Chapter-4

WORKFORCE PRODUCTIVITY IN COMMERCIAL BANKS

4.1 PERFORMANCE MANAGEMENT

Manpower utilizes other resources and gives output. If manpower is not available then other resources are useless and cannot produce anything. Out of all the factors of production manpower has the highest priority and is the most significant factor of production and plays a pivotal role in areas of productivity and quality. In case, lack of attention to the other factors those are non-living may result in reduction of profitability to some extent. But ignoring the human resource can prove to be disastrous. In a country where human resource is abundant, it is a pity that they remain under-utilized. In wording of Oliver Sheldon “No industry can be rendered efficient so long as the basic fact remains unrecognized that is human.” The people at work comprise a large number of individuals of different sex, age, socio-religious group and different educational or literacy standards. These individuals in the work place exhibit not only similar behaviour patterns and characteristics to a certain degree but also they show much dissimilarity. Technology alone, however, cannot bring about desired change in economic performance of the country unless human potential is fully utilized for production. The management must therefore be aware of employees and their needs.
The human resource is critical and difficult to manage. It is because human behaviour is highly unpredictable. It differs not only from individual to individual but often on the part of same individual at different points of time. In spite of biological and cultural similarities, human beings not only differ in their appearance but also in their capabilities based on their background, training and experience. Human resource or a person at work is the most important component of the undertaking. Management cannot afford to ignore human resource at any cost. Management is the process of efficiently getting activities completed with and through other people. The management process includes planning. Organizing, leading and controlling activities those take place to accomplish objectives. Being a branch of management, personnel management also performs the same functions towards the achievement of objectives. Different terms are used for personnel management. The different terms are workforce management, workforce administration, workforce management relations, employee employer relations, personnel administration, human assets management, human resources management etc. In simple sense, human resource management means employing people, developing them, utilizing, compensating and maintaining their services in tune with the job and organizational requirements.

4.2 HUMAN RESOURCE OR EMPLOYEES/WORKFORCE

The principal component of an organization is its human resources or ‘People at work’. Human resources have been defined from the
national point of view as, "the knowledge, skills, creative abilities, talents and aptitudes obtained in the population whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees". Jucius calls these resources `human factors' which refer to "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological and ethical components.

It is this human resource which is of paramount importance in the success of any organisation because most of the problems in organisational settings are human and social rather than physical, technical or economic. Failure to recognise this fact causes immense loss to the nation, enterprise and to the individual. In the words of Oliver Sheldon, "No industry can be rendered efficient so long as the basic fact remains unrecognized that it is principally human. It is not a mass of machines and technical processes but a body of men. It is not a complex of matter, but a complex of humanity. It fulfills its function not by virtue of some impersonal force, but by human energy."

People at work comprise a large number of individuals of different sex, age, socio-religious group and different educational or literacy standards. These individuals in the work place exhibit not only similar behaviour patterns and characteristics to a certain degree but they also show much dissimilarity. The term `human resources' at the macro level spells out the total sum of all the components possessed by all the people, whereas the term `personnel' even at the macro level is limited to all the
employees of an organisation. Human resources even at the organisational level include all the component resources of all employees like managing director, board of directors, persons who work on honorary basis, experts drawn from various organisations and those people influencing the human resources of all the former groups. In short, it includes the resources of all the people who contribute their services in the attainment of organisational goals and others who contribute their services in the attainment of organisational goals.

The concepts of human resource, personnel, employees, workforce and manpower are interchangeable. We frequently use these terms one in place of the others. The term employee is most widely used and it has been defined by different authors and laws as follows:

(a) A person who is hired to provide services to a company on a regular basis in exchange for compensation and who does not provide these services as part of an independent business.

(b) Individual who works part time or full time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties is called a worker.

(c) Employment is a contract between two parties, one being the employer and the other being the employee. An employee may be defined as: "A person in the service of another under any contract of hire, express or implied, oral or written,
where the employer has the power or right to control and direct the employee in the material details of how the work is to be performed.” (Black's Law Dictionary, 1979).

(d) An employee contributes work and expertise to an endeavour. Employees perform the discrete activity of economic production. Of the three factors of production, employees usually provide the labor.

(e) Specifically, an employee is any person hired by an employer to do a specific "job". In most modern economies, the term employee refers to a specific defined relationship between an individual and a corporation, which differs from those of customer, or client. Most individuals attain the status of employee after a job interview with a company. If the individual is determined to be a satisfactory fit for the position, he or she is given an official offer of employment within that company for a defined starting salary and position. This individual then has all the rights and privileges of an employee, which may include medical benefits and vacation days. The relationship between a corporation and its employees is usually handled through the human resources department, which handles the incorporation of new hires, and the disbursement of any benefits which the employee may be entitled, or any grievances that employee may have.
Employee is a person who is hired for a wage, salary, fee or payment to perform work for an employer. This is important to determine if one is acting as employee when injured (for worker's compensation) or when he/she causes damage to another, thereby making the employer liable for damages to the injured party.

4.3 EMPLOYEE PERFORMANCE

Employees are performing different jobs in an organization depending upon the nature of the organization. They mainly perform tasks like production, storage, manufacturing, transportation, marketing, purchasing, distribution, promotion of business, finance and accounting, human resource, research and public relations. All these activities are inter-related to achieve the targets. These are to be performed by the employees properly so they can give their best output at the job. This will have great impact on the total production, sales, profit, progress and market position of the company in the market. Various factors like skills, training, motivation, dedication, welfare, management policies, fringe benefits, salary and packages, promotion, communication etc. are responsible to encourage the people to work sincerely and give their best output. The importance of employees’ performance must be understood by the management and sincere efforts must be put in that direction. The management of the company taking timely steps in that direction will be in position to develop and motivate the people to do so. Finally the
company may take the lead the market and grab the opportunities available in the market.

