

EFFECT OF HUMAN CAPITAL MANAGEMENT ON EMPLOYEE PERFORMANCE IN BANKING SECTOR

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ABSTRACT:

The primary goal of this research is to determine the effects of human capital management on employee performance in the banking industry. Compensation and training programs, for example, must assist the organization in improving its performance and production. Both compensation and training are the most important tools for human capital management. Human capital is the organization's most asset, and its resources enable it to gain an advantage in today's competitive corporate world. Since managing human capital is much more difficult than managing cutting-edge technology, every firm needs an efficient HCM system. HCM systems are worked to fulfill organizational goals. Practices in human capital management include hiring, career planning, training programs, pay, performance reviews, and others. This research explains why human capital management has an important tool for employee performance and organizational effectiveness. Examining how HCM procedures affect employee performance in the banking industry is the goal of this study. Human capital management is concerned with the availability of the facilities that employees need for their jobs as well as the development of their careers. To make work easier, the human resources department must regularly become more productive and efficient with the newest technologies. The creation of the Human Capital Management System is the newest advancement in human resource technology. Information for HR decision-making and other management processes is provided as a result.

Key words: Human Capital Management, Banking Sector, Compensation & Training.

1.INTRODUCTION

Human capital management practices such as compensation and training programs affect employee performance. The compensation and training program significantly correlated with human capital performance of management and staff in the banking industry. Employee retention is very difficult for the organizations, So HCM practices and policies become more critical for the organization. HCM practices and policies to be implemented it must attract and retain the employee also it will improve employee performance and increase productivity. The goal of this study is to determine how HCM practices and regulations affect employee performance in the banking industry. Two major HCM practices were taken for this study such as compensation and training program. Training and compensation are more important

to improve employees' efficiency and effectiveness. Employee training program and compensation helps to develop organizational performance and it will improve the worker performance and improve the production of the organizations.

2. LITERATURE REVIEW

WaqasIlyasYasirAftabFarooqi Muhammad Ahmad (2016), HRM practices have a favorable impact on employee performance. According to this remuneration, employee performance must improve because of performance review and promotion procedures.

According to this training, Ananthalakshmi, Fadumo, and Ahmed Mohamed (2014), a change must be made through integrating a new worker into the company culture. Although new hires can learn new skills and develop their existing ones through training, this alone is insufficient to inspire the workforce.

In their 2014 study, Emily AtienoOdhong, Dr. Susan Were, and Dr. Jacob Omolo looked at how leadership styles, work engagement, information accessible, employing organization, and intellectual abilities all contribute to an integral approach.

Nasser Ahmed Habtoor, Esmael M. A. Tabouli, and Mohammad Nashief S (2016), They claimed that there is a strong correlation between HRM policies and employee performance, with policies and practises helping to improve work engagement.

Garry A. Gelade, Mark Ivery (2003) concluded that workplace favorable psychological environments and HRM practices have to improve organizational execution.

In their 2015 study, Miss HafsaShaukat, Miss Namrah Ashraf, and ShahzadGhafoor studied how powerful human talents are to an organization's success. They also looked at how they might assist the company get a competitive edge and achieve its objectives.

Dr. Abdullah Osman, Hamzah Mohammad A. Al Qudah, and HamzahEdris M. Al Qudah (2014) examined how HRM policies must be implemented in a way that increases appropriate measures in place and worker participation in the organization. They also looked at how efficient hiring must draw in the right candidates for the organization.

3. HUMAN CAPITAL MANAGEMENT

Human capital management is people resource management in the organization. It includes recruiting, managing, developing, and improving the human resources in an organization. HRD has to approach the employees as an asset of the organization, the management has to invest, and they can maximize their business value with human capital. HCM is nothing but it is synonymous with human resources of the organizations. The banking sector can use the latest technology software systems it will help the management to observe the employee performance and it is useful to HR for time-tracking of the employee. Now a day's most organizations are using ERP for HR process. Human Capital Management must provide the best ways and suitable solution to the organization to fulfill the needs of human capital. HCM must select the skilled and sufficient employee based on their field such as production department, sales department, customer interaction, service department etc. in banking sector the employee has to interact with the customer. Human capital management is concerned with the resources and needs that the prospective employee can access for their employment and professional development.

