Executive Summary

It is the era of globalization and the business environment is very turbulent. It is changing drastically. In present environment nothing is permanent except changes. Changes are likely to take place but with different pace at different time. External environmental factors like social, cultural, economic, legal, government policies, technology and competition are uncontrollable. Due to these, it has become very difficult to carry out the business activities effectively and efficiently. It is an uphill task to stabilize, grow and excel in the business performance. In this situation, the need for higher level of knowledge and skills are needed. Every organization whether big or small, is using manpower, machine, money and materials. To carry out its tasks these are needed and without these the tasks cannot be completed.

Human resource is the most important component of an organization. Human resource has been defined from national point of view, as the total of knowledge, skills, creative abilities, talents and aptitudes obtained in the population. Whereas from and individual enterprise point of view, they represent the total of inherent abilities, acquired knowledge, skills and aptitudes contained in employees of the enterprise. The human resource is given increasing significance in modern organization. Obviously, a majority of the problems in organizational setting are human and social rather than physical, technical and economic. The failure to recognize this fact causes great loss to the nation, enterprise and the individual. People at work comprise a large number of individuals of different sex, age, education standards and groups. These people at work exhibit not only similar behaviour patterns and characteristics to a certain degree, but they also show many dissimilarities. Each individual who works has his own set of needs, drives, goals and experiences. Management, therefore, must be aware not only the organizational needs but also needs and goals of employees.

In present scenario under liberalization, privatization and globalization the companies are facing stiff competition. It has become very difficult to achieve the objectives and pre decided performance standards. The companies performing better and before others are taking the lead in business. To do so the skilled and motivated employees are strongly needed. They can give more output per person. Their performance can be measured with the help of labour
productivity concept. Productivity is known as output per person or system. Labour productivity is called output per person. It is the ratio of output to input.

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\text{Labour Productivity} = \frac{\text{Output}}{\text{Input}} \times 100
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Banking service is related to the topic of the study. Mobilization and proper utilization of resources affects economic growth of a nation. Banks play very important role in the economic life of the nation. The health of the economy is closely related to the soundness of its banking system. Although banks create no new wealth but their borrowing, lending and related activities facilitate the process of production, distribution, exchange and consumption of wealth. In this way they become very effective partners in the process of economic development. Today, modern banks are very useful for the utilization of the resources of the country. The banks are mobilizing the savings of the people for the investment purposes. The savings are encouraged and saving rate increases. If there would be no banks then a great portion of a capital of the country would remain idle.

After independence, the development of banking sector picked up momentum. Since 1991, public and private sector banks are co-existing and providing banking service to the customers. They are playing very important role for overall economy development. In service sector, involvement of human element is of very high and this is application in banking service too. Attitude, interest, motivation, skills and knowledge, behavior, promptness, response to call etc. all are related to employees. These factors affect the individual and organizational performance. Hence, the concept of labour productivity is banking sector has great significance in present time. In present stiff competitive situation, it has become difficult to attract customers, retain and motivate them for further business. When employees give better performance then only the profitability of the banking unit will go high. Therefore, the output per person matter a lot. So the importance of productivity concept has been felt everywhere. That is why this topic has been selected for study purpose.
Management is putting best efforts to utilize every resource effectively and efficiently and specially the manpower. Management realized the importance of human resource and its better performance at job. The importance of manpower cannot be ignored in present competitive situation. In Indian banking sector public, private, foreign, development and cooperative banks are performing banking service very well under competitive situation. In this situation, for survival and growth management in banks is adopting different strategies to improve labour productivity. It provides one shot solution in the competitive situation. Due to the magnificent contribution of labour productivity on progress I have been attracted by this topic and selected for the research study.

Following are the objectives of this study:

(a) To understand the concept of employee/ human resource, importance of human resource performance, factors affecting performance, labour productivity, factors affecting, benefits of higher labour productivity, other related concepts, and concerns of all parties involved.

(b) To study the causes of lower productivity, strategies to improve it and involvement of different parties with concept of labour productivity and their initiatives.

(c) To find out the practices adopted in banking, examine the labour productivity in banking sector and the problem faced regarding labour productivity.

(d) To summarize on the basis of study, the findings and give suggestions for further improvement of labour productivity in banking sector in India.

(e) To meet the requirement of award of Ph. D degree programme.