4.4 FUNCTIONS OF PERFORMANCE MANAGEMENT

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. These functions are summarized as follows:

(a) Create Healthy Work Environment HR or performance manager works with the people. Their objective is to create an environment of openness, trust, mutual understanding, team spirit and cooperation. In this environment only the manpower can be utilize more effectively to contribute to organizational goals. They create environment with the help of HR policies, day to day dealing, rules and regulations regarding leaves, welfare, promotion, discipline, incentives, training etc. It creates confidence in persons to work without worry.

(b) Develop Performance Plans Management goes for planning of the job, competencies required for performing the jobs and standards required for performance of the jobs. It includes job description, job specification and fixation of job performance standard. Through these plans only the type of person required can be ascertained.
(c) Selection of Appropriate People To carry out the various types of jobs in the organization manpower is needed. The required type and number of people are to be selected from the aspirants. So they may be made available at right place in right time for accomplishment of the tasks at required time. This is possible through proper recruitment and selection of employees.

(d) Decision Regarding Performance Standard Performance management as a function of human resource management, The management takes decision regarding the required standards of the performance in consultation with top 33 level management, head of departments and experts or consultants. They consider the lowest, highest and average performance of the people at work. After detail discussion the most realistic standards are fixed by the management.

(e) Plans for Development of Employees Performance management is interested for development of both employees and organization. With the development of one is the development of both. He conducts orientation of the persons, provides education, and finds out the need for training and conduct training programme for development of skills, knowledge and competencies. This can contribute in improvement of the performance of persons and company.
(f) Measurement of Performance After planning and development activities the next task of performance management is to measure the performance of the people at work. For measurement of performance the different criteria has been fixed such as output per hour/shift quality of work, behaviour, discipline, level of commitment etc. This helps to find out the poor and good performers out of the lot. On the basis of the measurement of performance further remedial action can be taken.

(g) Conducts Performance Feedback After measurement of performance of all employees the management finds the slow moving persons. The objective of performance management is to find out the reasons for slow going. They conduct coaching session for such people and give feedback to them. They suggest ways to improve their performance also. This clarifies many doubts of the employees. It helps a lot the persons to understand their caliber and difficulties. Through the coaching and counseling session the attitude of the employees is changed positive.

(h) Design Compensation, Recognition and Reward System Through performance appraisal system the slow and fast working persons are identified. As per the output the management designs the compensation, recognition and reward system. For good performers the incentives are
designed as per the output. They are given better incentives whereas slow working persons may be given less incentives or may be denied. Good performers’ tasks are recognized by giving appreciation letter, prizes or rewards. Sometime they may be considered for further promotion also. This keeps on motivating the people whether a slow or fast working person.

(i) Contributes in developing good will By performing the functions like creating good working environment, planning for performance, measuring performance, providing performance feedback, designing suitable compensation, recognition and reward system the management helps in improvement of the performance as a whole. The work related employees problems are shorted out. IT gives a sense of confidence and motivation among persons. These persons create publicity by words of mouth in side and in the public outside. It contributes a lot in creating high goodwill of the company. Provide Promotional/Career Development opportunities for staff.

According to TVS Rao the performance management system includes the following actions:

i.) Identifying the parameters of performance and stating them very clear.
ii.) Setting performance standards  
iii.) Planning in participative ways where appropriate, performance of all constituents  
iv.) Identifying competencies and competency gaps that contribute/hinder to performance  
v.) Planning performance development activities  
vi.) Creating ownership  
vii.) Recognizing and promoting performance culture

4.5 BENEFITS OF PERFORMANCE MANAGEMENT

Performance management is a very important part of human resource management. The focus of it is on development aspects of individual and organisation performance. The approach of performance management is positive. In present highly competitive environment, a high degree of skill and commitment is needed to understand the environment and perform accordingly. Everybody is benefited by actions of performance management. It is bit difficult to summarise the benefits of it in detail. It is possible to get all employees to reconcile personal goals with organizational goals. One can increase productivity and profitability for any organization and that leads to progress of the organisation. It can be applied by organisations or a single department or section inside an organisation as well as an individual person.
The process is a natural, self-inspired performance process and appropriately named the self-propelled performance process (SPPP). It is claimed that the self-propelled performance management system is:

(a) The fastest known method for career promotion;
(b) The quickest way for career advancement;
(c) The surest way for career progress;
(d) The best ingredient in career path planning;
(e) The only true and lasting virtue for career success;
(f) The most neglected part in teachings about management and leadership principles;
(g) The most complete and sophisticated application of performance management;
(h) The best integration of human behaviour research findings, with the latest management, leadership and organisational development principles;
(i) The best automated method for organisational change, development, growth, performance and profit;
(j) The quickest way for career building, career development and moving up on the stepping stones of the corporate career ladder;
(k) The surest and fastest way for increased motivation, productivity, growth, performance and profitability for both the individual and the organisation;

(l) The best career builder and career booster for any career; and inspirational, as it gets people moving, makes them self-starters in utilising own talents and initiative, automatically like magic.