Conceptual framework

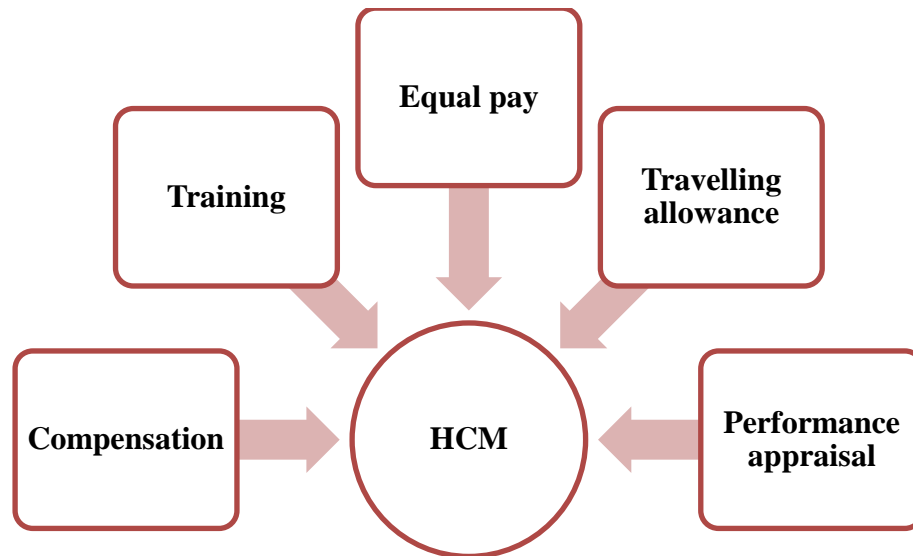


Figure 1: Conceptual framework

BANKING SECTOR

The banking sector is one of the sections of the economy that holds the financial assets for others to create more wealth. A bank holds assets for its customers, and they promise the customers they can withdraw the money when they need it. Public and private sector banks are the two categories into which banks fall. The main function of the banks is accepting deposits and giving loans, banks earn income through interest, and the interest rate depends upon the type of loan and the period of a loan. Banking sector employees’ nature of work differs from other sector employees, banks employees are directly dealing with their customers. Even though the work time of the bank employee is limited they must force them to work more than their normal time due to their workflow. The banking sector employee needs trust and dedication so the HR department of the banking sector needs to implement regulations to create trust for their employees. The segment of banking sector employees is Branch Manager, bank teller, Loan Officer, Marketing Representative, Internal Auditor, and Data Processing Officer.

4. STATEMENT OF THE PROBLEM

HCM must analyze the performance of the employee and monitor it. In this present situation, employee performance is very good even before they are evaluated or monitored. Bank employees are struggling during their working hours due to their work pressure, so they need HCM policy to improve their performance. This article helps to analyze the banking sector employee performance and human capital management.

5. OBJECTIVES OF THE STUDY

- a. To ascertain how the banking industry manages its human capital.
- b. To find out the effect of compensation and other benefits.
- c. To make new policy recommendations to raise the HCM standard.

6. THE AIM OF THE STUDY

This survey is designed to analyze human capital management in the financial industry and worker performance. This study will help the management to improve HCM practices & policies.

7. HYPOTHESIS

H1: Training and worker performance are positively correlated.

H2: The association between compensation and worker performance is favorable.

8. METHODOLOGY

A questionnaire has been used to gather the information. To assemble primary data for this study, 50 questionnaires were used. The secondary data was gathered from books, papers, and a web source. Ratings for human capital management using a 5-point Likert system strongly agree, agree, neutral, disagree, and strongly disagree. For this investigation, a one-way ANOVA and a single sample test were used.

9. EVALUATION AND OUTCOMES: -

Table 1: Demographic profile

Variable	Number	%
Age		
Below 30	13	26
30-40	21	42
Above 40	16	32
Total	50	100
Gender		
Male	21	42
Female	29	58
Total	50	100
Academic Background		
Under-Graduate	34	68
Post-graduate	16	32
Other	-	-
Total	50	100
Experience at Work		
Less than 3 years	11	22
3-10 years	23	46
11-15 years	12	24
Above 15 years	4	8
Total	50	100
Annual Income		
Less than 3,00,000	7	14

Rs.3,00,000 to Rs.5,00,000	25	50
Above 5,00,000	18	36
Total	50	100
Marital status		
Married	34	68
Single	16	32
Total	50	100

The demographic profile of the responders is shown in the above table. Many respondents are female employees working in the workforce, with 26% of respondents under 30 years old, 42% of respondents in the 30–40-year age range, and 32% of respondents over 40 years old. 32% of respondents have a postgraduate degree, whereas 68% of respondents have graduated. Most respondents have between three and ten years of work experience. In the income range of 3-5 lakhs, half of the respondents are. 68 percent of respondents are married, according to their marital status. Most responders are married, it has been found.

