



IMPACT OF HRM PRACTICES & JOB SATISFACTION IN SELECTED PRIVATE BANKS OF BANGLADESH

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ABSTRACT

Human Resource Management includes planning, job analysis, job design, acquisition, training and development, compensation, appraisal, benefits, rewards, safety, health, motivation, job evaluation, human relations, employee counselling and personnel research of human resources. The main purpose of the study is to investigate the Impact of HRM Practices & Job Satisfaction in Selected Private Banks of Bangladesh. To conduct this research, 85 respondents from Dutch Bangla Bank Ltd., United Commercial Bank Ltd., Dhaka Bank Ltd., & One Bank Limited leading private commercial banks of Bogura & Sirajganj District of Bangladesh. This study is based on primary as well as secondary data in nature. Primary data have been collected with help of a structured questionnaire which was administered personally to the bank employees. The primary data have been analysed with help of SPSS software. This study tried to disclose the relationship between employees' satisfaction and various dimensions of HRM practices. In this study, we considered nine major factors which represented most of the human resources management practices followed by different private banks. The study reveals that all HRM dimensions exercised in the private banking sector of Bangladesh falls short to satisfy the employees equally. Most of the employees are dissatisfied with Compensation System followed by reward and motivation, Career & Development, training and development, Management System, and job design and responsibilities. It is found the HRM practices in the private banking sectors of Bangladesh have not been fully developed and there is the urgent need to employ the services of HR professionals, consultants and researchers to help shape and develop new directional focus that will ensure an efficient and effective human resource practices.

KEYWORDS: HRM, HRM practices, job satisfaction, private commercial banks, Bangladesh

INTRODUCTION

Human Resource Management includes planning, job analysis, job design, acquisition, training and development, compensation, appraisal, benefits, rewards, safety, health, motivation, job evaluation, human relations, employee counselling and personnel research of human resources. A HRM system is a set of procedures framed to control, e.g., the system of employment in HRM through selection involving a set of procedures of inviting applications, conducting tests, interviews, physical examination, checking references, issuing appointment letters, their compensations; and beyond that training and other processes to be followed for effective management and total efficiency of all the systems should be effectively planned, developed and executed collectively by human resource manager in consultation with other managers.

HRM practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler & Jackson, 1987). The concept of HRM becomes popular in the early 1980s. Since then there has been increasing interest in the academic concept as well as in the research area. Early models of HRM were largely conceptual and not based on substantial empirical evidence for their validity (Beer, Spector, Laerence, Miles & Walton, 1984). Dramatic advances of

Information and Communication Technology (ICT), changing mix and personal values of the workforce, emergence of the knowledge economy and increasing global competition have created enormous challenges on organizations. To cope with the challenges efficiently, human resource has been considered as one of the most important factors in today's hypercompetitive market place. In the context of a developing economy like Bangladesh, where the need for formation of capital is pressing, where developments in the field of industrial and bank management are dynamic, and where financial crises accompanying pangs of economic growth are frequent, the challenges posed by HRM are of great importance; and, as a sequel, exploring the possibilities of the application of HRM becomes a very relevant field of enquiry and research.

REVIEW OF LITERATURE

Increasing endorsement of private commercial banks by the government in Bangladesh in recent times has made this sector highly competitive and challenging than ever before thus being a labor-intensive service organization banks must optimize the utilization of its human resources to effectively tackle those challenges and to secure a sustainable competitive position in the market. Due to this rapid growth in banking sector, the demand for efficient and experienced human