It helps in creating good working environment of openness, mutual trust, cooperation and team spirit. People work with their high degree of motivation and without work stress. In healthy working environment people work in team and that leads to multidimensional benefits to individuals, teams, departments, sections, divisions and organisation as a whole. The benefits of it are numerous and these are financial and non-financial both. Managing employee or system performance facilitates the effective delivery of strategic and operational goals. Following are the gains from performance management:

(a) Financial Gains

Financial gains from performance management are following:

i.) Improve productivity and production of the company.

ii.) Reduce costs due to sincere and skilled manpower.

iii.) Complete the projects well in time because everyone is giving his best performance at work.
iv.) Aligns the organizational and individuals goals and that avoids all delays in performance. 38

v.) Through proper and timely communication the objectives are clarified and desired action can be achieved from employees as management wants.

(b) Non-Financial Gains

Following are non-financial gains from performance management:

i.) Healthy working environment avoids work stress of the employees,

ii.) Optimizes incentive plans to specific goals for over achievement, not just business as usual

iii.) Employees feel satisfied when the working environment is friendly.

iv.) Employees get chance for further career development, training and promotion etc.

v.) A sense of belongingness, attachment and commitment develops among employees.

vi.) It leads to a high degree of motivation in employees and further creates a sense of loyalty towards the organisation.

vii.) Persons understand the importance of their roles and get engaged in contributing to the organisational goals.
viii.) Create transparency in approach and dealing among employees.

ix.) High confidence in organisation and its different processes like salary, bonus, promotion etc.

(c) Effective Management Control

i.) Approach of person is flexible, responsive to management needs and performing the tasks.

ii.) Displays better data relationships

iii.) Helps to comply in inspection, audit and other legal

iv.) Simplifies communication of strategic goals and gets involvement of lower level employees too.

4.6 PRINCIPLES OF PERFORMANCE MANAGEMENT PLAN

For effective working of performance management, management must keep certain guidelines in mind. These guidelines may help in proper working and avoid much confusion during work. Experts have suggested the following principles:

(a) Continuous Coaching, Feedback and Communication:
Performance management is considered a continuous process, not an event. For its proper and effective working the principles of continuous coaching and feedback are integral to success. These will definitely coordinate the related activities properly.
(b) **Effective Communication:** The Performance Management Plan gets involved line managers, supervisors, experts and consultants. To coordinate between them a proper timely and effective communication is needed. If is not there the objective of the plan will be defeated. It will ensure mutual understanding of work responsibilities, priorities, and performance standards and measurements.

(c) **Discussion and Evaluation:** Discussion and evaluation of specific job should be there. The discussion and evaluation should be regarding nature of jobs, tasks, competencies needed to perform these jobs, major duties and responsibilities and the performance standards. These must be specifically defined and communicated as the first step in the process.

(d) **Performance Standards:** Performance standards for each major duty/responsibility must be defined and communicated to all concerned. These standards are to be decided in mutual discussion with line managers, manager in charge of the job, persons performing the jobs, in house experts and consultants. Through detailed discussion the lowest, highest and average performance of the performers are to be taken in to account before finalizing the performance standard. These must be feasible to achieve by an average performer.
(e) **Employee Involvement and Development:** The performance management revolves around the manpower. The management must keep in mind that they must be involved in it and efforts must be there for their development and improvement of performance at work. They must be motivated to develop their competencies, involve in the jobs and give best output to contribute in achievement of the organizational goals. Without proper involvement and development of employees, it is not at all effective.

(f) **Fair Performance Evaluation:** The evaluation of the performance of people at work should be carried out timely. It should be fair without favour and fear. If it is done so then the exact poison of the performance given by the employees will be clear. Otherwise, misleading result will be there. The very objective of the performance measurement will not be served. The performance evaluation should not be frequent but at least annually, it should be carried out because it is time and efforts consuming.

(g) **Proper Documentation:** The principle of proper documentation should be considered an important principle for effective working of the plan. The plan should be drawn and documents should be prepared. It should be communicated for all concerned who have been identified. The development, recognition, compensation, and reward
plan should be in black and white. Proper records are to be maintained. Further, proper documents of performance appraisal are needed for further remedial action. It these are not prepared then whenever confusion is there the documentary evidence cannot be given and management has nothing to refer in case of doubts arise regarding past decisions taken

(h) **Performance Evaluation for Every One:** The performance appraisal of all employees should be carried out. It is not only applicable to lower and middle levels. It should be applied to the top level also. The senior level performs must be evaluation on the basis of the successful administration of the plan and ongoing performance management responsibilities

(i) **Training for Managers, Supervisors and Employees:** The training should be made available for everyone in the organization. It should be encouraged. It will keep the knowledge of the persons up to date. With changing technology, working procedures and new methods the present competencies becomes outdated. This has the effect on the performance. Special importance must be given for training of all levels people.
Consistent Performance Management Plan: The plan should be consistent. It should not be changed frequently. Further, should be consistent with federal and state laws. If proper attention is not given to this principle then confusion can be created among people those who are involved in performance management directly or indirectly.

4.7 EMPLOYEES/ WORKFORCE PRODUCTIVITY

4.7.1 Meaning and Definitions of Productivity

(a) Meaning

The terms production and productivity are often used interchangeably. But there is difference between the two. Production refers to the total output of all employees at a point of time. Productivity refers to the output relative to the inputs per person or system with reference to a point of time. Stated more clearly, productivity refers to the amount of goods and services produced with the resources used. Productivity is measured with the help of a formula which runs as follows:

\[
\text{Productivity} = \frac{\text{Quantity of Goods and Services Produced}}{\text{Amount of Resource used}}
\]

If it is required to know the result in percentage then it is to be multiplied by 100. It gives the clear idea about the output because we are more familiar with percentage. Productivity is the efficiency with which
output is produced by a given set of inputs. Productivity is generally measured by the ratio of output to input. An increase in the ratio indicates an increase in productivity. Conversely, a decrease in the output/input ratio indicates a decline in productivity time. For example, labor productivity is typically measured as a ratio of output of labour per into account both the monetary value (price) of what is produced and the cost of inputs used, and also distinct from metrics of profitability. Productivity is the relationship between production of an output to one or more or all of the resources inputs used in accomplishing the assigned task. It is measured as a ratio of output per unit of input over time. It is a measure of efficiency and is time. If not done so then the objective of measuring productivity is defeated.

