ANALYTICAL STUDY OF WORKFORCE PRODUCTIVITY IN BANKING SECTOR: A CRITICAL STUDY

SUMMARY

of the Thesis

Submitted to the

University of Allahabad

for the award of the degree of

Doctor of Philosophy

In Commerce

Supervisor:
Prof. R.S. Singh
Department of Commerce & Business Administration
University of Allahabad, Allahabad

by:
Sarvesh Singh

DEPARTMENT OF COMMERCE & BUSINESS ADMINISTRATION
UNIVERSITY OF ALLAHABAD, ALLAHABAD (INDIA)

2018
At the time of independence Indian economy was predominantly agricultural economy and the contribution of agricultural sector was highest in the GDP. Slowly the agricultural contribution started decreasing and the contribution of Industrial sector started increasing. The contribution of service sector was almost insignificant. During that period it was an assumption that service is just an augmentation of the physical product. In the 1980s, as the quality concern gained drive throughout the world; researchers like Berry and Christian Gronross began to realize that quality was a critical factor in the success of service marketing. As a result of this, the eminence in thinking shifted to the service quality.

Banking system occupies an important role in the economic system of a country. In fact, banking sector of any country is the lifeblood of an economy. A banking institution is indispensable in the modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market for the country (Montek Singh, AhluWalia, 2002). The banking sector performs three primary functions in an economy, first the operation of the payment system, second the mobilization of savings and third the allocation of savings to investment projects. The banking system which constitutes the core of the financial sector plays a critical role in transmitting monetary policy impulses to the entire economic system. An efficient banking structure can promote greater amount of investment which can further help to achieve a faster growth rate of economy. Worldwide experience confirms that countries
which well developed and market oriented free banking system grow faster and more consistently (Jain, et al, 2011).

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 manner they become very effective partners in the process of economic development. In the present scenario, 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. In the absence of banking system a great portion of a capital of country would remain idle.

The human capital is a key intellectual and strategic asset which increases the efficiency of banks. Performance of the banks depends upon the efficiency of its human resources. High level of human capital efficiency (HCE) leads to the high performance of the banks. Efficient employers are not a sufficient criterion to measures the performance of the banks. It should also be ensured that employees are efficient satisfied both, because the dissatisfaction of employees may turn their efficiency into inefficiency at any time. Employee satisfaction is crucial in achieving quality and profitability in the service industry. Employee satisfaction leads to higher service quality and it influences customers satisfaction directly. Service quality and customer satisfaction eventually leads to financial gains. A powerful performance of any banks is the outcome of a talented and hardworking set of employees constantly motivated towards driving bank's success.
The fast moving competitive environment unleashed by the Government policy of liberalization and globalization has brought about significant changes in the working of Indian banking industry. The role of employment is of great significance as each and every activity of a bank is directly related to the attitude, motivation and work culture of the employees. It is the ability of the banks employees that can deliver prompt and courteous service to the customers. Therefore, it is necessary to evaluate the profitability of banks in terms of its employee's productivity. It simply indicates the contribution of employees in increasing the efficiency of banks in terms of business and profit.

The concept of productivity analysis in banking sector may give misleading results, if not used carefully. Productivity at the National level is dependent on various factors like per capita increase saving and banking habits. In addition to it, there are regional variations which affect the productivity of various players in the banking field. Hence in order to have a reliable idea of productivity, it is necessary, to analyse every segment different sizes of banks and region wise positions of banks.

After independence, the development of banking sector picked up momentum. Since 1991, public and private sector banks are co-exiting and providing banking service to the customers. Banks are playing very important role for overall economic 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 workforce productivity in banking sector has great significance in present time. In the present stiff competitive situation, it
has become difficult to attract customers, retain and motivate them for further business. Only on the better performance by the employees the profitability of the banking unit will enhance. Therefore, the output per worker is a major factor. Hence the importance of productivity concept has been felt everywhere.

Under present situation, not only in banking sector but also all sectors, tough competition is being faced and need for higher workforce productivity is felt. It is difficult to an organization to do the business as it wants. It is not possible to produce and sell as it wants. Every banking organization is putting its efforts but the result is not in favour of every one. The banking organization that foresees the things better will perform better good performance. That will become the leader in the market. In order to provide the satisfaction and services better to customers and serve then in better way, the skill and commitment of employees is needed. High quality and better performance of every individual is needed to contribute in attaining the objectives of banking organization. Therefore, output per worker, system, money etc. are required and that is called workforce productivity.

Management is putting best efforts to utilize every resource effectively and efficiently and specially the workforce. Management realized the importance of human resource and its better performance at job. Due to motivated and talented workforce the banking sector is giving good results every year. The importance of workforce cannot be ignored in present competitive situation. Over and above the output given by them contribute a lot in the progress of the banking sector. 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 workforce productivity. It provides one short solution in the competitive situation. Due to the magnificent contribution of workforce productivity in banking sector the researcher has been attracted by this topic and selected it for the research study.

