



## IMPACT OF DEMOGRAPHIC FACTORS OF EMPLOYEES ON HUMAN CAPITAL IN INDIAN BANKS

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### Abstract

In the early days the main banking function of the goldsmiths was to keep in custody other people's money and lending a part of it. Gradually, these functions were extended, and others were added. As a result, the dependence of commerce upon banking has become so great that in the modern money economy, the cessation, even for a day or two, of the banker's activities would completely paralyse the economic life of a nation. In India, the banking industry has entered several new activities in the areas of merchant banking, leasing housing finance, venture capital and financial services in general. The range of services provided by the banks stretches from rural finance at one end to international banking at the other. The banking scenario worldwide is now undergoing a rapid diversification and technological change and Indian banking is not an exception with the changing policy of the Government of India in the areas of industrial, trade and exchange rate policies. The functions of the bank have changed to cope with the changes.

**Key Words:** Banking, Human Capital, Human Resources.

### INTRODUCTION

Now-a-days, the bankers have to deal with many matters. They serve as custodians of stocks and shares and other valuables. Imports into and exports out of a country are financed by banks and documents relating to the goods so imported and exported, at one time or another, pass through the hands of the bankers. They have to deal not only with bills of exchange, but also with bill of lading, railway receipts, warehouse warrants and receipts, marine insurance policies and various other documents. As bankers, they advance money on securities, and issue letters of credit, travelers cheque, credit cards and circular notes to customers wishing to travel abroad, as also to effect purchases and shipment of goods. Banking is a huge industry that comprises of large Number of Employees. Human Resource is the foundation of Banking Industry. Human Resource Management enhances Banking services provided and performance efficiency of banks. The Indian banking has seen momentous changes in the post-liberalization era. It has witnessed a remarkable shift in its operating environment during the last decade. Every aspect of the functioning of the Indian banking industry is undergoing dramatic changes. The market has changed drastically and has become largely customer centric. In these days of intense competition, the banks are very particular in identifying the needs of their customer and how effectively that can be met. They continuously struggle and develop new strategies to differentiate themselves from their competitors by providing their customers with high quality banking services and high technology innovative products.

In India, the PSB's and old private sector banks realized their new role and also welcomed the new generation banks – HDFC bank, ICICI bank, IDBI bank, Axis bank, etc. These new banks had the advantage of starting with a clean slate, adequate capital resources, well trained and professional manpower, handful of branches in chosen centers, new variety of products and services etc. John Armstrong, banking industry leader with IBM Global Business services, said that, "the goal of exploring customer satisfaction is that if they are happy, they are more likely to deepen their relationship or stay with that bank than of they are unhappy". Human Capital Management is essential for an effective management of any organization in this era of Globalization and Modernization. Recent techniques and technologies have not only been the magnetic power in IT Sector but also in the management of Human Resource Management. It is very necessary to study the new concepts and techniques in People management. People Management is of primary importance always. Even for the implementation of a brand new and highly influential technology human beings are the only source. Investment in Human Capital is necessary for any nation to reap the benefits from information technology. Sound Human Management is the need of the hour. To cope with high competition and achieve competitive edge in a scenario of high advancements equipping, guiding, moulding and refining an employee is the duty of the organization. Hence, organizations cannot be stagnant with its management techniques. A new boon to people management is Human Capital Management. Updating Human Resource Management to Human Capital Management is a call for acquiring world class Human Capital. Implementing Human Capital Management in Banks is planting stronger roots for future financial success in the country. Implementing Human Capital Management in Banks in India is a necessity.



### PROBLEM OF STUDY

There are various research studies conducted in regards to Human Capital Management in the International level. In India, in the recent times there are numerous conferences, seminars conducted and researches done on Human Capital Management. As the literature was closely followed, there was an area that was not touched with reference to Chennai city. The banking scenario is not studied in the context of Human Capital until now in Chennai city. Chennai City being one of the busiest business hubs in India is a ground where almost all the Public and Private banks have laid seats. It is very important to study the management of banks in order to improvise for its development. There are numerous studies which have researched on Human Resource Management and development of banks but Human Capital has not been dealt so far. Human Capital Management is a different approach to Human Resource Management. There is a gap in literature in assessing these elements and their outcome if implemented in Human Capital Management. This study seeks to find out or explore the impact of implementing these elements in managing Human Capital. This study will provide literature for each of these HC Items as elements in the management of Human Capital. Fundamentally, this research aims to bring out the importance and significance of Human Capital Management in Private and public sector banks in Chennai.

### OBJECTIVES OF STUDY

1. To study the demographic factors responsible for Human Capital Management in Banking Sector.
2. To make appropriate suggestions for effective utilization and management of Human capital in Banking Sector.

