

EXTENDED ABSTRACT

THE LEVEL OF HUMAN RESOURCE MANAGEMENT PRACTICES WITHIN THE BANKING SECTOR IN SRI LANKA: A CASE STUDY WITH REFERENCE TO THE PEOPLES BANK

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Abstract

Human Resource Management (HRM) can be distinct as active organizational management of people. This study has been conducted with the core purpose of identifying the level of HRM practices within the Peoples' bank branches in Rathnapura District. The co-objectives of the study are to identify the causes for the identified level of HRM practices. Moreover, this study provides recommendations to enhance the HRM practices among the Peoples Banks branches in Rathnapura district. The population was narrowed down considering only the employees who have more than five-year experience in the same branch. Therefore, Purposive random sampling method has been used to select the sample for this study. Accordingly, the selected sample size was 60. Data for this study has been gathered from both primary and secondary sources. Primary data is collected using an online survey followed by a partial-structured questionnaire and interviews over the phone. The secondary data has been gathered from the banks, corporate plan and by reviewing the data related to human resource management in Peoples' bank branches. Gathered data has been analyzed using mix method approach. SPSS software was used to have the basic statistics for the study. Accordingly, the answers received for open-ended questions and the data gathered from interviews have been analyzed descriptively. As per result of this study, it was revealed that there is less practice of HRM in the selected People's bank branches in Rathnapura district. The main causes for the less HRM practices within the Peoples' bank branches were the absenteeism of proper internal communication chain, less interest on HRM by the top management, poor monitoring the circulars distributed, focus on the short-term costs rather than the long-term benefits and less awareness of the benefits of HRM. Further, the recommendations to increase the HRM practice has also been provided.

Keywords: HRM, job performance, job satisfaction

1. Introduction

Human Resource Management (HRM) is one of the most crucial disciplines which has been adopted by any kind of an organization for their speed growth worldwide. Banking sector also regarded as one of the most competitive sectors contributed massively for the development of a nation. Mahajan

and Sharma (2005), in their research paper, covered the most of the HR concepts such as recruitment, selection, training and development, promotion, salary and political interference in the cooperative banks. A sample of 50 employees was taken for this study. Their study revealed that human resource development practices in the cooperative banks were not satisfactory. Employees were having a low level of satisfaction with regards to the HR practices followed in of those banks. Further, many of the literature available were related to the satisfaction of the bank employees. And only few scholars have investigated the root causes behind. Moreover, the studies related to the level of HR practices in banking sector in Sri Lankan context were rare. With that aspect researchers motivated to conduct a study to reveal the HRM practices within banking sector in Sri Lanka.

Every bank manager has shared a circular stating that every manager should be a Human Resource Manager and the functions and responsibilities have also been stated in those circulars. The pilot survey conducted within the selected People's Bank branches (Rathnapura, Balangoda, Rakwana, and Pelmadulla) for the purpose of extracting the most critical issue for conducting this study revealed several critical issues related to Human Resource Management.

The core persistence of this study is to identify the level of HRM practices within the peoples' bank branches in Rathnapura district. As the co-objective of the study, it identifies the causes for the identified level of HRM practices. The study also provides recommendations to the practice of HRM within banks for the purpose of getting the maximum benefit out of it. There is a separate department for Human Resource Management and it provides welfare facilities, staff loan, INI, Document & Miscellaneous facilities at the top level of the organization. There are about 10,300 of staff members who work under this organization and there are some circulars which are related to the human resource of the organization issued by the department of channel management to develop multi-skilled employees and widen their skill sets.

2. Methodology

The target population for this study is all the employees of People's Bank PLC in Rathnapura district. As only the researchers had access to the HRM data in Rathnapura, Balangoda, Rakwana, and Pelmadulla People's Bank branches in Rathnapura district, those four branches have been considered to gather data for the current study. Then, the population was narrowed down considering only the employees who have more than five-year experience in the same branch. Purposive random sampling method has been used to select the sample for this study. Accordingly, the selected sample size was 60. Data for this study has been gained from both primary and secondary sources. Primary data is collected using an online survey method followed by a partial-structured questionnaire and interviews over the phone. The secondary data has been gathered from the banks, corporate plan and review the data related to human resource management in Peoples' bank branches considered for the current study. Gathered data has been analyzed following the mix method approach. SPSS software was used to analyze the statistics for the study. Answers received for open-ended questions and the data gathered from interviews have been analyzed descriptively.

