HUMAN RESOURCE PRACTICES AND EMPLOYEES' PERFORMANCE AT VARIOUS JOB LEVELS IN THE BANKING SECTOR

Sobia Sultana¹ and Dr. Naheed Sultana²

¹ Lahore College for Women University, Lahore , Pakistan
² The University of Lahore, Lahore Business School, Lah*ore , Pakistan*Corresponding Author: *Sobiahassan129@gmail.com*

ABSTRACT-Now a day's Human resource management is getting great deal of attention in every field. The implementation of its core values and HR practices added new importance and worth to every entity which ultimately results in improved outcomes. The main objective of this study was to find out the role of different HR practices sets (compensation, training and development, Promotion and appreciation) on employee performance at three different job levels of employment (Entry level, Middle level and Higher level) and to know the requirement of different HR practices at different job levels which endorse employee performance and increase the opportunities of growth in them. The study was explanatory and cross-sectional in nature. A Likert scale, self administered questionnaire was used to accumulate data from banking industry of Lahore, Pakistan. Stratified random sampling was used to draw samples. 400 questionnaire were distributed both personally and through e-mails giving a response rate of 75%. The data was analyzed by using SPSS (Statistical package for social sciences) 13.0. Pearson correlation, Descriptive statistics, cross tab analysis and ANOVA were used to analyzed data.

Key Words: Human resource management, HR practices, Compensation, Training and development, Promotions and Appreciations, Levels of employment, Employee performance.

1. INTRODUCTION

It is evaluated that to what extent the banking sector uses differential HR practices and degree of employees' responsiveness to the various HR practices implemented and analyzes the various HR practices sets (compensation, training and development, promotion and appreciation) in the banking sector of Lahore, Pakistan.

The banking sector in Pakistan is believed to be the busiest and tension full area due to the high pressure on employees to achieve the set target and to pace with the current economic situations prevailing. Competition is also very high in this area due to competitive services and products. Different banks offer different and competitive Human resource practices to enhance their employee's performance. Much of attentions have been given on Human capital in order to increase their performance.

Human resource practices can facilitate firms and institutions in improving their performance. Human resource management practices based upon the statement that people (employee) are the assets of an organization and organizational performance mainly depend upon these resources. If there is a proper selection of HR practices, procedures and policies it will leave a lasting impact on organizational performance.

The performance of very skillful employees will be limited if they are not motivated by certain incentives. HRM practices can affect employee motivation and promote them to increase performance. These practices may include performance appraisal system, recognition, compensation, training and development and internal promotions. HR practices are dominant predictors of trust and performance in any organization and there is a need to reconsider these HR practices in order to improve the overall performance [1].

In this modern age, there is an intensive competition between organizations, thus these organizations invest on human capital for the prosperity and profitability of the organization. Employees play an important role in attaining competitive advantage. Careful attention to the Human resource practices must required for the employees in order to gain competitive

advantage. Employees having progressive HR practices are very much obligated to their organizations.HR practices may also have a strong relation with future performance. Over time implementing HR practices will result in improved operating and financial performance [2]. HR practices make possible the coordination of organizational objectives, leading to employee contentment which ultimately increases employee performance. The progressive HR practices such as selection of staff, training and compensation have a positive impact on organizational performance [3].

It has been identified that HR practices impact the employees' keenness to exercise an additional attempt which influences the organizational overall performance. The HR practices used by the firm indicate that a firm adopted a policy, which results into a valuable human capital asset .If a firm has better HR planning function, it has a better insight into the kind of employees required [4].

Human resource practices are very important for every organization which ultimately leads to a competent and prosperous organization and to a very satisfied workforce. Many researches believed that good Human resource practices leads to a satisfied job, which enhance employee performances [5].

Many researchers have worked on compensation as a best practice to increase employee performance. Money is believed to be an anxiety lessens. Thus the level of pay and employee performance indicates the significance of the money to the job behavior of employees [6].

