Chapter-III

METHODOLOGY
The chapter describes the method of study to fulfill the objectives.

The study focused at the managerial level of private banks. A co-relational design was used to fulfill the objectives of the study.

**Nature of Private Banks:**

A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. A bank connects customers with capital deficits to customers with capital surpluses. The current set of global bank capital standards are called Basel II.

Banking, the word can be traced to medieval and early Renaissance Italy, to the rich cities in the north like Florence, Venice and Genoa. Perhaps the most famous Italian bank was the Medici bank, set up by Giovanni Medici in 1397. The earliest known state deposit bank, Banco di San Giorgio (Bank of St. George) was founded in 1407 at Genoa, Italy.

The business of banking is in many English common law countries not defined by statute but by common law. In other English common law jurisdictions there are statutory definitions of the business or banking business. Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers current accounts. Banks also enable customer payments via other payment methods such as telegraphic transfer, EFTPOS and ATM.

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. Infect, Indian banking system has reached even to the remote concerns of the country. This is one of the main reasons of India’s growth process. The first bank in India, through conservative, was established
in 1786. From 1786 till today the journey of Indian banking system can be separated into three distinct phases as mentioned below:

- Early phase from 1786 to 1969 of Indian banks.
- Nationalization of Indian banks and up to 1991 prior to Indian banking sector reforms.
- New phase of Indian banking system with the advent of Indian financial and banking sector reforms after 1991.

The economic functions of the banks include:

1. Issue of money in the form of bank notes and amount accounts subject to cheque or payment at the customer’s order.
2. Metting and settlement of payments – banks act as both collection and paying agents for customers, participating in inter bank clearing and settlement systems to collect present, be presented with, and pay payment instruments.
3. Credit inter mediation banks borrow and lend back to back on their own account as middle man.
4. Credit quality improvement – banks borrow more on demand debt and short term debt, but provide more long term loans.

Types of banks:

Banks activities can be divided into retail banking, business banking, private banking, investment banking.

Private banks in India started way back and have a history due to the fact that in the past years they were originally working in private and during those days they were supposed to handle the more able and Indians with their banking services and other banking needs that they would require. All these activities happened around 1921.

During that time, there was the Bank of Bengal, Bank of Bombay and Bank of Madras and all these formed the Imperial Bank of India. In 1935, the Reserve Bank of India (RBI) was established and it took over the central banking responsibilities from the
Imperial Bank of India, transferring commercial banking functions completely to IBI. In 1955, after the declaration of first five year plan, Imperial Bank of India was subsequently transformed into State Bank of India (SBI).

In 1994, the RBI issued a policy of liberalization to licence limited number of private banks, which came to be known as New Generation tech-Sawy banks. Global Trust Bank was, thus, the first private bank after liberalization; it was later amalgamated with Oriental Bank of Commerce (OBC). Then Housing Development Finance Corporation Limited (HDFC) became the first (still existing) to receive in principle approval from the RBI to set up a bank in private sector.

At present, private banks in India include leading banks like ICICI banks, ING Vyasya Bank Jammu and Kashmir Bank, Karnataka Bank, Kotak Mahindra Bank, SBI commercial and international bank, etc. Undoubtedly, being tech-Sawy and fuel of expertise, private banks have played a major role in the development of Indian banking industry. They have made banking more efficient and customer friendly.

In the process they have jolted public sector banks cut of complacency and forced them to become more competitive.

Sample:

A sample of 200 managers working in private banks between 25 to 35 years of age was studied. Table 3.1 describes the number of subjects taken from different banks at different places.