3. Results/Analysis and Discussion

This section first describes the demographic characteristics of the sample such as gender, age, educational level and years of experience. Then the researchers described the summarized information collected from the bank employees related to their Human Resource Management practices policy and then it has been analysed the gathered data on HRM practices within the selected banks. The participants were asked to designate their gender by keeping a next to the pertinent option (male or female) provided. The highest percentage of respondents were female (63%), compared to 37% for the male. 35% of the sample population are between the ages of 25-35 and above 56 age category included 9% of the total sample and it is the minimum response age category. The respondents were asked to indicate their education level by keeping a next to the relevant option provided. So, it is

clearly evident that the majority of the bank employees are in the category of secondary school level as 37%. Minimum respondents are under the category of Master/PHD education level, which is only 3% of the total sample. 28% and 32% of the total sample represent the diploma and Bachelor's categories respectively. Respondents were categorized into four groups and asked them to mark their length of service years in relevant options. Accordingly, the majority (39%) of bank employees have more than four years' experience in their current branch.

Around 77% of the respondents were aware of this Human Resource Management practices policy and 33% are not aware of it at all. When we asked questions about Human Resource Management practices in the workplace, they asked about the areas in which they worked as a result of Human Resource Management practices, and the majority of participants in the questionnaire worked at cash counters and check-in counters. Accordingly, their rotations have taken place only between two sections of the same type. As stated by respondents, "Employees in the credit sector have also worked in the mortgage sector. Also, a handful of employees in the credit sector have worked in the counter sector and only in the event of an absence of an employee in the counter sector. Furthermore, it is possible that employees in the audit division are switching between the inquiries and the credit recovery division, and thus it is not clear that an employee of the bank is being slaughtered among all its distant divisions."

When we asked bank employees about their Human Resource Management practices, the majority of bank employees, that is 84% of the population, voted in favor of the HR practices and 16% said no. It appears that the majority of these employees are willing to HR practices but it is clear that it is not systematically active within the organization. Further, when the employees were asked about the reasons for the non-implementation of job transfers, their views were that 'there was no systematic management of the bank, there was no division in the bank directly responsible for job transfers, personal reasons given by employees when making job transfers' and so on. The fact that the rules that are enforced by top management are not enforced by lower managers. Accordingly, in order to enhance the knowledge and skills of the employees of the bank has to retain the most talented employees and it emphasized the need of systematic implementation of the critical HR practices.

Root cause was identified as the absence of proper internal communication chain as the root cause for the less practice of Human Resource Management practices. Other reasons were short-term efficiency losses and quality issues, less interest of the staff on Human Resource Management practices, no mechanism to monitor the circulars distributed, focus on the short-term costs rather than the long-term benefits, less awareness of the benefits of Human Resource Management practices and no separate division for Human Resource Management practices.

4. Solutions and Recommendations

As the solutions for the less practice of Human Resource Management practices it has been suggested application of the given circulars should be properly monitored by a third party, proper monitoring system in addition to the audit, management should take interest and initiative in motivating others regarding the benefits of Human Resource Management practices, develop and implement internal communications and implement a proper internal communication system.

As the recommendations, proper monitoring system must be implemented in addition to the audit. For an instance, application of the given circulars should be properly monitored by a third party. HRM workshops for managers must be conducted emphasizing the application of Human Resource Management practices within the organization. Personal resource management is viewed as a means to encourage, broaden and mainly hold key employees. It also provides companies the comfort to know that someone can fill a coworker's shoes or leave them promptly. Every employee should be given training by the employee who possesses the permanent position, once an employee rotates to a new section/position to make them confident with the new section/position. Training often occurs

after rotation. It requires varied techniques and tools to train staff and prepare them to deal with any position. Having a mechanism to appreciate and award proper Human Resource Management practices within the organization would be motivated the employees. Management should take interest and initiative in motivating others. As a practical strategy, the organization could promote the benefits of Human Resource Management practices to both individuals and the organization. Human Resource Management practices should not utilize to cause harm to the employees. The Organization should contribute the employees in the process of implementing monitoring and follow-up of HRM practices by limit the expected hindrances and disadvantages (if any) of Human Resource Management. Most importantly, practices via good planning and constant follow up, in addition to regular training will benefit much to the organization.

5. Conclusion and Implications

The pilot survey for this study revealed several Human Resource related issues exist within the Peoples Bank branches in Rathnapura District. Therefore, this study has been conducted with the purpose of finding the root causes for the less practice of HRM policy and giving recommendations for the said issue.

The gathered data revealed that the availability of Human Resource Management practices policy is 80% as a percentage. But employees expressed that the less practice of the existing Human Resource Management practices policy within the bank and the adverse effects happen due to that. According to the study, the causes for the less HRM practices were the absence of proper internal communication chain, less interest of the top management on HRM, absence of mechanism to monitor the circulars distributed, focus on the short-term costs rather than the long-term benefits, less awareness of the benefits of HRM and no separate Human Resource Management department within the banks. As the solutions for the less HRM practice of job rotation it has been suggested application of the given circulars should be properly monitored by a third party, proper monitoring system in addition to the audit, management initiatives in motivating others regarding the HRM benefits and develop and implement a proper internal communication system. Further, it is highly recommended to conduct this survey with the help of a larger sample representing all the bank branches in Rathnapura district by using a different approach.

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