It is due to this reason that the present topic entitled "Analytical Study of Workforce Productivity in Banking Sector: A Critical Study" has been selected for the study purpose with the following objectives.

a.) To examine the levels of workforce with their performance and productivity.

b.) To study the causes of lower workforce productivity, strategies to improve it and its involvement of different parties and satisfaction.

c.) To find out the practices adopted in banking and analyse the workforce productivity in banking sector and the problem faced if any for its eradication.

d.) To provide suggestions for further improvement of workforce productivity and customers' satisfaction in banking sector of Uttar Pradesh

Banking organizations are is utilizing the human and physical resources like manpower, money and concerned information to carry out their business effectively and efficiently. Of these resources the manpower is the major resource. It is due to this reason that the resource is focused in the present research work. The present literature relates to
the workforce or human resource and its productivity in banking sector in India. Further, the relation of workforce productivity and its impact on business performance of bank will be analysed. It can be summarized that the scope of this study will include the areas of productivity, workforce productivity, impact on performance and progress of banking sector in India.

This study was confined to the state of Uttar Pradesh having maximum numbers of branches of the nationalized commercial banks as well as banks employees in India. The empirical data were collected from the sample workforce (bank employees) of the selected branches of the selected commercial banks functioning in the Allahabad and Lucknow district of Uttar Pradesh. The productivity and performance of workforce functioning in the selected branches were critically examined and analyzed to explore the causes of lower productivity along with the problems faced by the workers and suggest measures for improvement and satisfaction of customers in banking sectors of Uttar Pradesh. The primary data pertaining to workings of the branches workers were collected by survey method through direct and personal interviews with the help of pre-tested and separately prepared schedules and questionnaires an all the aspects of bank functioning's. The secondary data were collected a financial and others aspects of workers from the available records of the selected branches of all the selected commercial banks of the selected cities of Uttar Pradesh. Also during the course of collections were done with the concerned officials of the selected banks branches. Personal observations were also done for identifying problems of the workers and their views for improvement.
The sampling technique used in the present study was a multistage stratified random sampling randomly on the basis of maximum number of branches and workforce therein from the State of Uttar Pradesh thus undertaken, two main cities namely (1) Allahabad and (2) Lucknow were chosen randomly on the basis of larger number of branches and workers under the selected banks. From these two cities thus, undertaken, five nationalized banks namely (1) State Banks of India, (2) Punjab National Bank, (3) Allahabad Bank, (4) Central Bank and (5) Bank of Baroda were selected randomly on the same basis. Thereafter from these five banks thus chosen three branches from each of the five such banks were chosen randomly on the same basis. From these 30 branches thus, undertaken, the ultimate sample workers of all the categories were undertaken as such for in-depth study making a total of 438 sample workers in all.

The state of Uttar Pradesh was selected randomly on the basis of the basis of the maximum numbers of workers employed in the sample banks. Also from the area of study the main cities of Uttar Pradesh two main cities having larger numbers of workers were undertaken randomly. Such cities were namely (1) Allahabad and (2) Lucknow in Uttar Pradesh.

Out of all the nationalized commercial banks of India functioning in the state of Uttar Pradesh, five main banks namely (1) State Bank of India (SBI), (2) Punjab National Banks (PNB), (3) Allahabad Bank (AB), (4) Central Bank (CB) and, (5) Bank of Baroda (BOB) were selected randomly on the basis of largest numbers of branches and workers therein Uttar Pradesh.

Primary data for this study were collected by survey method through the direct personal interviews of the sample workers of the
branches with the help of specially prepared and pre-tested schedules and questionnaire to covers all the objectives of the study. The schedules and questionnaires included all the aspects of the workers of the samples banks branches such as their salaries, working periods relations with other employees, customers and their problems as well as suggestions. Personal observations were also done during the course of collection of the primary data.

The required secondary data were collected from the available records of the samples banks and branches on all the aspects of the functioning's of the sample workers and thesis problems. The other required secondary data pertaining to financial statements balance sheets etc. and the constraints of branches were collected from the available records of the sample bank's branches to covers the objectives of the study.

A simple mathematical and statistical analysis was done on the data collected pertaining to working periods, salaries, others perks and bonus and problems in dealing with the customers as well as other fellows workers in the sample bank's branches along with the suggestions, views and opinions of the workers of all categories of bank's branches.

The primary data was collected during the period from April 2016 to July 2016 while the secondary was data collected from published and unpublished sources sector from April 2011 to March 2016.

After the analysis of both primary and secondary data the following findings emerge which assist in deliberating upon the suggestion. These
findings will help in increasing the work force productivity among the sample banks.

On the basis of the primary information collected by the Researcher it was revealed that 60% of the respondents among the sample bank where having experience of less than 10%, thus creating less productivity.