It is expected the study of this topic would contribute in clarifying the all concepts relating to human resource, performance and labour productivity very well. After study of the topic in depth the fundamental concepts are very clear. The beneficiary from the study of this topic would be first of all self-researcher, academicians, practicing managers, prospects researchers and the banks. If these parties refer this research study in future may take advantage of the finding and suggestions. Academician, practicing managers and research students may take benefits for academic purpose and on the jobs. The banks if feel may implement the suggestions for improvement of performance and productivity of manpower.
Research methodology explains the method of conducting research and shows the logical sequences of the steps involved in research:

(a) Type of Research: It is descriptive research.
(b) Sources of Data: Primary and secondary data have been collected for the study purpose. The primary data collected from employees, their supervisors, managers and customers. The secondary data collected from financial statements of last 5 years from different banks, HR policies of banks and reports of RBI and governments. These data used in combination as per need of the study.
(c) Instruments for data collection: For research study data were collected with the help of instruments. These instruments are questionnaire, interview, telephones/mobiles, internets etc. These have been used according to the requirements of the study and availability of instruments. These have been used in combination to meet the requirement of the study.
(d) Sampling: For data collection stratified random sampling has been used and data collected from Ahmedabad, Baroda, Surat and Rajkot regions of Gujarat state. From each region the respondents were selected from urban and rural areas randomly. The sample size is selected 500 to ensure that the sample is proper representative of the universe to maintain the accuracy of data and manage the research effectively.
(e) Time Duration: To carry out the study the time permitted by the University for Ph.D. research work is two years and it has been completed and submitted within this time.

To carry out the research study the following limitations were expected and faced:

(a) Availability of secondary data from banks was difficult.
(b) Employees avoided or hesitated to give relevant data.
(c) Management did not like to share their views on the topic.
(d) Time, cost and location factors caused difficulties.
(e) Sample size might not be exact representative of the universe.

However sincere efforts have been put to overcome the limitations faced.
Human resource is the most important resource of the organization. The concepts of human resource, personnel, employees, labour force and manpower are interchangeable. The main objective of human resources management is to utilize the human resources in a most optimal manner so that targets can be achieved very effectively and efficiently. For this purpose managing performance of employees as a whole is very important. Performance management takes care of this function. Performance management maintains, develops and motivates the people at work to give better results. In the present competitive situation the organisation that gives better results can survive, stabilize, grow and excel in the performance. It helps a lot in achieving the objectives of HRM. Performance management includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on performance of the organization, a department, processes to build a product or service, employees, etc. The performance management is mainly concern with the performance of the people, systems and organization. To achieve this objective performance management performs a variety of functions.

After depth study of various organisations, it is found that in every organisation different steps have been taken and there is no similarity in steps in performance management process. It entirely depends upon the requirement of the organisation and the management working pattern. Some organisations take help form the consultants and some are having their own internal experts for scanning the business the business environment, identifying and prioritizing the goals, fixing responsibility and accountability, expected performance standards and many more work related aspects. In large organisation mostly the below mentioned steps are followed but in small and further smaller organisations some of the steps may be or may not be followed. It is summarised that the steps involved in performance appraisal are planning for objectives and performance standards, communication and guidance, performance appraisal and review of appraisal for development and planning action for future.

"Performance appraisal is a systematic periodic and impartial rating of employee's excellence in matters pertaining to his present job and to his potentialities for a better job." (Flippo) The performance appraisal is an important stage in this process. It shows as per planning of objectives, performance standards and behaviour the communication, counseling, coaching, motivation and feedback have been given or not. Finally to see what is the impact of these planning and action on the performance of the employees. The performance standards
regarding quality, quantity, cost and behaviour have been achieved or not. So it becomes necessary to carry out the performance appraisal of every one for smooth working of the organisation. Thus performance appraisal forms an important part of HRM. This necessitates the study of the topic of performance appraisal.

Performance appraisal is mainly used for three purposes:

(a) As a basis of reward allocation such as salary increments, promotion and other rewards etc
(b) Performance appraisal will point out the weaknesses of employees and will spot the areas where development efforts are needed
(c) It can be used for the selection and development programme.