Managers:

A total of 200 managers were included in the sample. The cadre included middle level managers who had been working there from last six-eight months.
Table 3.1

Frequency of middle level managers in different branches of private banks

<table>
<thead>
<tr>
<th>Divisions / Branches private banks</th>
<th>Rohtak</th>
<th>Gurgaon</th>
<th>Panipat</th>
<th>Jhajjar</th>
<th>Sonepat</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI bank</td>
<td>7</td>
<td>7</td>
<td>10</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Axis bank</td>
<td>10</td>
<td>5</td>
<td>8</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>IDBI bank</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>IndusInd bank</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Kotak Mahindra bank</td>
<td>6</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>HDFC bank</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>35</strong></td>
<td><strong>44</strong></td>
<td><strong>40</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

Material:

Standardized tests were selected to measure the emotional intelligence, organizational commitment, Type A – Type B behavior pattern and job performance. The study was conducted using the following standardized tools:

4. Performance Rating Scale.

Emotional Intelligence Scale:

The emotional intelligence scale was developed by Bhattacharya, Dutta and Mandal (2004). The test was developed by selecting items from a pool of items from various scales / inventories available for the measurement of EI like MEIS by Mayer and Salovey (1999) and emotional intelligence scale by Schutte, Malocuff, Hale, Haggerty,
Copper, Golden and Dormheim (1997). The test consists of 40 items of which 20 items are positive and other 20 are negative. These items fall under five factors viz. “appraisal of negative emotions”, “appraisal of positive emotions”, “interpersonal conflict and difficulties”, “interpersonal skills and flexibility” and “emotional facilitation and goal orientedness”. Items were to be answered on a five-point scale ranging from “never true” to “always true”, with a possible range of scores from 40 to 200. The test-retest reliability was 0.94 (alpha coefficient 0.87). The correlation (r = 0.75) between Indian version of the scale and Schutte emotional intelligence scale indicate the validity of the scale. There is no definite time limit but it takes 20-25 minutes to complete the scale.

Organizational Commitment Scale:

The organizational commitment scale was developed by Allen and Meyer (1990). They developed three scales using items from Mowday et al. (1979), Buchanan (1974), and Quinn and Staines (1979) to measure the normative, affective and continuance conceptualizations of organizational commitment. Each scale contained eight statements presented in a seven-point Likert scale response format with the following anchors: strongly disagree, moderately disagree, slightly disagree, neither agree nor disagree, slightly agree, moderately agree, strongly agree. It has 24 items designed to measure the various dimensions of organizational commitment. The reliability for each scale was as follows: affective commitment scale, 0.87, normative commitment scale, 0.79, continuance commitment scale, 0.75. Scale developed has been supported by acceptable levels of reliability and validity (McGee and Ford, 1987; Meyer and Allen, 1984). There is no defined time limit for the administration of this test but it usually takes a time of 15-20 minutes.

Jenkins Activity Survey (JAS) (Form – C):

The questionnaire was developed by Jenkins et al. (1979). It is a self-report multiple-choice questionnaire of 52 items designed to measure the Type A/B behavior pattern form ‘C’ is the result of 25 years of research and applications. It is frequently used in clinical and occupational set up. There is no definite time limit for the administration of the test but it takes around 20 minutes for its completion.
JAS renders scores on four scales – Type A scale and three factorial independent components of this broader construct, i.e., speed and impatience (factor S), job involvement (factor J) and hard driving and competitiveness scale (factor H). For each item that contributes to a scale score, each response alternative is assigned numerical points based on the product of the item regression weight and the optimal scaling weight for that response.

The item reliability of JAS was measured in two ways: (a) Kendall’s tau b one year test-retest coefficients (Kendall, 1984) (b) Estimates derived from the squared multiple correlation coefficient (SMC) Nunnally, 1967; Harman, 1976). Item reliabilities (21 items of Type A in JAS) by first method were found to be .39 to .79 while it came to be .27 to .75 by second (SMC) method. The four JAS scales show uniform reliability coefficients ranging from .73 to .85. Moreover, the coefficients of JAS remained same although its various versions were modified. The test-retest coefficients between 1965 and 1969 editions of JAS always ranged from .65 to .82. As far as the validity of JAS is concerned, the correspondence between Type A ratings in the JAS and Type A ratings on the structured interview ranged from 77% to 89%.

Self Rating Scale:

A ten point rating scale was used to assess the target achievement in last six months of his/her senior and the target achievement of his/her subordinate during the same time period by his immediate boss. It was 10 item questionnaire in which the questions were related to his financial, emotional and behavioral attitude towards work set up.