Training and development is another important factor to enhance employee performance. Organizations invest much of its capital on the training and development of its employees. [7] found that there are various training designs that effect transfer of training among those instructional techniques and learning principles are the principled one. Transfer of training provides the trainees the skills and ability to transmit learning back to the job. Cognitive learning and training performance are used as an evaluation tool for post training attitudes and training effectiveness, including self

efficacy, experience, post training mastery orientation and learning principles.

Everyone likes to be recognized and appraised, especially when this recognition is due to job performance. Recognition strengthens motivation in an individual and result in improved job performance and self- satisfaction on the part of the employee.

When the appreciation is because of job performance the employees liked to be recognized. Recognition not only strengthens but also enhances motivation in an employee which results in satisfaction and improved job performance. One factor motivating an employee may not be a motivating factor for another employee. Money may be a motivator, but not the only one. Beside money, balanced work, job security, working conditions, good supervision, opportunity for advancement, trainings, promotions and a better pay may motivate an employee to perform well [8].

Performance is a key element for the individual to success. Performing at high rank and completing assignments can results in satisfaction of an employee and the opposite of it may lead to highest dissatisfaction. Performance can be perceived as a behavior of an individual directed towards organization goals and mission.[9]define performance as a work behavior leading to high performance which ultimately add value to an organization.

In [10], authors founded that measuring Human resource management practices at different levels within an organization produces different results and this could be also applied in between organizations. Many professionals and management leaders' debates that investment in proper and sound Human resource management practices resulted in increased productivity, quality performance and better financial performance. Moreover the result of Human resource management practices implemented for managerial employees yields different results of HR practices offered to non managerial employees of an organization.

There is a need to identify those factors that influence and impact career success in an organization [11]. Much of consideration has been given to this issue by addressing the factors that are related to career success and promotions of an employee like Potential human resource, demographics, motivation, training and development and relationship with supervisors. The area of Employee performance had been explored a lot with respect to various Human resource practices. Much attention has been given by researches on this topic, but less of works have been done on employee performance at various occupational levels of employments along with various Human resources practices. Much of work has been done on human resource practices and employee performance, but little attention has been made to determine the performance of employees at different occupational levels with reference to HR practices. The rationale of this study is to find out the impact of HR practices and factors that promote and hinder employee performance at various job levels. This study could be a milestone in the current area of study.

Objective of Study

- To what extent the banking sector uses differential HR practices and degree of employees' responsiveness to the various HR practices implemented.
- To measure the employee performance at various occupational levels in banking sector of Lahore
- To measure the effect of compensation on employee performance
- To measure the effect of Training and development on employee performance
- To measure the effect of promotions and appreciations on employee performance

2. LITERATURE REVIEW

HRM has an important and exclusive effect on organizational performance [12]. Having efficient and effective firm strategies results in a pool of good employees and these human resources becomes beneficial to the firm [4]. The business units that mange employee with more progressive HR practices have higher operational performance. Organizations experience high productivity if they engage committed employees and find out that HR practices are strongly associated to organizational commitment [2].

A system of HRM practices can add to firm performance by encouraging and motivating employees to behave in such a way that helps to gain organizational strategic goal. It was also proposed that organizations give value and shape to HRM practices which strengthen cultural norms resulting modified employees' behavior and improved firm performance. Moreover HR practices must have these four qualities of distinctiveness, visibility, understandability legitimacy of authority and relevance [13]. Some others [12] demonstrated the relationship between HR and organizational performance. They found a combination rather than a single best practice that can generate competitive advantage.

The method of innovative HRM practices have high impact on production worker's performance, but changing individual employment practices may have small and zero effect. Worker's performance is better under incentive pay plans when combined with work practices such as flexible job design, employee participation and suggestions in problem solving, multiple skill training, screening, communication and job security [14]. Organizations systematically match their HRM practices with their competitive strategies and also with the demanding role behavior from their employees. It is also important to match the characteristics of top management with the strategies of the firm and it is as true and important to do with all the employees [15].