Production and productivity are two different concepts and these are explained below:

**Production** – The total quantity of goods and services produced by utilizing different resources is called production.

**Productivity** - The amount of output that is produced per unit of input; usually expressed in terms of output per unit of time

**(b) Definitions**

The experts, consultants, academician and practitioners have expressed their views on productivity. Some of the accepted definitions of productivity are given below:
i.) Productivity is a measure relating a quantity or quality of output to the inputs required to produce it. Often means labor productivity, which is can be measured by quantity of output per time spent or numbers employed. Could be measured in monetary term like rupees per hour—Dictionary

ii.) From Wikipedia, the free encyclopedia, productivity is a measure of output from a production process, per unit of input. For example, labor productivity is typically measured as a ratio of output per labor-hour, an input. Productivity may be conceived of as a metric of the technical or engineering efficiency of production.

iii.) Relative measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs. Computed by dividing average output per period by the total costs incurred or resources (capital, energy, material, personnel) consumed in that period, productivity is a critical determinant of cost efficiency. --Business Dictionary

iv.) Productivity is a measurement of the output produced using a quantity of inputs. The production process is a representation of the relationship between outputs and the inputs used to produce them. –Diane Huber

v.) Workforce productivity is the amount of goods and services that a worker produces in a given amount of time. It is one of
several types of productivity that economists measure. Workforce productivity can be measured for an individual, a firm, a process or a country.

vi.) The quantity of goods and services that someone can produce with a given expenditure of effort, usually measured or averaged out in terms of time spent working or work time.—Web.ict.ac.za.

vii.) The OECD defines it as "the ratio of a volume measure of output to a volume measure of input". Volume measures of output are normally gross domestic product (GDP) or gross value added (GVA), expressed at constant prices i.e. adjusted for inflation. The three most commonly used measures of input are: hours worked; workforce jobs; and number of people in employment.

viii.) Productivity is the amount of work produced in a given period of time. Productivity relates to the person's ability to produce the standard amount or number of products, services or outcomes as described in a work description. It is not considered in isolation but is considered based on the interrelationship with, performance and profitability.

Workforce productivity is the value added per employee divided by the average number of employees during the year converted into full-time equivalents. The quantity of goods and services that someone can
produce with a given expenditure of effort, usually measured or averaged out in terms of time spent working or work time. It is the ratio of the amount produced to the amount of work put in it, measured as product per person-hour or person-year. Productivity growth reflects growth in output not attributable to growth in inputs (such as labour, capital and natural resources). Increases in productivity can be driven by technological advances (through innovation and increases in skills) or improvements in efficiency (making better use of existing technology). Over the long term, productivity improvements are considered to be the main contributor to higher results, profitability, earning and rising living standards.

Measured workforce productivity will vary as a function of both other input factors and the efficiency with which the factors of production are used (total factor productivity). So two firms or countries may have equal total factor productivity (productive technologies) but because one has more capital to use, workforce productivity will be higher. Output per worker corresponds to the "average product of workforce" and can be contrasted with the marginal product of worker, which refers to the increase in output that resulted from a corresponding (marginal) increase in worker input.

Workforce productivity is average real output per hour of work. The growth of workforce productivity is defined as the growth of real output that is not explained by the growth of work input alone. Total factor productivity is average real output per unit of combined work and
capital inputs. The growth of total factor productivity is defined as the growth of real output that is not explained by the growth of labor and capital. Labor productivity and total factor productivity differ in that increases in capital per worker raise Workforce productivity but not total factor productivity.

### 4.7.2 Workforce Productivity Measurement

Labour productivity is the measure of efficiency at which the inputs are converted into output through various manufacturing processes. To know the relative worthiness the measurement is necessary. This measurement is very helpful for the management for future planning and actions. The measurement can be carried out as per the need of the organization. There are the following ways of measuring labour productivity:

**(a) Output per Man-Hour**

\[
\text{Workforce Productivity} = \frac{\text{Output}}{\text{Man – Hours Used}}
\]

It can be known that whether the performance is going as per the pre-decided standards or not. Workforce productivity only partially reflects the productivity of worker in terms of the personal capacities of workers or the intensity of their effort. The ratio between output and work input depends to a large degree on the presence of other inputs, as indicated above. Gross-output based workforce productivity traces the work requirements per unit of (physical) output. It affects the change in
the input coefficient of work by industry and can help in the analysis of work requirements by industry. Advantages of it are ease of measurement and readability. In particular, the gross-output measure requires only prices indices on gross output, not on intermediate inputs as is the case for the value-added based measure. Limitation of workforce productivity is a partial productivity measure and reflects the joint influence of a host of factors. It is easily misinterpreted as technical change or as the productivity of the individuals. In this method the total output given by employees is divided by total man hours. We get the work force productivity.

(b) Work Hours per Unit Output

\[ \text{Workforce Productivity} = \frac{\text{Total Labour Hours Used}}{\text{Output}} \]

In second method the total work hour are divided by total output given by the employees. From this the work hours taken for production of one unit of output is calculated. From this method the work hours planning can be done so that the target orders can be supplied in time to meet the customers’ requirements.

