



## IMPACT OF HRM PRACTICES ON EMPLOYEE SATISFACTION IN BANKING SECTOR IN CHITTOOR DISTRICT

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### Abstract:

*Employee satisfaction plays a key role on both the individual and organisation. Employee satisfaction will result in improving organisation productivity. The present study is carried out to comprehend the effect of HRM Practices in banking sector. This study is based on both primary and secondary data, reviewing the literatures related to HRM Practices, employee satisfaction, in banks of chittoor district. The objective of the study focuses on understanding Effect of HRM practices on Employee satisfaction banking organizations on employee satisfaction towards organization. The study results revealed that there is significant impact of HRM practices on employee satisfaction.*

**Keywords:** HRM Practices; Employee Satisfaction; Job Satisfaction; Banking Industry.

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### 1. Introduction

Nowadays many organizations are under pressure to improve the organization's performance and development. For this many organizations are continuously creating new policies and plans for further development. Most of the times they are changing it very rapidly so that they would be able to provide better services for their clients and customers. This has extended the necessity for the organizations not only to progress the process they deliver their services, but also to examine their practices, organizational visions and goals, performance objectives, and measures. The effective HR management of staff within the organization is important to the organisation's efficiency and effectiveness. Human resources are considered the most valuable assets of an organization, but very few organizations are able to utilize this valuable asset. Organization like Banks, and other firms, needs to nurture their human resources in an efficient manner so that profit can be ensured. Banking industries are going through a series of rapid changes because of technological development. Technological advancement has changed the nature of banks demand for employee to better perform their jobs. In an organization People treated as asset when they are equipped with adequate knowledge, skills and competencies. All organizations are

made up of people and function through people. Without people organizations cannot exist. The resources of men, material and machinery are collected, coordinated and utilized through people. These resources by themselves cannot fulfill the objectives of an organization.

## 2. Literature Review

**Pieninget al. (2013)** assert that organizations adopt a range of human resource practices, such as opportunities to contribute ideas, mentoring or support, suitable job design, constructive performance appraisal, and development programs to support employees. When these practices are adopted, employees feel they are supported and trusted by the organization. In return, these employees develop commitment to the organisation, which often lead to job satisfaction.

**Kashfi et al. (2015)** examined the effect of human resources planning on the satisfaction of Mellat Bank employees. The results indicate that there is a significant link between human resource planning and employee satisfaction.

**Aswathappa (2008)** found that employee compensation is an important factor why people work. He adds that satisfying employees' living status in the society, loyalty, and productivity are also influenced by employee compensation.

**Oyeniya et al. (2014)** examine the effect of HRM practices on job satisfaction of employees of selected banks in Nigeria. The results show that compensation practice, promotion practice, training practice and performance evaluation have a positive effect on job satisfaction among Nigerian banks staff but only supervisory role practice has an inverse effect on job satisfaction.

**Ijigu (2015)** study the effect of HRM practices on employee satisfaction in Ethiopian public banks, the results of this study suggest that HRM practices mainly recruitment and selection, training and development, performance appraisal and compensation package are positively related to employee job satisfaction.

**Masoodul et al. (2013)** found that employee compensation is the most important factor affecting satisfaction among employee of public banks in Punjab.

**Thang, Buyens (2008)** argues that training and development lead to superior knowledge, skills, abilities, attitudes, and behavior of employees that impact on performance positively.

**Kennedy (2009)**, training and development ensures that competent people available to fill vacant positions at all levels of the organisation. Authors argue that training and development enable organizations adapt to changing environmental conditions through increasing employee efficiency and job satisfaction. Base on literature, authors argue that the HRM practices will be positively associated with employee satisfaction in MFBS in Nigeria.

**Steijn (2004)** found that HRM practices had positive effect on job satisfaction of the employees of Dutch public sector whereas individual characteristics such as age, gender, and education had insignificant effect on job satisfaction.

## 3. Objectives of the Study

- To analyze the Effect of HRM practices on Employee satisfaction.

## 4. Hypotheses for the Study

- H01: There is no relationship between Training & Development and Employee satisfaction.

- H02: There is no relationship between employee compensation and employee satisfaction.
- H03: There is no relationship between Human resource planning and employee satisfaction.
- H04: There is no relationship between employee Work environment and employee satisfaction.