Organizations are continuously spending millions of money to upgrade their plant and machinery but little attention is paid on investment on human capital. If employees do not get enough training the up gradation of plant and machinery would become useless and ineffective. By continuous up gradation of skill and abilities the productivity will increase automatically. Training and development plays an important role in increasing output in any organization. Training and development leads to advanced knowledge, working behavior, good attitude and skill development that's

ultimately leads to higher organizational performance. The most commonly used HR practice used is training and development [16]. Training and development can be explained in terms of improvement in skills, knowledge and abilities in current and future job [17].

[18] examine the impact of HR Practices like incentive system, job security, employee training, career development, decentralization, internal promotions and complaint release system on firm performance and derive that non technical training and high salaries have a positive effect on HR outcomes for managers and job security is more important for non managerial employees.

Authors in [19] measured the impact of three HR practices (compensation, promotion and performance evaluation) on employee performance and found a positive correlation among them. Some examined that how much and when an individual wage depends upon productivity relative to others by doing the same job [20]. Individual background, characteristics and training depends a lot in the starting wages, but later on the wages depends upon productivity, but its effect is small due to job performance differentials.

The decisions regarding employee promotions and salaries should be viewed in the light of performance evaluation form [21]. In [22], authors examined the relationship between organizational performance and Human resource policies and practices and found that Human resource policies and practices are positively related to organizational performance. Human resource policies and practices of an organization create a competitive advantage over others. High-quality Human resource practices add to the high performance and organizations planned to introduce best HR practices for the improvement of organizational performance. HR policies and practices influence employee motivation, engagement,

Following theoretical model was designed in the light of literature review:

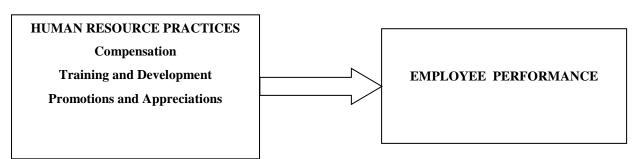
commitment and organizational climates which have an effect on performance. Performance appraisal is used to update employee progress, give them opportunities for improvement, and note their behavior and performance [23]. Others observed HR practices as a casual variable and measures that HR practices correlates with past, current and future performance resulted high and invariant correlation in all of three times[24].

The purpose and actions needed for an effective management of human resources are embedded in organization infrastructure and these activities are basic to attract, retain and motivate employees. These activities are called human resource management practices and mainly they are HR planning, Staffing, recruitment, selection, Appraising, Compensation, Training and development and Union management relationships [25].

Performance perspective of employee is a more utilitarian view (Result –Based) and is an influential activity that improve individuals and society to support economic gain [26]. Others [27] Suggested some constructive approach to the college administration for improving their HR guidelines for getting improved performance from their teachers by determining the relationship between HR practices (Recruitment and selection, performance appraisal, compensation and training) with performance of teachers and found a strong relationship between them.

To get a competitive advantage over other human resource management practices are often ignored. HRM practices facilitate companies to grow a competitive advantage. So HRM practices must be given importance not only in implementation phase but also in strategy formulation stage.

3. THEORETICAL FRAMEWORK



4. RESEARCH HYPOTHESIS

Most of the literature to date have demonstrated the positive and significant relationship between Human resource management practices and employee performance.

H.1: There may have a significant and positive relationship between HR practices and employee performance.

H.2: Human resource practices sets (compensation, training and development, promotion and appreciation) are significantly different at different occupational level.

H.2a: Promotion and appreciation is significantly different at different occupational level.

H.2.b: Training and development is significantly different at different occupational level

H.2.c: Compensation is significantly different at different occupational level.

5. RESEARCH METHODOLOGY

This was a cross-sectional and a quantitative type of research. The current study was intended to analyze the various HR practice sets (compensation, training and development, promotion and appreciation) in the banking sector of Lahore at different occupational levels.