resources has increased in the manifold (Mizan, et al., 2013). Thereby to attract new competent workforce and to retain the existing talented personnel sound administrative policy, consistent HR practices, employee job satisfaction and organizational commitment are highly imperative (Ahmad & Schroeder 2003; Khera 2010; Mohammad 2004; Mizan et al., 2013). So every bank should concentrate on sound HR practices to ensure employees' motivation and job satisfaction. The impact of Human Resources Management (HRM) practices popularly known as HR practices on organizational performance and employee attitudes has been a leading area of research in the developed countries for years (Delaney and Huselid, 1996; Huselid, 1995; Katou and Budhwar, 2007; Petrescu and Simmons, 2008). But surprisingly, a few studies have been conducted on HR practices in the context of developing countries in general (Schuler as cited in Budhwar and Debrah, 2001; Sing, 2004; Yeganeh and Su, 2008) and Bangladesh in particular (Mahmood, 2004). This study has been conducted to analyze the influence of HR practices on employee job satisfaction in the context of Bangladeshi private commercial banks. Practitioners, researchers, academicians, policy makers, local and foreign entrepreneurs of Bangladesh and other developing countries could benefit from this study by exploring the association between HR practices and job satisfaction. This study will enhance the contemporary research and practice of human resource management. Furthermore, it would also be helpful for the developed countries as they find developing countries (like Bangladesh) as an attractive place for investment due to their large markets, cheap and skilled workforces (Budhwar and Debrah, 2001).

OBJECTIVES OF THE STUDY

The objectives of the study are to measure employees' satisfaction on the HRM practices of private banking sector in Bangladesh. The objectives are:

- To find out an Concept and analysis of HRM practices
- To focus the dimensions of HRM practices
- To analysis a test for measuring employee's satisfaction by HRM practices
- To examine weak points of HRM practices which affects employees' satisfaction
- To provide some HRM suggestions for improving HRM practices and employee's satisfaction

Methodology of the Study

This study is based on primary as well as secondary data in nature. Primary data have been collected with help of a structured questionnaire which was administered personally to the bank employees. Random sample technique has been used to face to face interview with the employees. The area of this study

was employees in Bogura & Sirajganj District of Bangladesh. who are serving as a banker of different four banks. Among various banks, this study only considered Dutch Bangla Bank Ltd., United Commercial Bank Ltd., Dhaka Bank Ltd., & One Bank Limited banks. For this research, 120 bank employees are selected from the these banks and out of these 85 private bank employees responses properly. The questionnaire consists of different questions on nine HRM dimensions such as recruitment and selection systems, compensation package, job security, Career & Development, training and development, Management System, job design and responsibilities, Motivation Tools and Bank Environment. The questionnaire was developed by using a five point Likert scale, whereas highly satisfied, moderately satisfied, satisfied, somehow satisfied & dissatisfied. But some secondary data have been used in the study. The secondary data used in the study have been collected from related journals, books, newspapers and internet, etc. In this study, some statistical measures such as Z-test mean and proportion analysis is used to examine employee's satisfaction.

HYPOTHESES OF THE STUDY

On the basis of the various factors affecting on HRM practices, the following hypotheses are developed for the study:-

- H1: Employees' are satisfied on "Recruitment and selection systems".
- H2: Employees' are satisfied on "Compensation package".
- H3: Employees' are satisfied on "Job security".
- H4: Employees' are satisfied on "Career & Development".
- H5: Employees' are satisfied on "Training and development".
- H6: Employees' are satisfied on "Management System".
- H7: Employees' are satisfied on "Job design and responsibilities".
- H8: Employees' are satisfied on "Reward and motivation".
- H9: Employees' are satisfied on "Bank Environment".

DATE ANALYSIS & RESULTS

It is assumed from the hypothesis that employees are satisfied on the current recruitment and selection systems of their bank like the recruitment system is fair and appropriate for the appointment to the job.

H1: Employees' are satisfied on "Recruitment and selection systems":

The Table no 1 presents that at 0.05 level of significance (two tailed test), table value (1.96) is greater than calculated value ($Z = 0.55$). So, the null hypothesis is accepted and hence, we conclude that employees are satisfied on Recruitment and Selection Process of their bank.