(c) Added Value per Unit of Work Cost

\[ \text{Workforce Productivity} = \frac{\text{Added Value for the Products}}{\text{Total Wages}} \]
4.7.3 Factors Affecting Performance / Productivity

The productivity is affected by multiple factors. Sometime one or more factors play their role to increase or decrease the labour productivity. The factors those affect the performance or productivity are the same. Because when the productivity of individual is increased automatically his performance is also increased. We should not get confused with the factors affecting productivity or performance.

The management experts have classified these factors under following heads:

(a) Physical, organisational, location, and technological.

(b) Cultural and behavioural.

(c) Global influences, innovativeness, strategic alliances, liberalized policies etc.

(d) Managerial and organizational business environment.

(e) Levels of flexibility in internal labour markets and the organization of work activities – e.g. the presence or absence of traditional craft demarcation lines and barriers to occupational entry.

(f) Individual rewards and payment systems, and the effectiveness of personnel managers and others in recruiting, training, communicating with, and performance-motivating employees on the basis of pay and other incentives.
The individual factors those affect the performance or productivity are listed below:

(a) Working conditions  (b) Working hours
(c) Nature of job.  (d) Employees competencies.
(e) Job security.  (f) Welfare and social security.
(g) Training of employees.  (h) Salary packages.
(i) Liberty at work to perform.  (j) Quality of leadership.
(k) Motivation of employees.  (l) Career development opportunities.
(m) Rewards, recognition and incentives (n) Organisational culture.
(o) Behaviour of employees.  (p) Location of work.
(q) Management approach.  (r) HR policies.
(s) Technology at work.  (t) Business environment.
(u) Level of competition in market.

Out of the above mentioned factors some are controllable and some are uncontrollable. The controllable factors are to be managed in line with the uncontrollable factors. There should be proper match between these two then only the productivity can be improved or maintained further. Otherwise the objective of improving productivity cannot be fulfilled. Special care is to be taken for uncontrollable factors like business environment, government policies and competition. The suitable strategy is needed to match the two types of factors. If the company wants to stay in the market the knowledge of uncontrollable factors is necessary and further strategy is to be designed to maintain controllable factors in line
with environmental factors. The factors are to be managed as discussed in the following paragraphs.

Companies focus their attention on increasing productivity. It has become more mechanical process. The first and foremost thing for improving productivity, the management should understand the factors those affect the work, behaviour of workers at work and environment in which the work is being carried out. There are many factors those influence productivity. The pattern of influence on productivity should be understood. By increasing the workers efforts the productivity cannot be increased significantly in long run. The direct and indirect impact of factors on productivity in long run should be clearly identified.

Human resource is the most important resource that affects productivity. A company may purchase or acquire the best technology and manpower. But manpower without interest to work, dedication to organization, and commitment to duty cannot give the expected performance. The job performance depends upon their competencies and motivation. The management should change their mind set and consider manpower as the most important resource and should be taken care of properly. It is only manpower that makes the difference in the performance. Efforts should be put to maintain talented, motivated and committed man power in the organization.

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.

It can be concluded that there are different factors influencing the productivity. The list of some of the factors is given above but still there can be other factors also. At a particular time a one factor may play role and at other time the other factor may be responsible. Again it is difficult to say which factor has contributed how much. The approximately estimates can be made. Generally the factors affecting the productivity play their role collectively. If the factors above mentioned taken care of and the situation is favourable then the productivity can be increased. If the factors are not taken care of or ignored then they may play in different way and the productivity might be affected adversely. The management should take special care otherwise it may be counterproductive also.

4.7.4 Production and Productivity

These two concepts seem to be similar but these are two different concepts. On cannot be replaced by the other. Production is the process through which the inputs are used in the machine and through
manufacturing process the values are added to the inputs. Finally it gives the finished products or services. This is called production. As per the information from research work, the demands of the products are identified in the market. Accordingly the products are identified for manufacturing. The item in demand or in short supply is to be considered for manufacturing. This will be in position to serve the target customers in appropriate way. If not taken care of then there are chances of misfiring the planning. The inputs are arranged for manufacturing purpose. In inputs we can include manpower, machines, materials, money and information. These are made available as per the need and work starts. According the needs of the products the technology is arranged. The manufacturing processes are performed and values are added to the inputs. This is called the products or services. The total output given by the total manpower employed is called the production. Whereas productivity is the ratio of output per person or machine or system with reference to a point of time to the given input. The confusion should not be there. When we take the total quantity of products produced in a day by all employees is called production. When we take the quantity of output of one person in a day is called productivity of that person. The productivity shows the relative worth of the individual to the organization. It shows the usefulness of every employee in his organization.
Forms of Productivity

Productivity is an overall measure of the efficiency or ability to convert the inputs into goods or services. More specifically, productivity is the measure that shows how efficiently the required resources are utilized to achieve the objectives in terms of quantity and quality with reference to a point of time. Productivity may also be defined as an index that measures output (goods and services) relative to the input (labor, materials, energy, etc., used to give the finished goods or services). The productivity is the ratio of output to input. The ratio can be increased or decreased by decreasing or increasing the denominator. Further, in similar way the productivity can be increased by increasing the inputs and outputs but the output is increased faster than input or the inputs and outputs decrease but the inputs decrease faster than output. The utility of productivity ratio is very wide in an organisation. It can be used for a person, team, department, organisation, industry and nation as a whole. It can be applied to labor productivity, system productivity, machine productivity, plant productivity, capital productivity, energy productivity, and so on. Productivity is an objective concept. As an objective concept it can be measured, ideally against a universal standard. As such, organizations can monitor productivity for strategic reasons such as corporate planning, organization improvement, or comparison to competitors. It can also be used for tactical reasons such as project control or controlling performance to budget.
Productivity is a useful measure of actual output produced compared to the input of resources, measured across time or against common entities. Therefore, a productivity ratio expresses how efficiently resources of an organization are utilized to give output. Productivity and efficiency are the two concepts often confuse. Efficiency shows the time needed to perform a job to standard time. It can be said that the productivity is a measure of effectiveness (doing the right thing efficiently), which is outcome-oriented or result oriented. Productivity is can be expressed different forms like partial factor productivity, multifactor productivity, and total productivity. These forms are explained in the following paragraphs.