As the purpose of the study was to find out the effect of different Human resource practices on employee performance and to find out the relationship between these practices, it was an explanatory type of study. Moreover, this study intends to find out that at different job levels the effect of HR practices may differ. This study focused to improve the employee performance in the banking sector by implementing different Human resource practices at various job levels.

Employees of the public sector commercial banks, private sector commercial banks and specialized banks were the unit of analysis. Respondents were the employees of different banks of Lahore (Pakistan) and at different occupational levels within all the public and private sector banks. The respondent were both males and females and of different age group, qualifications and experiences. These respondents were working in different positions from three categories of banks in Pakistan i.e. public sector commercial banks, private sector commercial banks and specialized banks. Stratified random sampling was employed to gather the information equally from three strata of employees working at entry level, middle level and high level of their jobs. This research methodology depends upon the randomization selection of employees from 10 banks of Lahore and from three categories of banks. A self administered questionnaire was developed for this study to test the hypothesis. Some questionnaires were also sent through emails. Likert scale had been used because of the range of categories. Five categories were developed from strongly Disagree, Disagree, Neutral,

Agree and Strongly Agreed scored 1,2,3,4 and 5 respectively. No reverse scoring questions were used in this questionnaire. **Reliability statistics**

Cronbach's alpha was employed to indicate the degree to which the averages inter correlation among test items affected by other average. Although the measure of the instrument was adopted from the previously developed studies but in this study Cronbach'salpha was used for measuring the internal consistency among the test scores.

Table 1

Cronbach's Alpha	N of Items
.947	35

Cronbach's alpha values range from (0 to 1) i.e. no reliability to perfect reliability respectively. The scale in this study for reliability was 0.94 which considered excellent.

6. ANALYSIS AND DISCUSSION

Frequency statistics was used for demographics analysis where as Pearson correlation and ANOVA was employed in inferential statistics to find out the relationship between the HR practices and employee performance and also to compare the differences of these practices between different occupational. The detailed data analyses of both Sections are discussed below.

Demographic information

Frequency and descriptive statistics were employed on the data to explore the information retained in demographics. Out of 400 samples population 300 respondents returned the properly filled questionnaire. The questionnaire was divided into two sections A and B accordingly. The section A contained demographic information of the respondents.

Most of the employees were male that was 71% and 29% were female in this study. This shows that the majority of the respondents were male. Most of the employees fall in the age group between (30-40) i.e. 35percent in this study. The second highest percentage was 34.3 falling between the age group of (below 30). The age group of (40 -50) was 20 percent and above 50 years of age was 10 percent. Most of the employees fall in qualification category of Master/MBA i.e. 68% in this study. Bachelors were 21 percent and others were 11 percent.

In this, study the percentage of experience fall in the category of (5-10) years was 40%. The experience of below 5 years was 33 percent and 11 percent were having a experience of 10 years and above.

Correlation

Table 2. Correlations

		HRPractices	Employeeperformance
HRPractices	Pearson Correlation	1	.396**
	Sig. (2-tailed)		.000
	N	300	300
employeeperformance	Pearson Correlation	.396**	1
	Sig. (2-tailed)	.000	
	N	300	300

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3 (Descriptive (Promotion and Appreciation)

	N	Mean	Std.Deviation	Std.Error
Entry Level	100	3.6878	.63949	.06395
Middle Level	100	4.1556	.72233	.07223
Higher Level	100	4.4111	.71005	.07101
Total	300	4 0848	75173	.04340

Table 4 (ANOVA for promotion and appreciation)

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	26.911	2	13.456	28.132	.000
Within Groups	142.054	297	.478		
Total	168.965	299			

Table 5 (Robust test of equality means)

	Statistic ^a	df1	df2	Sig.
Brown-Forsythe	28.132	2	293.846	.000

In order to find out the relationship between the variables, i.e. Employee performance and Human resource practices, Pearson coefficient of correlation was employed.

