Human Resource Management Practices and Employees' Satisfaction Towards Private Banking Sector in Bangladesh

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ABSTRACT: 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 hyper-competitive market place. The focus of this study is to gain an insight into the current HRM practices and its impact on employee's satisfaction on the private banking sector in Bangladesh. For conducting this research, 100 bank employees are selected from the chosen banks and out of this 88 employees responses properly, the response rate is 88 percent. The questionnaire consists of different questions on nine HRM dimensions such as recruitment and selection systems, compensation package, job security, career growth, training and development, management style, job design and responsibilities, reward and motivation and working environment. The questionnaire was developed by using a five point Likert scale. In this study, some statistical measures such as Z-test, mean and proportion analysis is used to examine employee's satisfaction. The study reveals that all HRM dimensions exercised in the private banking sector of Bangladesh does not satisfied to the employees equally. Most of the employees are dissatisfied with compensation package followed by reward and motivation, career growth, training and development, management style, and job design and responsibilities. So, these HRM dimensions quality should be improved for the betterment of the bank's success.

Keywords: Human Resource Management; Employees Satisfaction; Private Bank; Z-test.
JEL Classifications: M10; M12; M19

1. INTRODUCTION

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 hyper-competitive 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 great importance; and, as a sequel, exploring the possibilities of the application of HRM becomes a very relevant field of enquiry and research. Beerdwell et. al. (1984) defined HRM as a strategic approach to the management of human resources that involves all management decisions and actions that affect the relationship between the organization and employees. Beardwell et al., (2004) regard HRM as the philosophy, policies, procedures, and practices related to the management of people within an organization. Senyucel's (2009) sees HRM as a combination of people-centered management practices that recognizes employees as assets and geared to creating and maintaining skilful and committed workforce for achieving organizational goals. HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce using an integrated

array of cultural, structural and personnel techniques (Storey, 2001). Human resource measurement is about valuing the contribution people make to the success of an organization, and the term 'human capital' describes the contribution made by human skills and knowledge to the production of goods and services (Becker, 1993). From these definitions, it is clear that efficient HRM practices are inevitable factor in determining the growth and prospects of any organization. Human resource is the most precious asset and delicate factor of production. In this global competitive world, it is necessary to retain skilled workers in the organization by efficient HRM practices. Every organization operates its activities with the support of human resource which includes top level managers, executives, supervisors and other employees. The overall performance of any organization depends upon the extent to which human resource is effectively utilized. Highlighting the importance of people in organization, Khera (1999) opined that today when most business houses are obsessed with Total Quality Management (TQM) in order to stay ahead of competition, very few organizations realize that their most precious assets are their employees. Due to lack of efficient HRM practices reduces employee's satisfaction towards their organization and ultimately that affects their commitment to the organization.

2. OBJECTIVES OF THE STUDY

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

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

3. LITERATURE REVIEW

Human resource management (HRM) is considered a critical organizational resource that helps an organization sustain its effectiveness. It is one important area that influences a number of employees' attitudes and behavior such as intent to leave, levels of job satisfaction, and organizational commitment (Lee & Heard, 2000). Pfeffer (1998) suggested that soft or high commitment human resource management practices are those that generate trust in employees and these practices include giving employees empowerment and involvement in decision making; extensive communication about functioning and performance of the employees service; designing training for skills and personal development of employees; selective hiring; team-working where idea are pooled and creative solutions are encouraged; rewards system that commensurate with effort; reduction of status between the management and staff and all workers are valued regardless of their role. According to Macky & Boxall (2007), the scientific literature assumes a causal link flowing from HRM practices to organizational performance via the responses of employees. Organizations that do not pay equitably compared to others may lose their employee's because of the non-competitive compensation package (Adams, 1965). According to Lawler (2005), society has entered a new era in the relationship between organizations and their employees. In this new era, people are the primary source for a company's competitive advantage and organizational prosperity and survival depends on how employees are treated. The 'human' aspect of HRM is concerned with the relationship between employer and employee and it associated with the human relations movement and the concept of high commitment work practices developed by (Walton, 1985).