(a) Productivity Partial-Factor

While measuring the productivity only one factor is taken into account. All factors affecting the productivity are not considered because the data are readily available pertaining to one factor. It is known as partial factor measure of productivity, in this calculation only a single input is considered in the ratio. The formula for partial-factor productivity can be the ratio of total output to a single input. This formula is being utilized by the management for their convenience as the information available relating to individual factor. Further, management can easily find out and relate to the particular activity. On the basis of this management can increase or decrease the individual factor easily to get the desired ratio of productivity. If management is interested then total of all individual factors can be taken to have multi factor productivity.
Timely and prompt action can be taken by the management to meet the requirements. This partial factor productivity can be applied to capital, energy, machine, materials etc.

(b) Multifactor Productivity

There are many input factors that affect the productivity. While calculating the productivity ratio the different input factors are considered. It takes into account the factors like labour, energy, materials and capital. These may be taken two or more at a time. Therefore, the multifactor productivity is the ratio of total output to a total of multiple factors inputs. There is no hard and fast rule that two particular factors would be considered in productivity ratio. It depends upon the requirement of the organisation and management approach. Labour and energy or labour and capital or all the three may be taken into account. These factors give effect to the productivity so it is called multifactor productivity. The data relating to the multifactor productivity are not available readily. These are to be calculated and its bit difficult to do so. It is timing consuming also. That is why management do not prefer unless it is compulsory.

(c) Total Factor Productivity

When productivity is measured by taking into account the effects of all factors used in production of goods or services. Total factor productivity is a broader gauge of productivity and it is calculated as follows:
**Total factor productivity** = total of (Labour hours actually produced + Actual machine hours produced in a given time/ total of machine and labour hours available in time period).

Total output must be expressed in the same unit of measure and total input must be expressed in the same unit of measure. However, total output and total input need not be expressed in the same unit of measure. Resources are converted from one factor to the other. For example the standards can be converted to dollars and vice versa. This is done so that a single figure can be used as an aggregate measure of total input or output. For example, total output could be expressed in numbers/ meter/ kilograms/liter etc, and total input could be expressed in hours or rupees.

Total productivity ratios reflect simultaneous changes in outputs and inputs but it does not show the relation between the each factor of input and output. It does not give the separate factor wise effect that is why it is a broader approach. The management cannot take any decision for improvement in the productivity by adjusting individual input factor. It is not suitable for improvement in specific factor or area. The different forms of productivity are used in different countries across the world. Total Factor Productivity is a measure favored by the Japanese for measuring the national productivity. Whereas the labour factor productivity is accepted by USA. In India labour productivity and total factor productivity are being used separately for employees and national productivity.
4.7.6 Role of Employees in Service Sector

Service is the facility that has been provided by the service providers to the customers for a price. Services is defined as any facility or benefit that one party offer to another that is essentially intangible and does not affect the transfer of ownership. The facility offered by the service provider is intangible and it can be availed. But it cannot be carried away, touch or transfer from providers to the customers. The ownership is not transferred. For example service of a teacher, barber, restaurant, STD booth etc. In some cases the services are offered purely and in some cases offered with the help of tangible products. The major characteristics of a service are intangibility, inseparability, ownership, perishability, and heterogeneity. The services offered are intangible as it cannot be seen, touched or carried away but it can be availed. It cannot be transferred from provider to the customers. The services offered by different service providers are different from others. It cannot be separated from the service providers so the presence of them is necessary at the place of services provided. The services are available for a particular point of time and it cannot be stored. So the inventory of services cannot be made. At the time of availability if the services is availed then it is okay otherwise it cannot be availed later on.

In past the most of the economies in the world were dominated by agriculture and allied activities like agriculture, piggery, forestry, diary and fishery, But from last a few decades the scenario has been changed. The economies later on were dominated by manufacturing activities. In
the later part of twentieth century the development of services sector took place and started dominating economies worldwide. More than fifty percent of the economies are dominated by service sector. This is the third level of development in the economies. The service sector developed due to the development in education, income, more leisure time, increasing number of female in jobs and complexity of life. Now a days when we go in the markets we find everywhere the service providers are available. The different types of services in the market are available like news, entertainment, transportation, communication, medical, healthcare, banking, insurance, legal, technical, professional, and domestic. A couple employed and living in city needs a lot of services because all their needs cannot be fulfilled by themselves. They are ready to afford for services because they are earning a good amount every month as wife and husband both are employed. Further, in future and contribution of service sector in economy is going to increase definitely.

Goods and services are different from each other. For this reason the marketing efforts needed for both are different. The marketing activities performed for goods are product, price, promotion and placement. With these four major activities the requirement of goods for marketing purpose are fulfilled. When we talk about services the marketing requirements cannot be fulfilled by these but additional activities are to be performed. For services the marketing mix includes product, price, promotion, placement, people, process, and physical evidence. Here the interest in this topic is people who provide the
services to the customer. The people or employees who directly provide the services to the customers are more important in service delivery. The presence of provider is necessary without it the service cannot be provided. The role played by them is very crucial from business point of view.