## **Human Resources Management Practices and Employee Satisfaction**

### **Measurement Variables for the Study**

The measures used in this study were all adapted from previous studies on the subject in order to ensure their reliability and content validity. The measures for training and work environment and employee compensation were adapted from **Demo et al. (2012)**. The measure for employee satisfaction was adapted from **Peltier, Dahl (2009)**. For human resource planning authors adapted the measure proposed by **AL-Qudah et al. (2014)**. The details of the measures used in this study are presented below.

Training and development refers to give new and old employees the skills, abilities and knowledge they need to effectively and efficiently do their jobs. Employees can get these skills on the job and off the job when they are not at work. Training and development improves the skills and abilities of employees. According to **Dessler (2006)** training are methods that are applied to provide the new employees with the skills needed to perform their jobs. **Ivancevich (2001)** notes that development activities help an individual make positive contribution to the organizations. Authors use 6 items to measure the construct of training and development. 5 point Likert scale ranging from 1 “strongly disagree” to 5 “strongly agree” was used.

Employee compensation. **Williams (2005)** pointed out that all forms of pay or rewards that organisation give to employees for doing their jobs are referred to as compensation and benefits. Arguably, salaries, commisions, bonus and other non-cash benefits are important reason why people work. **Hackett, McDermott (1999)** assert that compensation is the activity of human resource management function through which employees get every type of reward for performing the tasks assigned to them. Employee compensation depends on factors such as experience, skills, performance, and seniority. 5 items were used to measure the construct of training and development. A 5-point Likert scale ranging from 1 “strongly agree” to 5 “strongly disagree” was used.

Human resource planning is important in identifying and forecasting effective workforce with proper skills and knowledge needed to achieve organisational objectives. **Boxall, Steenveld (1999)** suggest that a well- -structured and carefully performed human resource system can improve firm’s profitability and enhance its competitive advantage. Human resources planning ensure a firm has skilled and experience employees at all times. Authors use 6 items to measure The construct of human resource planning. 5 point Likert scale ranging from 1 “strongly agree” to 5 “strongly disagree” was used.

Work environment refers to the working conditions of an organization. Arguably, a conducive work environment can improve firm performance. The working conditions are conducive when organisation provides their employees a safe and healthy environment, basic benefits, facilities and physical conditions like good lightings, ventilation etc. Organisations are expected to provide safe and healthy working environment to the employees, protect them from alcohol and drug/substance abuse, smoking, stress, and burnout. According to **Mondy, Noe (2005)** safety is protecting employees from injuries caused by work related accidents, and health is keeping employees free from physical or emotional illness. We use 6 items to measure the construct of work environment. 5 point Likert scale ranging from 1 “strongly agree” to 5 “strongly disagree” was used.

Employee satisfaction measures the degree to which employees are happy with their jobs. **Moyes et al. (2008)** assert that employee satisfaction describe how pleased an employee is with his or her position of employment. Employee satisfaction is a comprehensive term that comprises job satisfaction of employees and their overall satisfaction with companies policies and procedures. Authors use 3 items to measure employee satisfaction. 5 point Likert scale ranging from 1 “strongly agree” to 5 “strongly disagree” was used.

## 5. Research Methodology

The present study is of explanatory type of research i.e. it study the relationship between the select HRM practices and employee satisfaction. Both primary and secondary data are used for the study. Sample sizes of 260 respondents of different banks in chittoor district 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.

## 6. Analysis and Discussion

Table1: Reliability Analysis

S.NO	Component	No. Items	Cronbach's Alpha
1	Training and development	6	0.703
2	Employee compensation	5	0.767
3	Human resource planning	6	0.821
4	Work environment	6	0.602
5	Employee satisfaction	3	0.615

(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

Variable name	Mean	S.D.	1	2	3	4
<b>Training and development</b>	2.22	.559				
<b>Employee compensation</b>	2.31	.680	0.6**			
<b>Human resource planning</b>	2.43	.685		0.83**		
<b>Work environment</b>	2.39	.608			0.7**	
<b>Employee satisfaction</b>	2.09	.738				0.62**

Notes: \*\*  $p < 0.01$  (two-tailed test). N= 260, 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.

## 7. Conclusion

It is concluded from the study results that HRM practices like Training and development, Employee compensation, human resource planning, work environment have significant impact on Employee satisfaction in different banks of chittoor district. All the variables have positive impact on satisfaction employee. Compensation is key variable among the select HRM Practices i.e. effecting the satisfaction of the employee. On overall all the select variables are creating positive influencing on satisfying the employees that result in improvement in the work.

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