HRM) Practices, Organizational Commitment, Private Sector Banks.

INTRODUCTION

In highly competitive business atmosphere, organizations are facing many challenges, but an acquisition and optimum utilization of human resources is the major challenge for them. In any organization, Human resource management practices spotlights on management and optimal utilization of their valuable human resources efficiently for achieving maximum benefits. Human resource management practices are the management of people within the internal environment of organizations, includes the policies, practices and activities involved in planning, obtaining, utilizing, developing, evaluating, maintaining and keeping the suitable numbers and skill mix of employees to attain the objectives of organization (Appelbaum, 2001). At present, organizations are competing with each other through implementation of unique HRM practices for accomplishing the goals of organizations.

Commitment is the connection between employees and organization that employees are eager to contribute to the

growth and development of organization. It is important that organization keeps its potential employees and makes them committed. Consecutively to keep those best talented and efficient employees, efficient human resource management practices are necessary. This guides relationships in long term with talented and pleased employees (Stewart and Brown, 2011).

Human resource management practices have remarkable relevance to private sector banks in particular. Human resource is the most valuable input in the private sector banks and service quality, productivity, efficiency and profitability of private sector banks are greatly depending on the efficient employees and their commitment towards private sector banks. Therefore, the present study is made to study influence of human resource management practices on organizational commitment of employees in private sector banks in Chennai city.

LITERATURE REVIEW

Pare and Tremblay (2007) found that recognition had

positive relationship with affective commitment of the employees. Baptiste (2008) concluded that HRM practices were evaluated in terms of information sharing, competence development fair rewards and recognition, revealed that competence development and fair rewards had impact on organizational commitment and others didn't have any impact on organizational commitment of employees. Zaitouni et al (2011) revealed that fair rewards, information sharing and competence development has significant and positive relation with affective commitment of bank employees.

Mohyin et al (2012) concluded that the proper human resources management had vital role in the growth of commitment of employee that supported in reaching organizational goals. Lamba and Choudhary (2013) found that HRM practices had impact on organizational commitment significantly and which was related to retention of skilled employees. Janjua and Gulzar (2014) showed that human resource practices had positive and significant impact on commitment of the employees and employee retention. Mangaleswaran and Srinivasan (2015) concluded that the HRM practices influenced the employees' commitment towards organization in Sri Lankan public sector banks.

MATERIALS AND METHODS

The Chennai, a metropolitan city in India has been chosen for the present study. The 300 employees of private sector banks are chosen by using random sampling method. To know the socio-economic profile of employees of private sector banks, the percentage analysis are worked out. To identify Human Resource Management (HRM) practices in private sector banks, an exploratory factor analysis is carried out. To study the difference between socio-economic profile of employees and human resource management practices in private sector banks, the ANOVA (Analysis of Variance) is done. To study the influence of human resource management practices on organizational commitment of employees in private sector banks, the regression analysis is used.

RESULTS

1. Socio-economic Profile of Employees of Private Sector Banks

The socio-economic profile of employees of private sector banks is shown in Table-1.

Table 1 : Socio-Economic Profile of Employees

Socio-Economic Profile	Number of Employees	Percentage
Gender		
Male	137	45.67
Female	163	54.33
Age Group		
21 - 30 years	93	31.00
31 - 40 years	127	42.33
41 - 50 years	54	18.00
More than 50 years	26	8.67
Educational Qualification		
Higher Secondary	21	7.00
Diploma	76	25.33
Under Graduation	119	39.67
Post Graduation	84	28.00
Designation		

Clerk	196	65.33
Officer	74	24.67
Manager	30	10.00
Monthly Income		
Less than Rs.20,000	39	13.00
Rs.20,001 – Rs.30,000	89	29.67
Rs.30,001 – Rs.40,000	114	38.00
Rs.40,001 – Rs.50,000	41	13.67
More than Rs.50,000	17	5.66