Out of 7Ps of elements of service marketing mix, people are the most important. When they meet, explain, deal and provide the service then their behaviour, competencies, promptness, initiatives to handle the customers and motivation affect the services offered. They are in direct contact with the customers so they represent the organization. They directly affect the quality of service offered and satisfaction of customers from the services availed. They are the marketers for customers. The customers know the persons direct in contact and do not know the owner of the company. The employees are providing the services to the customers as they are the employees. They act as marketers for their company. Out of products, goodwill, physical evidence, name of company and employee the most important is employee. Because it matters how does he provides the services. The interest, behaviour, initiatives, motivation, competencies etc, affects the performance of the services. It finally contributes to the perfect function, quality and satisfaction of customers. That is ultimate objective of service marketing. It can be said the employees are the most important resource for the marketing company. The special care should be taken to recruit, train, motivate and maintain them.
In present time it has been realized by the employers and managers that the employees are the most important resource. Services are provided at remote places also so they cannot be available there. The employees are deployed for providing services. They meet, interact and deal with the different customers. They bring the business for the company. They are who contribute in getting business, increasing and retaining customers, quality of service and satisfaction of customers. Finally the profitability and goodwill of the organization go high. They are the services, organization for customers, brand and marketers. They are all in all for customers. They are who make or break the business. That is the final objective of every business unit. Without the qualified, trained and motivated employees the goals decided cannot be fulfilled. Management should change the attitude towards employees. They should be considered as partners in the business and then they should be dealt. In the competitive situation if management is interested to take the competitive advantage over the rivals in business the support of employees is must.

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.

4.7.7 Descriptive Annual Statistics and Compound Annual Growth Rate of Employees in Selected Banks Of Uttar Pradesh (2013-2016)

Descriptive annual statistics and compound annual growth rate (CAGR) of the employees in the selected banks of Uttar Pradesh during 2013-2016 analysed in table 4.4 indicates that the average numbers of employees during the span of 2013-2016 were registered as the highest i.e. 50,167 in State Bank of India against the lowest i.e. 18,367 registered
in Bank of Baroda. In the other selected banks it was found varying from 18,376 being lowest in Allahabad Bank to 21,234 being highest in Central Bank and in Punjab National Bank it was reported as 20,000 in Uttar Pradesh. Thus, the highest numbers of employees on an average were registered in State Bank of India against the lowest numbers of employees in Bank of Baroda in Uttar Pradesh.

On the other hand, the cumulative percentage of the average numbers of employees in the selected banks in the State of Uttar Pradesh was estimated as the highest i.e. 5.26% in case of Bank of Baroda against the lowest i.e. 4.25% in case of Allahabad Bank. In other selected banks it was found varying from 4.28% being lowest in case of Punjab National Bank to 4.88% being highest in case of State Bank of India in the State of Uttar Pradesh. Thus, on an overall average the maximum growth in the numbers of employees was reported in case of Bank of Baroda against the lowest in case of Allahabad Bank in Uttar Pradesh and the growth during the span of 2013-2016 was varying between 4.25% to 5.26% in all the selected banks in Uttar Pradesh.

Accordingly, the compound annual growth rate (CAGR) in the numbers of employees in all the selected banks varied from 1.20 in case of Punjab National Bank to 2.27 in case of Bank of Baroda and in cases of State Bank of India it was 2.24, Central Bank 2.23 and Allahabad Bank 2.10. Thus, the C.A.G.R. was highest in Bank of Baroda and lowest in Punjab National Bank which clarifies that growth in numbers of employees was maximum in Bank of Baroda and minimum in Punjab.
National Bank in the State of Uttar Pradesh The related data are given in table 4.4.

**TABLE-4.1:** Descriptive statistics and Compound Annual Growth Rate (CAGR) of the employees in selected banks of Uttar Pradesh (2013-2016)

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Selected Banks</th>
<th>Average No. of Employees</th>
<th>Cumulative %</th>
<th>C.A.G.R. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>State Bank of India</td>
<td>50,167</td>
<td>4.88</td>
<td>2.24</td>
</tr>
<tr>
<td>2.</td>
<td>Punjab National Bank</td>
<td>20,000</td>
<td>4.28</td>
<td>1.20</td>
</tr>
<tr>
<td>3.</td>
<td>Allahabad Bank</td>
<td>18,376</td>
<td>4.25</td>
<td>2.10</td>
</tr>
<tr>
<td>4.</td>
<td>Central Bank</td>
<td>21,234</td>
<td>4.87</td>
<td>2.23</td>
</tr>
<tr>
<td>5.</td>
<td>Bank of Baroda</td>
<td>18,367</td>
<td>5.26</td>
<td>2.27</td>
</tr>
</tbody>
</table>

*Source:* R.B.I., Regional Office, Kanpur (U.P.).