Note:HR= Human resource

N=Number of respondents

Research exposed that significant and positive relationship exists between dependent variable (Employee performance) and independent variable (HR practices). The results show that HR practices is positively related to employee performance having coefficient correlation (0.396) which is significant at p<0.01 level.

The output shows that there was a difference in mean values at three occupational levels. The mean of promotion and appreciation at entry level was (3.6878), (4.1556) at middle level and the mean at higher level was (4.4111). The standard deviation at entry level was (0.63949), at middle level the standard deviation was (0.72233) and at higher level the standard deviation was (0.71005).

As this study focus to explore the comparison between the relationships between the Human resource practices at three occupational levels ANOVA was employed.

H₀: The means of promotion and appreciation at different occupational levels are not significantly different from each other.

H₁: The means of promotion and appreciation at different occupational levels are significantly different from each other

The analysis of variance found that there was enough statistical evidence to support the alternate hypothesis that the means of promotion and appreciation at different occupational levels was significantly different from each other.

There was significant statistical evidence to accept the alternate hypothesis. In this case there was a significant difference between the means of promotion and appreciation at different occupational levels so we reject the null hypothesis supporting that promotion and appreciation were significantly varied. The opinion of the employees regarding the importance of Promotion and Appreciation varied at the three level of employment. Post Hoc test help to determine that the differences exist across the three occupational levels i.e. at entry level, middle level and higher.

Table 6 (Post hoc Test)

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higher level entry level .725356 .09781 .000		higher le	evel	72333	*	.09781	·	.000
Part Part	middle level	entry le	vel	.46778	F	.09781		.000
Middle New New		higher le	evel	25556	*	.09781		.009
Part Part	higher level	entry le	vel	.72333	F	.09781		.000
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Table 13

	Robust test of			
	Statistic ^a	df1	df2	Sig.
Brown-Forsythe	.042	2	289.208	.959

Promotion and Appreciation at different occupational levels were significantly different. In order to assess the differences among the occupational levels, Post Hoc test was conducted and according to the results of analysis, it can be inferred that promotion and appreciation at entry level was said to be significantly different (p-value = .000) from the other two levels (i.e., middle level and higher level). Mean promotion and Appreciation at entry level (3.6878) was said to be statistically different from mean of promotion and Appreciation at the middle level (4.1556) and (4.4111) at a higher level.

The output shows that there was a difference in mean values at three occupational levels. The mean of Training and development at entry level was(4.2489),(3.7800) at middle level and the mean at higher levels was (3.6711). The standard deviation at entry level was (.83494), at middle level the standard deviation was (.61042) and at a higher level the standard deviation was (.58602).

 $\mathbf{H_0}$: The means of Training and development at different occupational levels are not significantly different from each other.

 $\mathbf{H_{1}}$: The means of Training and development at different occupational levels are significantly different from each other.

In this case there were significant difference between the means of Training and development at different occupational levels so we reject the null hypothesis. Training and development was significantly varied. The opinion of the employees regarding the importance of Training and development varied at the three level of employment.

Training and development at different occupational levels was significantly different. In order to assess the differences

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The output shows that there was no significant difference in mean values of three occupational levels. The mean of compensation at entry level was (3.8867),(3.8778) at middle level and the mean at higher levels was (3.9111). The standard deviation at entry level was (.87389), at middle level the standard deviation was (.74015) and at a higher level the standard deviation was (.90405). As this study focus to explore the comparison between the relationships between the Human resource practices at three occupational levels ANOVA was employed.

H₀: The means of Compensation at different occupational levels are not significantly different from each other.

H₁: The means of Compensation at different occupational levels are significantly different from each other.

In this case there was no significant difference between the means of Compensation at different occupational levels so we accept the null hypothesis. Compensation was not significantly varied as the sum of squares between the groups was (.060).