The results show that 54.33 per cent of employees of private sector banks are females and the remaining of 45.67 per cent of employees of private sector banks are males and it is apparent that 42.33 per cent of employees are in the age group of 31 - 40 years followed by 21 - 30 years (31.00 per cent), 41 - 50 years (18.00 per cent) and more than 50 years (8.67 per cent). It reveals that 39.67 per cent of employees of private sector banks have educational qualification of under graduation followed by post graduation (28.00 per cent), diploma (25.33 per cent) and higher secondary (7.00 per cent) and it is evident that 65.33 per cent of employees are clerks followed by officers (24.67 per cent) and managers (10.00 per cent). The results imply that 38.00 per cent of employees have monthly income of Rs.30,001 Rs.40,000 followed by Rs.20,001 Rs.30,000 (29.67 per cent), Rs.40,001 Rs.50,000 (13.67 per cent), less than Rs.20,000 (13.00 per

cent) and more than Rs.50,000 (5.66 per cent).

2. Identification of Human Resource Management (HRM) Practices in Private Sector Banks

To identify Human Resource Management (HRM) practices in private sector banks, the exploratory factor analysis is done and the results are shown in Table-2. The Kaiser-Meyer-Olkin (KMO test) measure of sampling adequacy (KMO = 0.862) and Bartlett's test of Sphericity (Chi-square value = 0.0019; Significance = 0.000) reveals that the method of factor analysis is suitable. Four factors are derived, account to 75.36 per cent of variations on 18 variables. Each factors contributes to 25.19 per cent, 19.80 per cent, 16.72 per cent and 13.65 per cent respectively.

Table 2 : Identification of Human Resource Management (HRM) Practices in Private Sector Banks

Factor	Item	Rotated Factor Loadings	Eigen Value	% of Variation	Cronbach's Alpha	Factor Name
I	Employees can improve their skills to enhance their opportunity for promotion	0.68	2.74	25.19	0.82	Competency Improvement
	Employees can use new techniques in work	0.66				
	Employees can rotate jobs to develop their skills	0.69				
	Bank managers supports employees to use new methods in their day to day operations	0.70				
	Professional development programmes are provided to employees	0.64				
	Bank management encourages employees to pursue proficiency courses	0.73				
II	My salary is fair and better as compare to other banks in the same job position	0.63	1.97	19.80	0.85	Fair Compensation
	I feel my salary is fair internally	0.70				
	The hike in pay and incentives for me is based on my performance	0.62				
	My pay and benefits reveal sufficiently my role and responsibility	0.64				
	Manager allots wok load fairly among employees	0.71				
Factor	Item	Rotated Factor Loadings	Eigen Value	% of Variation	Cronbach's Alpha	Factor Name

III	Managers recognize employees' efforts in tangible manner	0.75	1.21	16.72	0.83	Recognition
	Employees receive written recognition from their manager	0.69				
	If employees do good quality work, their colleagues regularly show them their appreciation	0.72				
	Employees' options are sincerely taken	0.64				
IV	Employees are regularly informed about their performance	0.72	1.03	13.65	0.87	Information Sharing
	Employees are regularly informed of future bank activities	0.69				
	Employees are informed regularly about technological orientations	0.71				
Cumulative % of Variation		-	-	75.36	-	-

Method of Extraction: Principal Component Analysis.
Method of Rotation: Varimax with Kaiser Normalization.
Rotation converges in 11 iterations.

Factor-I includes employees can improve their skills to enhance their opportunity for promotion, employees can use new techniques in work, employees can rotate jobs to develop their skills, bank managers supports employees to use new methods in their day to day operations, professional development programmes are provided to employees and bank management encourages employees to pursue proficiency courses. Therefore, this factor is named as Competency Improvement.

Factor-II consists of my salary is fair and better as compare to other banks in the same job position, I feel my salary is fair internally, the hike in pay and incentives for me is based on my performance, my pay and benefits reveal sufficiently my role and responsibility and manager allots wok load fairly among employees. Thus, this factor is named as Fair Compensation.

Factor-III encompasses of managers recognize employees' efforts in tangible manner, employees receive written recognition from their manager, if employees do good

quality work, their colleagues regularly show them their appreciation and employees' options are sincerely taken. So, this factor is named as Recognition.

Factor-IV comprises of employees are regularly informed about their performance, employees are regularly informed of future bank activities and employees are informed regularly about technological orientations. Hence, this factor is named as Information Sharing.