The analysis from the secondary data also revealed that the technical efficiency in Bank of Baroda was highest and lowest in Central Bank. There was significant decline in the technical efficiency in 2014 but it increased in the during the 2015 and 2016.

Regarding the Average Annual productivity per Employee in Sample bank: The secondary data indicated that State Bank of India the productivity of 89.76 lakh will the maximum and the lowest 77.67 lakh in Central Bank. In context of deposit per employee the collected secondary data indicated that the highest ₹ 58.23 lakh was observed in Punjab National Bank and lowest in ₹ 48.23 lakh in per employ in Allahabad Bank.

As regard the total productivity per employee in Sample Bank: the highest was ₹ 6.27 lakh in Punjab Nation Bank and lowest of ₹ 4.89 lakh per employee in Central Bank.

In context of net profit per employee, which is the major factor in measuring work force productivity in the banking sector, the highest ₹
8.98 lakh was observed in Bank of Baroda and the lowest ₹ 0.52 lakh was seen in Central Bank.

The secondary data collected, during the period under study revealed that the workforce productivity in the sample bank were comparatively higher in Lucknow branches as compared to branches in Allahabad.

Regarding to number of employees, the secondary data indicated that there was a significant growth of employees in Central region of Uttar Pradesh than in eastern Uttar Pradesh.

Regarding the compound annual growth rate in sample banks, the highest number of employee was registered in State Bank of India while lowest was observed in Bank of Baroda.

The average annual productivity per employee in the sample banks under under study it was found that the maximum banking business was performed by State Bank of India and minimum was seen in Central Bank.

The advances per branch in Punjab National Bank of Uttar Pradesh was not observed in banking sector of Uttar Pradesh from 2011-16.

Growth in banking business per branch in Allahabad region in Uttar Pradesh has been definitely considered in banking sector.

Growth in deposit per branch of Bank of Baroda had been smooth and continuous in the banking sector of Uttar Pradesh 2011-16.
Regarding the average productivity of the branch State Bank of India. The secondary information indicated that the business per employee under the branches of Punjab National Bank indicated that there was continuous and considerable growth in the banking business in Uttar Pradesh.

The business per employee under the branches of Central Bank had shown the gradual increase in the sample bank.

The analysis of primary data indicates that 90% of the respondents role was of financial nature and only 10% role was of non-financial nature.

Regarding the benefit generated by the sample banks. It was analysed that 55% of the respondents indicated the financial gained and 35% revealed affective management's practices.

The primary data information indicated that the management should take active interest in increasing the workforce productivity.

55% were the respondent indicated that working conditions creates the major role in enhancing the productivity.

Regarding the mechanism to increase the productivity. The primary data reveals that 45% of respondents in the sample bank were viewed that while 30% respondents were opinion that workforce productivity were increased through various motivation methods.
On the basis of above findings the following suggestions are discussed:

The technical efficiency of the sample bank should be increased through used proper training and deputation.

The sample bank should insure that the deposit per employee use increased to a certain standard level the average annual productivity per employee in Central Bank and Allahabad Bank must increase.

Net profit per employee in the sample banks should be increased.

The performance appraisal mechanism should be made uniform in all the branches of the sample banks.

The attitude of the management should be towards the increase in productivity of the branches in sample banks.

The indicator of productivity must be meaningful to the organization objective and operation. They should be reliable and practical, consider all factor that may impact productivity.

The organization should have comprehensive picture of organization performance in order for the employee. In relation contribution of each problem areas. The management should involve employees in decision that affect then as gives them a sense of ownership of the process and the perception of fairness.
The organization should review the progress of the employee's regular basis.

The management should lay emphasis towards motivational factors which will not only provide job satisfaction, but at the same time increase the productivity.

The sample bank should increase the supervision and control mechanism and they should be made more accountable.

The management should insure that proper working condition be made available to the employed in order is increase the productivity.

The sample banks should device imaginative mechanism to the rendering challenges within the context of net ownership.

The management should increase the implementation of modern technology in the organization for better productivity.

The sample bank should allocates more resources and budgets for better productivity.

The management should ensure better customer satisfaction this lead to good efficiency their by increasing productivity.

The management efforts must be to increase the cost performance productivity of the employees which should be focused on the action related to development of employees. Competence and training, improve workplace, increase of employee responsibility and customer satisfaction.
The management should ensure better communication between supervisor, peers and customers.

The sample bank should ensure better working environment which not only provide job satisfaction but also increase productivity.

The management of sample bank should ensure adequate incentive and remuneration in the form of stable wages, bonus, non-monetary incentive and career possibilities we provided to the employees in order to increase the productivity.

The management of the sample bank should insure intensive motivation through appreciation, responsibilities, self-expression, sense of direction and interest in engaging the work quality for this assist in increase productivity.

The management should ensure the skill of employees in the form of compensation and experience and training to be consider for increase in productivity.