Table-1 Employees perception on different levels of Satisfaction of HRM dimensions

Employees Satisfaction Dimensions	N	Mean	Standard Deviation	Standard Error	Z Value (Calculated value)	Mean Rank
Recruitment and Selection Systems	85	3.06	0.98	0.11	0.55	1
Compensation Package	85	2.03	0.97	0.11	8.75	9
Job Security	85	3.03	1.06	0.12	0.25	2
Career & Development	85	2.13	0.97	0.1	8.7	7
Training and Development	85	2.3	1.02	0.11	6.36	6
Management System	85	2.49	1.02	0.11	4.64	5
Job Design and Responsibilities	85	2.49	1	0.11	4.16	4
Reward and Motivation	85	2.1	1.02	0.11	8.12	8
Bank Environment	85	3.02	1.11	0.12	0.17	3

H2: Employees' are satisfied on "Compensation package":

This hypothesis indicates that employees are satisfied with present salary, increment allocation method and other compensation packages. Table 1 presents that at 0.05 level of significance (two tailed test), table value (1.96) is less than calculated value ($Z = 8.82$). So, the null hypothesis is rejected and hence, this study concludes that employees are not satisfied on Compensation System of their bank.

H3: Employees' are satisfied on "Job security":

It is cleared from this hypothesis that employees are satisfied with security to their job. Table 1 signifies that at 0.05 level of significance (two tailed test), table value (1.96) is greater than calculated value ($Z = 0.25$). So, the null hypothesis is accepted and hence, this study concludes that employees are satisfied on job security of their bank.

H4: Employees' are satisfied on "Career & Development":

This hypothesis indicates that employees are enjoying enough space for his/her Career & Development. Table 1 presents that at 0.05 level of significance (two tailed test), table value (1.96) is less than calculated value ($Z = 8.7$). So, the null hypothesis is rejected and hence, this study concludes that employees are not satisfied on Career & Development of their bank.

H5: Employees' are satisfied on "Training and development":

This hypothesis indicates that training and development program are available in the bank and employees are satisfied on that program. Table 1 presents that at 0.05 level of significance (two tailed test), table value (1.96) is less than

calculated value ($Z = 6.36$). So, the null hypothesis is rejected and hence, this study concludes that employees are not satisfied on training and development of their bank.

H6: Employees' are satisfied on "Management System":

This hypothesis indicates that Management System is very flexible for employees and they involved with the managerial decision making. Table no 1 presents that at 0.05 level of significance (two tailed test), table value (1.96) is less than calculated value ($Z = 4.64$). So, the null hypothesis is rejected and hence, this study concludes that employees are not satisfied on Management System of their bank. *International Review of Management and Marketing, Vol. 2, No.1, 2012, pp.52-58 56*

H7: Employees' are satisfied on "Job design and responsibilities":

The hypothesis indicates that job is properly designed and employees can easily perform their task. Employees receive fair treatment, recognition and overall quality supervision from the boss. Table 1 presents that at 0.05 level of significance (two tailed test), table value (1.96) is less than calculated value ($Z = 4.18$). So, the null hypothesis is rejected and hence, this study concludes that employees are not satisfied on Staffing and Responsibilities of their bank.

H8: Employees' are satisfied on "Reward and motivation":

The hypothesis indicates that various financial and non-financial Motivation Tools system is present in their bank, employees are satisfied on that system. Table 1 presents that at 0.05 level of significance (two tailed test), table value (1.96) is less than calculated value ($Z = 8.18$). So, the null hypothesis is

rejected and hence, this study concludes that employees are not satisfied on Motivation Tools of their bank.

H9: Employees' are satisfied on "Bank Environment".

This hypothesis indicates that the physical Bank Environment is very conducive for satisfaction at large. Table 1 presents that at 0.05 level of significance (two tailed test), table value (1.96) is greater than calculated value ($Z = 0.17$). So, the null hypothesis is accepted and hence, this study concludes that employees are satisfied on Bank Environment of their bank. From the above hypotheses testing it could be assumed that employees are satisfied on some dimensions of HRM practices such as

Recruitment and Selection Process(mean rank-01), job security (mean rank- 02) and Bank Environment (mean rank-03).The hypotheses test also presents that employees are not satisfied on some dimensions such as Staffing and Responsibilities (mean rank-04), Management System (mean rank-05), training and development (mean rank-06), Career & Development (mean rank-07), Motivation Tools (mean rank-08) and Compensation System(mean rank-09).Therefore, it is clear that all dimensions are not equally satisfied to employees. It is also very clear from the Table 2 which dimensions highly satisfied or dissatisfied to employees.