### METHODOLOGY OF STUDY

The study is based on the primary as well as secondary data. The secondary data were collected from Books, Journals, periodicals, websites and bank manuals, files and records. The study depends mainly on the primary data collected through a well-framed and pre-tested structured questionnaire to elicit the well-considered opinions of the respondents. The Purposive Sampling technique was adopted to obtain the responses from the employees of both Public and Private Sector Banks. A consolidated list of Number of Employees working in each branch of PSBs and PRSBs was obtained. The study purposefully selected the banks and their branches that contained a large Number of Employees. A total of 500 questionnaires have been distributed and out of which 197 from Public Sector Banks (PSB) and 223 from Private Sector Banks (PRSB) were received. The respondents were 25 Top level and 25 Middle level employees of the selected bank branches in Chennai City. After the scrutiny of these questionnaires, 4 questionnaires from PSBs and 5 questionnaires from PRSBs are rejected on account of incomplete responses. Finally, 193 and 218 completed questionnaires with a total of 411 from PSBs and PRSBs respectively have been used for the present study.

### DISCUSSIONS AND RESULTS: DEMOGRAPHIC FACTORS OF EMPLOYEES IN BANKS.

Demographic information is imperative as it presents a profile of the entire sample taken for the study and represents a fundamental approach to the understanding of employees working in banks in Chennai.

### GENDER OF THE RESPONDENTS

Gender plays a vital role in determining the bank employee's views about their banks following Human Capital Management. In fact most of the behavioural studies have identified the significant differences between the opinion of male and female employees. In this study the sample units execute the following frequency distribution of the gender.

**Table 1.1 Gender of the employees**

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	319	77.6	77.6	77.6
	Female	92	22.4	22.4	100.0
	Total	411	100.0	100.0	

It is found from the above table that 77.6% of the employees working in banks are males and 22.4% of the employees working are females. Therefore the table concludes that there are maximum male employees working in Banks in Chennai city.



### AGE OF THE RESPONDENTS

Age is a crucial factor which depicts the personal and psychological maturity of the individuals. On the basis of the age, the employees working in Banks are grouped under four heads, namely, below 30 years of age, between 31 to 40 years, between 41 to 50 years and 51 to 60 years. In general Age of the respondents expose their maturity in understanding and exercising provoked thoughts of an individual employee. In this analysis, the responses acquired about the Human Capital Management followed by the banks from the various age groups of employees working in banks are depicted below.

**Table 1.2, Age of the employees**

AGE		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< than 30 years	66	16.1	16.1	16.1
	31-40 years	87	21.2	21.2	37.2
	41 to 50 years	152	37.0	37.0	74.2
	51 to 60 years	106	25.8	25.8	100.0
	Total	411	100.0	100.0	

The above table explains that 37% of the employees working in banks in Chennai are in the age group between 41 years to 50 years, 25.8% are between 51 years to 60 years, 21.2% are between 31 to 40 years whereas only a minimum of 16.1% are in the age less than 30 years. Therefore the table concludes that only a minimum employees less than 30 years are working in banks in Chennai.

### EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

Qualification of employees plays an important criterion in analysing the employee's capabilities to understand the Human Capital Management strategies adopted by their banks. The level of education accelerates the skill that they apply in the normal course of time to make their work easy, while carrying out various activities. The following table represents the frequency distribution of Educational Qualification of employees working in banks in Chennai.

**Table 1.3 Educational Qualifications**

Education Qualification		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Professionals	44	10.7	10.7	10.7
	Post graduate	102	24.8	24.8	35.5
	Graduate	265	64.5	64.5	100.0
	Total	411	100.0	100.0	

It is inferred from the above table that 64.5% of the employees working in banks have graduates, 24.8% are post graduates and 10.7% are professionals. Therefore maximum of the employee working in Banks in Chennai are graduates.

### DESIGNATION OF THE RESPONDENTS

The employees working in banks are greatly influenced by the designation assigned to them. In certain cases, it is obviously felt that the designation matters much more than the pay. The banks took much care in formulating the designations and setting up the hierarchy to attract and retain their skilled workforce. It is felt that employees consider designation as a prominent factor determining their output. The frequency distribution relating to their responses is shown in the table below



**Table 1.4 Designation**

Designation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Top level	133	32.4	32.4	32.4
	Middle level	278	67.6	67.6	100.0
	Total	411	100.0	100.0	

It implies from the above analysis table that 67.6% are designated as middle level employees in banks and 32.4% are designated as top level employees. Therefore the table concludes that maximum of the employees working in banks in Chennai are designated as middle level employees.

#### **TYPE OF BANK**

There exist two types of banks the public sector banks and the private sector banks. The employees prefer working either in public sector banks or a private sector bank. Employees working in public sector are more secured in job but less benefits compared to employees working in private sector banks having more additional benefits for achieving their targets in jobs. The following frequency table explains the Number of Employees working in public sector and private sector banks in Chennai.

**Table 1.5 Type of banks**

Type of banks		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public sector	193	47.0	47.0	47.0
	Private sector	218	53.0	53.0	100.0
	Total	411	100.0	100.0	

It is analysed from the sample size taken for the study that 53% of the employee are working in private sector and 47% are working in public sector banks. Therefore maximum of the employees are working in private sector banks.