The opinion of the employees regarding the importance of Compensation do not varied at the three level of employment .Compensation was equally important at three levels of employme

nt.Table 14 (Post Hoc Test)

Entry Level	Middle Level	.00889	.11913
	Higher Level	02444	.11913
Middle Level	Entry Level	00889	.11913
	Higher Level	03333	.11913
Higher Level	Entry Level	.02444	.11913
	middle level	.03333	.11913

Compensation at different occupational levels was not significantly varied. In order to assess the differences among the occupational levels, Post Hoc test was conducted and according to the results of analysis, it can be inferred that compensation at entry level was said to be not significant from other two levels (i.e., middle level and higher level). Mean compensation at entry level (3.8867) was said to be not statistically different from mean of compensation at middle level (3.8778) and (3.9111) at higher level.

7. CONCLUSION AND POLICY IMPLICATIONS

The study was initiated to find out the relationship between the Human resource practices and employee performance and also to find out that human resource practices sets (compensation, training and development, promotion and appreciation) were significantly different at different occupational level(entry level, middle level and higher level). To find out the relationship between HR practices and employee performance Pearson correlation with alpha value 0.01 was selected and find it to be significant and positive

correlated having value (0.396) which was significant at p<0.01 level.ANOVA, one way analysis of variance was employed to evaluate the null hypothesis that there was no difference of HR practices sets (compensation, Training and development, promotion and appreciation) at the three level of employment and was concluded that there was a significant difference of means of Training and development at three different levels of employment (Entry level=4.2489,middle level=3.7800,Higher level=3.6711) and there was enough evidence that Training and development at entry level was said to be significantly different (p-value = .000) from other two levels (i.e., middle level and higher level) concluding that the importance of Training and development was highest at entry level .The middle level and higher level having slight difference i.e. middle level=3.7800, Higher level=3.6711.

The same test employed at Promotion and Appreciation and levels of employment and was concluded that there was a significant difference of means of Promotion and Appreciation at three different levels of employment (Entry level=3.6878,middle level=4.1556,Higher level=4.4111) and there was enough evidence that promotion and appreciation at entry level was said to be significantly different (p-value = .000) from other two levels (i.e., middle level and higher level) concluding that the results were highest (4.4111) regarding promotion and appreciation at higher level employment, (4.1556) at middle level and (3.6878)at entry level employment. But at a compensation there were no significant difference between the means at the three occupational levels (Entry level=3.8867, level=3.8778, Higher level=3.9111) and the null hypothesis accepted which concluded that compensation was equally important to the employees regardless of the level of employment. The HRM practices set compensation, Training and development, Promotions and Appreciations showed a positive and significant correlation with employee performance. The banking sector must pay special attention to training and development at entry level employment and promotions and appreciations at middle and higher levels while compensation was necessary and most important at all the three levels of employment. The major conclusion of this study was that at different occupational levels the HR practices act differently. One HR practice is more important and influenced at one job level while other HR practice persuade other a lot at other level of employment but Compensation is the only practice that persuade employees at every level of employment to enhance employee performance. Since many previous studies worked on the relationship between HR practices and performance this study add a value to it by adding the influence of HR practices on employee performance at different job levels.

It is highly recommended to pay special attention on Training and Development at all occupational level especially at entry level. Managers must also offered by effectual training in order to lessen the time spend by managers in supervising their subordinates. Compensation Practices have direct impact on employees' performance in banking sector of Lahore at all levels of employment; money has a powerful

effect on performance of employees. There must be modified and attractive compensation package for the employees. Promotions and Appreciations are very important at middle and higher level of employment .Employees possibly will be motivated by implemented this practice. There must be information sharing with employees through different means of communications like performance evaluation. Promotion and appreciation helps an employee to rise in the hierarchy of an organization and also helps them for professional development. There must be career development programs for employees to rise in their careers. Regular and timely feedback is a very important for the successful attainment of training and development .It is also essential that information must be given in the approved manner in the early stages of learning so that the acquired skill and abilities must be used in a beneficial way.

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