Table-2 Percentage of employees on different levels of Satisfaction of HRM dimensions

	Highly Satisfied	Satisfied	Moderately Satisfied	Some how Satisfied	Dissatisfied	Total
Recruitment and Selection Systems	6.82	43.18	25	17.95	7.95	100
Compensation Package	3.41	19.32	3.41	40.91	32.95	100
Job Security	9.09	39.77	22.73	19.32	9.09	100
Career & Development	2.27	22.73	6.82	37.5	30.68	100
Training and Development	4.55	22.73		42.05	22.73	100
Management System	5.68	25	10.23	45.45	13.64	100
Job Design and Responsibilities	4.55	29.55	11.36	43.18	11.36	100
Reward and Motivation	3.41	20.45	5.68	38.64	31.82	100
Bank Environment	11.36	36.36	20.45	22.73	9.09	100

Factors

1. Recruitment and Selection Process(RSP)
2. Compensation System(CS)
3. Job Security (JS)
4. Career & Development (C&D)
5. Training and Development (T&D)
6. Management System (MS)
7. Staffing and Responsibilities (S&R)
8. Motivation Tools(MT)
9. Bank Environment (BE)

This present table shows percentage of employees on different levels of Satisfaction of HRM dimensions. The table indicates that the highest 43.18 percent employees are satisfied on Recruitment and Selection Process followed by 39.77 percent on job security, 36.36 percent on Bank Environment, 29.55 percent on job design and responsibilities, 25 percent on Management System, 22.73 percent on Career & Development as well as training and development, 20.45 percent on Motivation Tools and the lowest 19.32 percent on compensation package. Table 2 also presents that the highest 11.36 percent employees are highly satisfied on Bank Environment and the

lowest 2.27 percent on Career & Development. The study also indicates that the highest 32.95 percent of employees are dissatisfied on Compensation System followed by 31.82 percent on reward and motivation, 30.68 percent on Career & Development, 22.73 percent on training and development, 13.64 percent on Management System, 11.36 percent on job design and responsibilities, 9.09 percent on job security as well as Bank Environment and the lowest 7.95 percent on recruitment and selection systems. Therefore, the analysis presents that employees are not fully satisfied on any HRM dimensions of their bank. So, the HRM dimensions quality should be improved for the betterment of the bank's success.

CONCLUSION

This study tried to disclose the relationship between employees' satisfaction and various dimensions of HRM practices. In this study, we considered nine major factors which represented most of the human resources management practices followed by different private banks. The study reveals that all HRM dimensions exercised in the private banking sector of Bangladesh falls short to satisfy the employees equally. Most of the employees are dissatisfied with Compensation System



followed by reward and motivation, Career & Development, training and development, Management System, and job design and responsibilities. It is obvious that HRM practices in the private banking sector of Bangladesh has not been fully developed and there is the urgent need to employ the services of HR professionals, consultants and researchers to help shape and develop new directional focus that will ensure an efficient and effective human resource practices. We suggest the following recommendations for doing perfect HRM practices in the private banking sector of Bangladesh: Banks should introduce various financial and non-financial benefits to employees according to their performance. This will make them more devoted to the work and their satisfaction will be definitely high. Bangladeshi's economy allows the importation of new technologies to enhance HRM, but training is still a bit slow, thus employment of expatriates to handle such is still encouraged. The cooperation and coordination between management and employee should be developed because it is crucial for effective and efficient functioning of an Private banks. Attractive Compensation System should be given to the employees. Management should make a clear cut career advancement path. Finally, this research paper suggests that bank should review existing pay practices so as to offer fair pay, provide challenging and meaningful work tasks, and foster positive co-worker relationships in order to create a good Bank Environment.

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