The best Human Resource practices areas are recruitment and selection, socialization, job design, training, communication/participation, career development, performance management, employee reward and job security (Huselid, 1995). It is plausible that when employees judge the organization to be fair and supportive in their treatment particularly with regards to the availability and frequency of promotional opportunities, adequacy of pay and good supervision, positive feelings of well being will be created, which is likely to stimulate that to reciprocate by increasing their loyalty to the organization and reducing turnover (Nasurdin et. al., 2001). The motivation and opportunity focused bundles of Human Resource practices positively related to affective commitment and negatively related to turnover (Gardner et. al., 2007). Wayne et. al. (1997) suggested that HRM practices that signaled the organization's intentions to invest in employees (such as developmental

experiences and training) produced higher levels of affective organizational commitment. HR practices such as pay, benefits and training are negatively related to turnover because they motivate employees and "lock" them to their jobs (Lazear, 1986; Madrian, 1994; Gruber & Madrian, 1994). Shaw et al. (1998) indicate that involuntary turnover is affected by staffing practices (recruitment and selection process) and employee monitoring (performance appraisal). DeCenzo and Robbins (1996) opine that employee training has become increasingly important as job have become more sophisticated and influenced by technological changes. Bernardin and Russel (1993) opine that over the years, training has become increasingly popular as HR tool for improving employee and managerial performance in organization. Buck and Watson's (2002) indicated nine important HRM practices such as decentralization, Compensation, Participation, training, development, employment security, social interactions, management style, communications, and performance appraisal. According to Klaus et al. (2003), through better job assignment or work design, employees may display greater commitment, leading to better job performance.

On the basis of the above literature review, the study consider the following dimensions of HRM practices have impacts on employees' satisfaction towards organization such as recruitment and selection systems, compensation package, job security, career growth, training and development, management style, job design and responsibilities, reward and motivation, and working environment.

4. METHODOLOGY OF THE STUDY

This paper is based on both primary and secondary data. Primary data were collected through a structured questionnaire which was administered personally to the bank employees. Convenient sample technique has been used to interview the employees. The target population of this study was employees in Dhaka city who are serving as a banker of different private banks. Among various banks, this study only considered 20 private commercial banks. For conducting this research, 100 bank employees are selected from the chosen banks and out of this 88 employees responses properly, the response rate is 88 percent. The questionnaire consists of different questions on nine HRM dimensions such as recruitment and selection systems, compensation package, job security, career growth, training and development, management style, job design and responsibilities, reward and motivation and working environment. The questionnaire was developed by using a five point Likert scale, whereas 1 = dissatisfied, 2 = some how satisfied, 3 = satisfied, 4 = moderately satisfied, 5 = highly satisfied. 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.

5. HYPOTHESES DEVELOPMENT

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

H_1: Employees' are satisfied on "Recruitment and selection systems".
H_2: Employees' are satisfied on "Compensation package".
H_3: Employees' are satisfied on "Job security".
H_4: Employees' are satisfied on "Career growth".
H_5: Employees' are satisfied on "Training and development".
H_6: Employees' are satisfied on "Management style".
H_7: Employees' are satisfied on "Job design and responsibilities".
H_8: Employees' are satisfied on "Reward and motivation".
H_9: Employees' are satisfied on "Working environment".

6. ANALYSIS AND FINDINGS

6.1 H_1: Employees' are satisfied on "Recruitment and selection systems":
It is assumed from the hypothesis that employees are satisfied on the current recruitment and selection systems of their bank i.e. the recruitment system is fair and appropriate for the appointment to the job. Table 1 shows 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 systems of their bank.

Table 1. Computation of Z value

Employees Satisfaction Dimensions	N	Mean	Standard Deviation	Standard Error	Z Value (Calculated value)	Mean Rank
Recruitment and Selection Systems	88	3.06	0.99	0.11	0.55	01
Compensation Package	88	2.03	0.99	0.11	8.82	09
Job Security	88	3.03	1.17	0.12	0.25	02
Career Growth	88	2.13	0.98	0.10	8.7	07
Training and Development	88	2.30	1.03	0.11	6.36	06
Management Style	88	2.49	1.03	0.11	4.64	05
Job Design and Responsibilities	88	2.54	1.00	0.11	4.18	04
Reward and Motivation	88	2.10	1.03	0.11	8.18	08
Working Environment	88	3.02	1.13	0.12	0.17	03

6.2 H_2: 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 shows 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, we conclude that employees are not satisfied on compensation package of their bank.