#### **YEARS OF SERVICE IN PRESENT BRANCH**

Many studies have reported that the years of service the employees with different genders undergo in the same branch shows their efficiency and gratitude towards their banks. The data pertaining to the years of service in the present branch in the sample study is depicted in Table below.

**Table 1.6, Years of service in present Branch**

Service in present branch		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< than 5 years	192	46.7	46.7	46.7
	5-10 years	94	22.9	22.9	69.6
	10-15 years	40	9.7	9.7	79.3
	Above 15 years	85	20.7	20.7	100.0
	Total	411	100.0	100.0	

The sample size taken for the study reveals from the above table that 46.7% of the employees are working in the present branch less than 5 years, 22.9% are working from 5 years to 10 years, 20.7% are working above 15 years whereas a minimum of 9.7% are working from 10 to 15 years. Therefore maximum of the employees are working in the present branch less than 5 years.



### YEARS OF SERVICE IN SAME DESIGNATION

The employees working in banks in Chennai are influenced by the designation allotted to them by their superiors. The years of service in working in the same designation explains their experiences and efficiency in work. The data pertaining to the years of service in the same designation in the sample study is depicted in Table below.

**Table 1.7, Years of service in the same designation**

Designation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< than 5 years	186	45.3	45.3	45.3
	5-10 years	136	33.1	33.1	78.3
	10-15 years	8	1.9	1.9	80.3
	Above 15 years	81	19.7	19.7	100.0
	Total	411	100.0	100.0	

It is implied from the above table that 45.3% of the employees are working in the same designation less than five years, 33.1% are working in the same designation from 5 years to 10 years, 19.7% are working above 15 years with the same designation, and a minimum of 1.9% are working with the same designation in their banks from 10 to 15 years. Therefore maximum of the employees are working with the same designation for only less than 5 years.

### TOTAL YEARS OF SERVICE

The total years of service the employees working in banks complete successfully depends upon his dedication towards the work. The data pertaining to the total years of service in the sample study is depicted in Table below

**Table 1.8, Total years of service**

Total years of service		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< than 5 years	46	11.2	11.2	11.2
	5-10 years	40	9.7	9.7	20.9
	10-15 years	42	10.2	10.2	31.1
	Above 15 years	283	68.9	68.9	100.0
	Total	411	100.0	100.0	

It is referred from the above table that 68.9% of the employees have completed their total service above 15 years, 11.2% have completed their total service less than 5 years, 10.2% have completed 10 to 15 years and a minimum of 9.7% of the employees working in the banks in Chennai have completed their total service between 5 years to 7 years. Therefore maximum of the employees have completed their total service in banks above 15 years.

### FINDINGS

In this analysis, an attempt is made to compare the HCM practices in both Public Sector and Private Sector Banks. The paired test for large samples is exploited to find out the significant difference between the mean scores of 20 elements of HCM practices in public and private sector banks.

- It is inferred that maximum of the male employees 77.6% are working in banks in Chennai and 37% of the employees working in banks are middle aged grouped people between 41 years to 50 years. Most of the employees working in banks are educated and among them 64.5% are graduates holding a middle level designation (67.6%).
- The analysis revealed that most of the employees working in banks prefer private sector banks due to more benefits, 46.7% of the employees working in banks have their total service less than five years in their present branch, 45.3% of the employees have less than five years' service with the same designation and 68.9% of the



employees have their total years of service working in Banks for more than 15 years.

- The employee working in private sector banks avail more benefits by adopting correct measure gauges that best suit the needs of the employees, are given more opportunity to express their individual ideas and are rewarded for high quality works.

### SUGGESTIONS

- There is a need for banks to take more measures by enhancing the Human Capital Management practices as the scores are still low.
- The Human Capital Management should outline the related strategy throughout the banking organization and explain its importance into the overall banking strategy and objectives.
- The importance of employees and Human Capital Management to the future performance of the banks should be acknowledged and explained.
- A Human Capital Management strategy should be developed in consultation with employees, and this process, along with the results and subsequent inputs into the strategy development should be specified clearly.
- An overall strategy, individual policies in Human Capital Management should be described and preferably made available on the banks website.

### CONCLUSIONS

The study reveals that many banks can significantly improve their discussion on Human Capital Management issued to the extent that they are of the same standard as the reporting of other more tangible assets. Human Capital Management communicates more effectively a clear positive message to employees that they are valued and their contribution is important to the success of the banks performance and their contribution helps to achieve the targets fixed for the banks. Training and recruiting are the important practices in determining the strength of Human Capital Management. A successful recruiter attracts qualified employees for the banks. Banks focusing on training is able to increase the skills and knowledge of the internal bank employees and thereby increase the performance of banks. A good leadership is essential for effective practice in Human Capital Management as they stand as a personal inspiration to others. HCM strategy examines the issues that are central for Human resources to continue to support the department's success and set a new direction. Measuring and reporting on Human Capital Management performance against concrete objectives sends signals to stakeholders (employees, shareholders, customers) about Human Capital Management as a critical way of achieving sustainability and displaying banking responsibility.

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