Performance appraisal is done by the managers or supervisors. They do this job under different situation, at different place and different state of mind and at different time. Their judgements are likely to be affected. They are human being. Their psychology, liking, disliking, preference, judgement etc. are likely to affect the appraisal of employees. There are chances that errors are likely to take place. But efforts should be there so that these can be minimized. Proper care should be taken to give fair and impartial assessment. There are a number of methods that are used to evaluate employee's performance. It may be evaluated on the basis of his traits and attributes as well as on the basis of his work or results and objectives achieved by him. Thus his performance may be measured in terms of standards of his traits and general behaviour on the job or in terms of results and goals. Some of the common techniques are given below. Each method has its merits and demerits but one thing is clear that the technique employed has to evaluate mainly his job related performance.

The appraisal methods can be classified as follows:

(a) Individual appraisal and group appraisal methods include rating scale, checklist method, forced choice method, critical incident method, field review method, performance test and observation method, annual confidential reports, factors and points method, ranking method, and paired comparison method.

(b) Other methods including MBO system, self-appraisal, appraisal, 360o performance appraisal, behaviourally anchored rating scales,(bars, and cost accounting method
A bank is a financial institution that accepts deposits and channels those deposits into lending activities. Banks primarily provide financial services to customers while enriching investors. Government restrictions on financial activities by banks vary over time and location. Banks are important players in financial markets and offer services such as investment funds and loans. Commercial banks offer a wide range of corporate financial services that address the specific needs of private enterprise. They provide deposit, loan and trading facilities but will not service investment activities in financial markets. Commercial banks can be described as a type of financial intermediary. Commercial banks provide a number of import financial and trading documents such as letters of credit, performance bonds, standby letters of credit, security underwriting commitments and various other types of balance sheet guarantees. They also take responsibility for safeguarding such documents and other valuables by safe deposit boxes.

The banking activities started nearly thirty thousand years back. It is very difficult to trace the exact year or starting but it can be estimated. From starting to the present modern banking system it has undergone many changes. The Indian Banking Sector is quite different from the banking system in the rest of Asia, because of the distinctive geographic, social and economic characteristics of the country. The banking structure in India is therefore a reflection of the countries socialistic set up. It had to meet the goals set by the five year plans, especially with regard to equitable distribution of wealth, balanced regional economic growth and removing private sector monopolies in trade and industry. For the past three decades India's banking system has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India's growth process. The government regular policy for Indian bank since 1969 has paid rich dividends with the nationalisation of 14 major private banks of India.

In the early 1990s, the then Narsimha Rao government embarked on a policy of liberalization, licensing a small number of private banks. This move, along with the rapid growth in the economy of India, revitalized the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks. The next stage for the Indian banking has been setup with the proposed relaxation in the norms for Foreign Direct Investment, where all Foreign Investors in
banks may be given voting rights which could exceed the present cap of 10%, at present it has gone up to 74% with some restrictions.

At present the Indian financial system consists of public, private, cooperative, development and foreign banks. To control and regulate the operation of all these banks the authority has been vested to Reserve Bank of India and it is the central controlling authority for all banks in India. In banking sector the different types of services are being offered. The owners of the banks are located at one place. But their branches are scattered and located across the country. They jobs of offering the services are assigned to employees. The performance they are giving on the job matters a lot. That affects the customers’ satisfaction, getting and retaining existing customers, complaints handling, targets achieved, sales turnover, profits, market shares and good will of the company. The performance of employees is being focused not only in banking but every service sector. The better performance gives satisfaction to the customers. The services are to be provided with minimum processing and waiting time, proper response, promptness and desire to handle more and more customers. With these objectives the employees are selected on merit basis.

Next the other factors like technology, working conditions, location of work, rules and regulations, management approach, business environment etc affect the working of persons. These are to be taken care of. This should not be ignored. Productivity can be improved through different management processes like following scientific management principles. Specifically It includes, production planning, and control, production cost, inventory control, operation research, specialization, cost control, budgetary control, marketing research, matching demand and supply, replacement of old technology, preventive maintenance etc. contribute in improving productivity.

For the research study, from banking sector the leading banks from different categories have been selected. These are nationalized/ public banks, private banks, foreign banks, development banks and cooperative banks. These have been selected from Gujarat only with the assumption that the behaviour of bank customers and practices adopted relating to bank employees are similar across India as prevailing in Gujarat also.