Procedure

After completing the preliminary requirements of sample selection and tools selection the process of data collection was started. The appointments were pre-fixed individually with the managers of different branches of private banks in different cities. The participants being intellectual and knowledgeable persons, the purpose of the study was explained in detail and thus a good rapport was established. After taking their
consent, the information on various demographic variables was collected. The subjects were assured of the confidentiality. The data was started to be collected from the managers by requesting them to give their responses on emotional intelligence scale, organizational commitment scale, Jenkins Activity Survey and Self-Rating Scale. Approximately 70-80 minutes were taken by every manager in filling up of the four standardized scales. The queries put up by the managers were resolved and the data was collected with full cooperation of the subjects.

**Scoring:**

After collecting the data from different branches of private banks, the responses were scored.

In case of emotional intelligence scale, there were five factors consisting of 40 items in total. Out of 40 items, 20 items were positive and the rest 20 items were negative. The items were answered and rated on a 5 point likert type scale. The scoring weights were 5, 4, 3, 2, 1 for negative items, which consist of items numbering from 1 to 13, 24 to 25 and item number 34. For positive items, the scoring weights were 1, 2, 3, 4, 5. A high score indicated high emotional intelligence.

**Table No. 3.2**

**Scoring System of Emotional Intelligence Scale**

<table>
<thead>
<tr>
<th>Items</th>
<th>Never true</th>
<th>Occasionally true</th>
<th>Seldom true</th>
<th>Often true</th>
<th>Always true</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive items</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Negative items</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
The total of the scores obtained overall the positive as well as negative items reveals the global score combined under the five factors head. The possible range of scores was from 40 to 200.

In case of organizational commitment scale, there were three components, i.e. affective, normative and continuance commitment. There were eight items in each component. Out of the eight items, four items were positive, whereas rest of the four were negative. Organizational commitment scale is a seven-point scale, the scoring of which had been objectified by assigning ‘One of Seven’ scores respectively for the seven alternatives of the positive items, sequentially rated from ‘strongly disagree to strongly agree’. For negative items, the scores assigned to each of the alternatives had been reversed.

The scoring system is given as below:

**Table 3.3**

**Scoring System of Organizational Commitment Scale**

<table>
<thead>
<tr>
<th>7 items</th>
<th>StrONGLY disagree</th>
<th>Moderately disagree</th>
<th>Slightly disagree</th>
<th>NeiTHer agree nor disagree</th>
<th>Slightly agree</th>
<th>Moderately agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive items</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Negative items</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

The total of the scores obtained on all positive as well as negative items reveals the global expression. The possible range of the questionnaire was 24 to 168. Every item was scored manually and their raw scores were obtained. In this scale, the individual
obtaining higher scores was considered as an employee having higher commitment to organization.

In case of Jenkins Activity Survey (JAS), the scoring was done manually for every factor, i.e., hard driving, job involvement, speed and impatience and Type A behavior pattern. For every factor, there is a separate scoring table. The sum of the points for all the items in a particular scale constituted the raw scores. These raw scores were converted into standard scores with the help of the scoring key. If more than six items pertaining to the scale were recorded as missing or if the respondents responses were invalid, no score was computed for that scale. Thus, the scoring brought out four measures or independent factors of personality pattern for each subject.

In the case of self-rating scale, the scoring was done manually. The points rated by the subjects for each statement were added to get a final addictive score.

This way, the scoring of all the questionnaires was done.

Analysis:

The data was subjected to two types of analysis at the middle level managerial level.

(i) Inter-correlations:

Pearson correlation technique was used to study the inter relationship between the 13 variables, i.e. 5 components of emotional intelligence, 3 components of organizational commitment, 4 components of Jenkins Activity Survey and 1 of Performance Rating Scale. The mean and standard deviation for all these variables were computed.

(ii) Regression:

In order to predict the role of emotional intelligence, organizational commitment and Type A/B behavior pattern in determining the job performance, regression was undertaken.