The Cronbach's Alpha value shows that the different items in four factors exhibit acceptable level of internal consistency. From the above results, it is evident that competency improvement, fair compensation, recognition and information sharing are the Human Resource Management (HRM) practices in private sector banks.

3. Socio-economic Profile of Employees and Human Resource Management Practices in Private Sector Banks

To study the difference between socio-economic profile of employees and human resource management practices in private sector banks, the ANOVA test is done and the results are shown in Table-3.

Table 3 : Difference between Socio-Economic Profile of Employees and Human Resource Management Practices in Private Sector Banks.

Particulars	F -Value	Sig.
Gender and Human Resource Management Practices	21.782**	.000
Age Group and Human Resource Management Practices	9.506**	.000
Educational Qualification and Human Resource Management Practices	11.148**	.000
Designation and Human Resource Management Practices	19.094**	.000
Monthly Income and Human Resource Management Practices	13.270**	.000

** Significance at one per cent level

The F-values are statistically significant at one per cent level revealing that there is significant difference between socio-economic profile of employees and human resource management practices in private sector banks. Therefore, the null hypothesis that there is no significant difference between socio-economic profile of employees and human resource management practices in private sector banks is rejected.

4. Influence of Human Resource Management Practices on Organizational Commitment of Employees in Private Sector Banks

To analyze the influence of human resource management practices on organizational commitment of employees in private sector banks, the multiple regression analysis is used and the results are presented in Table-4.

The adjusted R² is 0.64 showing that the regression model is good fit. It discloses that about 64.00 per cent of the variation in Organizational Commitment is contributed by Human Resource Management Practices. The F-value of 27.582 is significant at one per cent level revealing that the model is significant.

Table 4 : Influence of Human Resource Management Practices on Organizational Commitment of Employees in Private Sector Banks

Organizational Factors	Regression Co-efficients	t-Value	Sig.
Intercept	1.1326 **	13.482	.000
Competency Improvement (X ₁)	.391 **	9.090	.000
Fair Compensation (X ₂)	.458 **	10.926	.000
Recognition (X ₃)	.416 **	9.985	.000
Information Sharing (X ₄)	.314 **	8.672	.000
R ²	0.66	-	-
Adjusted R ²	0.64	-	-
F	27.582	-	.000

** Significance at one per cent level

The results reveal that fair compensation, recognition, competency improvement and information sharing are significantly and positively influencing organizational commitment of employees in private sector banks at one per cent level. Hence, the null hypothesis that there is no significant influence of human resource management practices on organizational commitment of employees in private sector banks is rejected.

DISCUSSION

This study identifies competency improvement, fair compensation, recognition and information sharing are the

Human Resource Management (HRM) practices in private sector banks. This is confirmed by the findings of Baptiste (2008) as states that HRM practices are appraised in terms of information sharing, competence development, fair rewards and recognition. Further, results show that fair compensation, recognition, competency improvement and information sharing are significantly and positively influencing organizational commitment of employees in private sector banks. This is on par with the findings of Pare and Tremblay (2007) as recognition had positive relationship with affective commitment of the employees and Zaitouni et al (2011) as fair rewards, information sharing and competence development hae significant and positive

relation with affective commitment of bank employees. And Lamba and Choudhary (2013) and Mangaleswaran and Srinivasan (2015) support the outcome of this study as they conclude that HRM practices have significant impact on organizational commitment.

CONCLUSION AND RECOMMENDATION

Most of the employees of private sector banks are females and majority of them are in the age group of 31 - 40 years. Most of the employees of private sector banks are under graduates and majority of them are clerks and majority of them have the monthly income of Rs.30,001 Rs.40,000.

The competency improvement, fair compensation, recognition and information sharing are the Human Resource Management (HRM) practices in private sector banks and there is a significant difference between socio-economic profile of employees and human resource management practices in private sector banks. The fair compensation, recognition, competency improvement and information sharing are significantly and positively influencing organizational commitment of employees in private sector banks.

The private sector banks must provide better pay and benefits to their employees and they should recognize and appreciate their employees for their good work and achievements. The private sector banks should provide opportunities for development of skills and knowledge through training and development programmes and they should communicate properly and effectively to employees about various banking activities. In addition, the private sector banks should ensure job security and pension benefits to increase commitment of their employees.

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