**GRAPH-4.1:** Descriptive statistics and Compound Annual Growth Rate (CAGR) of the employees in selected banks of Uttar Pradesh (2013-2016)
4.7.7 Technical efficiency in Human Resource Management by the Selected Banks in Uttar Pradesh During (2013-2016)

The technical efficiency in human resource management by the selected banks in Uttar Pradesh during 2013-2016 worked-out in table 4.5 indicates that the maximum technical efficiency in human resource management among the selected banks i.e. 0.89% was estimated in Bank of Baroda (Bank of Baroda) against the minimum i.e. 0.483% in Central Banks. In other selected banks it varied from 0.577% in case of State Bank of India to 0.725% in case of Allahabad Bank during the year 2013. But in the year 2014 the technical efficiency in H.R.M. in almost all the selected banks had decreased excepting in Central Bank where in it was slightly increased, while the pattern of technical efficiency in HRM was similar as it was seen during 2013 in all the selected banks. While during the years i.e. 2015 and 2016 the technical efficiency in HRM among all the selected banks was seen in the increasing trend being highest in Bank of Baroda against the lowest in Central Bank in Uttar Pradesh Thus, on an overall the technical efficiency in HRM was estimated as highest in Bank of Baroda against the lowest in Central Bank in the State of Uttar Pradesh during the years 2013 to 2016. The related data are given in table 4.5.
**TABLE-4.2:** Technical Efficiency in Human Resources Management by the Selected Banks in Uttar Pradesh (2013-2016) (In Percentages)

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Selected Banks</th>
<th>Technical Efficiency in HRM (%) during 2013-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>1.</td>
<td>State Bank of India</td>
<td>0.577</td>
</tr>
<tr>
<td>2.</td>
<td>Punjab National Bank</td>
<td>0.588</td>
</tr>
<tr>
<td>3.</td>
<td>Allahabad Bank</td>
<td>0.725</td>
</tr>
<tr>
<td>4.</td>
<td>Central Bank</td>
<td>0.483</td>
</tr>
<tr>
<td>5.</td>
<td>Bank of Baroda</td>
<td>0.897</td>
</tr>
</tbody>
</table>

*Source:* R.B.I., Regional Office, Kanpur (U.P.).

**GRAPH-4.2:** Technical Efficiency in Human Resources Management by the Selected Banks in Uttar Pradesh (2013-2016) (In Percentages)
4.7.8 Average Annual Productivity Pre-Employee in Selected Banks Of Uttar Pradesh in 2015

The average annual productivity pre employee in selected banks of Uttar Pradesh in the year 2015 analysed in Table 4.6 shows that the total business done by the selected banks was found to be highest i.e. ₹89.76 lakhs in State Bank of India against the lowest i.e. ₹77.67 lakhs in Central Bank In other banks, the total business varied from ₹78.67 lakhs being lowest in Allahabad Bank to ₹89.23 lakhs being highest in Punjab National Bank and in Bank of Baroda it was estimated as ₹85.23 lakhs during 2015. Thus, maximum banking business was seen in State Bank of India against the minimum in Central Bank in Uttar Pradesh.

Regarding the deposit per employee in the selected banks the maximum deposit was reported i.e. ₹58.23 lakhs in Punjab National Bank against the minimum i.e. ₹48.23 lakhs per employee in Allahabad Bank In other selected banks it varied from ₹49.23 lakhs in Bank of Baroda being the bare minimum to ₹54.67 lakhs in State Bank of India being the maximum in Uttar Pradesh Thus, the deposit per employee was found to be highest in Punjab National Bank against the lowest in Allahabad Bank of Uttar Pradesh.

As regards the total income per employee among the selected banks it was also found to be the highest i.e. ₹6.27 lakhs in the year 2015 in Punjab National Bank against the lowest i.e. ₹4.89 lakhs per employee in Central Bank In the other banks it varied from ₹5.23 lakhs being
lowest in Allahabad Bank to ₹6.23 lakhs being the highest in State Bank of India. While in Bank of Baroda, it was estimated as ₹5.87 lakhs per employee in Uttar Pradesh. Thus, the total income per employee in the year 2015 was found to be highest in Punjab National Bank against the lowest in Central Bank in Uttar Pradesh.

Accordingly, the net profit per employee was estimated to be the highest i.e. ₹0.98 lakhs in case of Bank of Baroda against the lowest i.e. ₹0.52 lakhs in Central Bank as well as Allahabad Bank both in Uttar Pradesh. While in Punjab National Bank it was estimated as ₹0.78 lakhs and in State Bank of India it was found to be as ₹0.57 lakh per employee in Uttar Pradesh. Thus, the maximum net profit per employee was there in Bank of Baroda against the minimum in Central Bank and Allahabad Bank in Uttar Pradesh. The related data are given in Table 4.6.

**TABLE-4.3:** Average Annual Productivity Per Employee in Selected Banks of Uttar Pradesh in 2015 (In Lakh ₹/Employee/Annual)

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Selected Banks</th>
<th>Total Business Per Employee</th>
<th>Deposit Per Employee</th>
<th>Total Income Per Employee</th>
<th>Net Profit Per Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>State Bank of India</td>
<td>89.76</td>
<td>54.67</td>
<td>6.23</td>
<td>0.57</td>
</tr>
<tr>
<td>2.</td>
<td>Punjab National Bank</td>
<td>89.23</td>
<td>58.23</td>
<td>6.27</td>
<td>0.78</td>
</tr>
<tr>
<td>3.</td>
<td>Allahabad Bank</td>
<td>78.67</td>
<td>48.23</td>
<td>5.23</td>
<td>0.52</td>
</tr>
<tr>
<td>4.</td>
<td>Central Bank</td>
<td>77.67</td>
<td>52.23</td>
<td>4.89</td>
<td>0.52</td>
</tr>
<tr>
<td>5.</td>
<td>Bank of Baroda</td>
<td>85.23</td>
<td>49.23</td>
<td>5.87</td>
<td>0.98</td>
</tr>
</tbody>
</table>

*Source:* R.B.I., Regional Office, Kanpur (U.P.).
GRAPH-4.3: Average Annual Productivity Per Employee in Selected Banks of Uttar Pradesh in 2015 (In Lakh ₹/Employee/Annual)