Table 2: Defendants based on Human Capital Management

S.N	Particulars	SA		A		N		DA		SDA	
		No	%	No	%	No	%	No	%	No	%
1	At the conclusion of the selection process, informs candidates of performance outcomes.	15	30	19	38	2	4	9	18	5	10
2	Selection tests conducted by trained people.	11	22	16	32	4	8	5	10	14	28
3	Treat with respect and attention to all employee	9	18	14	28	3	6	13	26	11	22
4	My employer gives me a pay that's appropriate for my qualifications and training.	12	24	19	38	3	6	10	20	6	12
5	Organization stimulates learning application of knowledge	8	16	13	26	6	12	13	26	10	20

The above table shows human capital management on employee performance according to this study at the conclusion of the selection process, informs candidates of performance outcomes. One-third of respondents (30%) strongly agree, three-quarters (38%) agree, four percent (4%) are neutral, one-eighth (18%) disagree, and one-tenth (10%) disagree strongly. trained individuals administering selection tests 32% of respondents are in agreement, while 22% strongly agree. It has been noted that most businesses use trained personnel for the selection procedure. show all employees consideration and respect. Six percent of respondents are indifferent, twenty-six percent disagree, twenty-two percent disagree severely, twenty-eight percent strongly agree, and twenty-eight percent agree. According to this report, most businesses value their staff members. I receive a wage from my employer that is in line with my qualifications and education. 38% of respondents and 24% of respondents strongly agree that banks pay their employees the highest salaries possible depending on their qualifications and skill sets. Organizations stimulate learning application of knowledge most banks are not stimulated their employee for their learning process.

Table 3: Statistics One-Sample

	N	Mean	Std. Dev	Std. Error Mean
SA	5	11.00	2.739	1.225
A	5	16.20	2.775	1.241
N	5	3.60	1.517	.678
DA	5	10.00	3.317	1.483
SDA	5	9.20	3.701	1.655

Table 4: One-Sample Test

Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Certainty Interval of the Difference	
					Lower	Upper
SA	8.981	4	.001	11.000	7.60	14.40
A	13.054	4	.000	16.200	12.75	19.65
N	5.308	4	.006	3.600	1.72	5.48
DA	6.742	4	.003	10.000	5.88	14.12
SDA	5.558	4	.005	9.200	4.60	13.80

Table 5: ONE WAY ANOVA

	1	2	3	4	5	Total
N	5	5	5	5	5	25
ΣX	50	50	50	50	50	250
Mean	10	10	10	10	10	10
ΣX ²	696	614	576	650	538	3074
Std.Dev.	7	5.3385	4.3589	6.1237	3.0822	4.8905

Table 6: RESULTS

Source	SS	df	MS
Between-treatments	0	4	0
Within-treatments	574	20	28.7
Total	574	24	

F is equal to 0. One is the p-value. At p .05. the outcome is not significant.

At the conclusion of the selection procedure, candidates are given performance results using the development standard of 7, which, StandardDeviation of selection tests conducted by trained people 5.3385,Std.Dev of treat with respect and attention to all employee is 4.3589, Std.Dev My employer

provides me a salary of \$6.1237, which is commensurate with my qualifications and education. Std.Dev of organization stimulates learning application of knowledge is 3.0822.

10. CONCLUSION

HCM involves managing people in an organization and allows them to share their views and thoughts, there are huge organizations that are center their activities in one place. This article provides information on improving recruitment and compensation in the banking sector. In this business environment, the banking sector must adopt human capital management practices to improve the industries and the success of the organization and improve worker performance. HCM procedures carry out a constructive significant association with worker performance in the banking industry. Compensation and training programs have a constructive correlation with worker performance. Compensation and training can attract and retain competitive human capital and it has to improve and develop the performance of the employee in the banking industry and increase productivity.

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