6.3 H_3: Employees' are satisfied on "Job security".
It is assumed from this hypothesis that employees are satisfied with security to their job. Table 1 shows 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, we conclude that employees are satisfied on job security of their bank.

6.4 H_4: Employees' are satisfied on "Career growth".
This hypothesis indicates that employees are enjoy enough space for his/her career growth. Table 1 shows 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, we conclude that employees are not satisfied on career growth of their bank.

6.5 H_5: 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 shows 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, we conclude that employees are not satisfied on training and development of their bank.

6.6 H_6: Employees' are satisfied on "Management style".
This hypothesis indicates that management style is very flexible for employees and they involved with the managerial decision making. Table 1 shows 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, we conclude that employees are not satisfied on management style of their bank.

6.7 H₇: Employees' are satisfied on "Job design and responsibilities".
The hypothesis indicates that job is properly designed and employees are easily performed their task. Employees receive fair treatment, recognition and overall quality supervision from boss. Table 1 shows 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, we conclude that employees are not satisfied on job design and responsibilities of their bank.

6.8 H₈: Employees' are satisfied on "Reward and motivation".
The hypothesis indicates that various financial and non-financial reward and motivation system is present in their bank, employees are satisfied on that system. Table 1 shows 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, we conclude that employees are not satisfied on reward and motivation of their bank.

6.9 H₉: Employees' are satisfied on "Working environment".
This hypothesis indicates that the physical working environment is very conducive for satisfaction at large. Table 1 shows 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, we conclude that employees are satisfied on working environment of their bank.

From the above hypotheses testing it shows that employees are satisfied on some dimensions of HRM practices such as recruitment and selection systems (mean rank-01), job security (mean rank-02) and working environment (mean rank-03).The hypotheses test also shows that employees are not satisfied on some dimensions such as job design and responsibilities (mean rank-04), management style (mean rank-05), training and development (mean rank-06), career growth (mean rank-07), reward and motivation (mean rank-08) and compensation package (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

	RSS[1]	CP[2]	JS[3]	CG[4]	TD[5]	MS[6]	JDR[7]	RM[8]	WE[9]
1 = Dissatisfied	7.95	32.95	9.09	30.68	22.73	13.64	11.36	31.82	9.09
2 = Some how Satisfied	17.05	40.91	19.32	37.5	42.05	45.45	43.18	38.64	22.73
3 = Satisfied	43.18	19.32	39.77	22.73	22.73	25	29.55	20.45	36.36
4 = Moderately Satisfied	25	3.41	22.73	6.82	7.95	10.23	11.36	5.68	20.45
5 = Highly Satisfied	6.82	3.41	9.09	2.27	4.55	5.68	4.55	3.41	11.36
Totals	100	100	100	100	100	100	100	100	100

RSS[1] = Recruitment and Selection Systems

CP[2] = Compensation Package

JS[3] = Job Security

CG[4] = Career Growth

TD[5] = Training and Development

MS[6] = Management Style

JDR[7] = Job Design and Responsibilities

RM^8= Reward and Motivation

WE^9= Working Environment

Table 2 shows percentage of employees on different levels of Satisfaction of HRM dimensions. The table indicates that the highest 43.18 per cent employees are satisfied on recruitment and selection systems followed by 39.77 per cent on job security, 36.36 per cent on working environment, 29.55 per cent on job design and responsibilities, 25 per cent on management style, 22.73 per cent on career growth as well as training and development, 20.45 per cent on reward and motivation and the lowest 19.32 per cent on compensation package. Table 2 also shows that the highest 11.36 per cent employees are highly satisfied on working environment and the lowest 2.27 percent on career growth. The study also indicates that the highest 32.95 per cent of employees are dissatisfied on compensation package followed by 31.82 percent on reward and motivation, 30.68 percent on career growth, 22.73 per cent on training and development, 13.64 per cent on management style, 11.36 percent on job design and responsibilities, 9.09 per cent on job security as well as working environment and the lowest 7.95 per cent on recruitment and selection systems. Therefore, the analysis shows 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.

7. CONCLUSION AND RECOMMENDATIONS

The study disclosed 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 does not satisfied to the employees equally. Most of the employees are dissatisfied with compensation package followed by reward and motivation, career growth, training and development, management style, 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:
 Bank should give 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 organization.
- Attractive compensation package should be given to the employees.
- Management should make a clear cut career advancement path.

Finally, this paper suggest 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 working environment.

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