



Journal of HUMAN RESOURCE MANAGEMENT

www.jhrm.eu • ISSN 2453-7683

Human Resource Management Practices and Employee Performance in Banking Sector of Bangladesh

Abdus Salam Sarker

ABSTRACT

In the first growing banking sector like Bangladesh, there are 56 banks offered financial services with different stratagem and always looking for faster growth through employee performance by all means. Performance assessment is highly important while achieving the goals of the organization and determining the individual contributions to the organization. The purpose is to measure the effect of human resource (HR) practices on the employee performance in banking sector of Bangladesh. The research has performed through a sample survey on convenience sampling based data set about 328 different levels of employees from the banks in different locations of Bangladesh. A structured questionnaire was used to collect primary data related to some HR issues namely- Institutional Commitment and Motivation, Employee Relations, Compensation, Physical Work Environment, Training & Development, Promotion, Job Satisfaction (independent variables) and the employee performance (dependent variable) of the designed banks. The study revealed that all the HR practices except compensation and training & development have significant impact on the employee performance in the banking industry of Bangladesh. The findings of study provide a clear guidance to the banking practitioners/policy makers to take further steps in achieving the organizational goal through the employee performance.

KEY WORDS

HRM practices, employee performance, banking industry, Bangladesh

JEL Code: G21, M12, O15

1 INTRODUCTION

During the last few decades banking sector of Bangladesh plays a dominant role in the financial service industry. Financial service industry (FSI) contributes 3.74% to the total GDP, of which banks contribute 83.88% of FSI contribution (Bangladesh Economic Review, 2015). At present, there are fifty-six (56) schedule banks among those, four (4) are Nationalized Commercial Banks (NCBs), four (04) are Specialized Banks (SBs), thirty-nine (39) are Private Commercial Banks (PCBs) and nine (09) are Foreign Commercial Banks (FCBs) in Bangladesh. Among those 39 PCBs, there are 08 Islamic Banks (IBs) operating in Bangladesh. After June 2014, there are 8,794 branches of schedule bank in our country (Bangladesh bank Annual Report, 2013-2014). There are thousands of people working in this sector and the success of banking sector of Bangladesh depends on how to manage human resource effectively and to measure whether its employees are performing well or not.

In today's competitive business world, employees are one of the most important assets of an organization as they contribute to its growth and success (Danish & Usman, 2010) and satisfied employees are treated as the essential human capital. Malik et al. (2010) concluded that in the era characterized by rapid and continuous change, knowledge capital must be retained in order for organizations to be productive and responsive to the needs of their stakeholders. Though it is very easy to measure the financial performance of a bank by using various financial tools and techniques, but it is very difficult to determine whether the bank practicing the right human resource policies for its employees to remain satisfied and give them stimuli to improve their job performance in their workplace. Measurement of employee performance is an activity that is very important because it can be used as a measure of success in supporting the success of the organization's employees (Said, 2008). On the other hand, employee performance assessment is highly important while achieving the goals of the organization and determining the individual

CONTACT INFORMATION:

Abdus Salam Sarker / City University / Bangladesh / assarker@gmail.com

contributions to the organization (Nizamettin & Gokhan, 2008). The evaluation of employee performance is also a valuable tool and an essential element of the functioning of any company. Job performance of an employee can be evaluated against the set standards and by comparing with the job performance of other individuals within the organization; also it can be identified by the contribution which s/he has made to the organizational success or by the appreciation which s/he has received in the past from the supervisor.

Findikci (2003) defines the performance assessment as whatever role an employee has in an organization; it is the inspection of his works, activities, inadequacies, competences, excesses, and incompetence. Briefly, performance assessment is an inspection of the employee as a whole across all dimensions. Kaplan and Norton (2001) define the performance assessment as- a planned tool which is integrating the success of individual at a given task, his attitude and behaviors at work, his moral conditions and characteristics, and assessing employee's contributions to the success of the organization. The long-term viability and competitiveness of any organization depends on its ability to evaluate the performance of the employees and to examine their contribution in achieving the goals assigned them by managers. Therefore, to evaluate the performance of employees is always an important management task. Evaluations are used by managers as a motivational tool to communicate performance expectations to employees and provide them with feedback. The employee performance evaluation process also identifies areas where an employee needs to improve. It can also provide opportunities for recognition, positive reinforcement, and performance improvement of the employees.

Shikha (2010) conducted a study among 184 employees of three commercial banks of India and found a significant relation of employee productivity with human resource practices including selection, employee benefits, compensation, training and staffing practices. The study also suggested that the use of strategy-based HR policies and practices, banks can create a more competent and committed workforce, which in turn provides a source of sustainable competitive advantage. Zulfqar et al. (2011) investigated a study to examine the relationship and nature of relationship between HRM practices (compensation, performance evaluation, and promotion practices) and the employee perceived performance in the banking sector of Pakistan. The results of the study found that, the employee perceived performance and HRM practices has the positive and significant relationship. Further results based on analysis indicated that performance evaluation and promotion practices are significant but the compensation practices are not significant. A similar study on bank employees was conducted by Majumder (2012) to gain an insight into the current HRM practices (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) and its impact on employee's satisfaction on the private banking sector in Bangladesh. The study revealed that most of the employees were dissatisfied with compensation package followed by reward and motivation career growth, training and development, management style, and job design & responsibilities.

In Bangladesh context, Azad, Khan and Ahmed (2011) conducted a study to measure the perceived employee performance on the basis of three HR practices (compensation, promotion & performance evaluation practice) upon 92 respondents from the banking sector. The outcome of the study showed that HR practices were positively related to perceived employee performance. They also emphasized the importance of application of HR practices on banking sector, to increase the employee performance and develop positive behavior towards their customers. Halim and Safer (2013) was done a similar study on a Turkey's state bank and found salary, employee relationship, job satisfaction, promotion and title hadn't impact on employee performance but institutional belonging & motivation, physical work environment and administration had an impact on employee performance. A study by Saeed et al. (2013) tried to identify factors related to HR practices such as manager's attitude, organizational culture, personal problems, Job content and financial rewards affect the performance of employees at work place in the banking sector of Pakistan. The outcome of the study suggested that all of these variables had significant positive impact on the performance of the employees except personal problems of the employees that hindered the performance of the employees. A study was conducted by Talukder et al. (2014) to explore the extent of human resource management (HRM) usually practiced by five prominent commercial Banks of Bangladesh by using some descriptive statistics and found that most of the employees were less satisfied with HRM polices and practice, job analysis, IT facilities, job evaluation and performance measurement technique. They also suggested that the centrally managed HR department should be decentralized their HR activities in all branches and developed strong HR polices. In another study, Muda, Rafiki, and Harahap (2014) analyzed the determinants for employee performance in Islamic Banks in Indonesia. The findings of the study revealed that the employees' performance was explained by HR practices like- job stress, motivation and communication factors.

Thus, the above discussion shows that there have been several studies around the globe focusing on HR practices affect employee performance in banking sector. So far knowledge goes no in-depth study has yet been undertaken in examining the effects of HR practices on employee performance in banking industry like Bangladesh and other developing countries. All the studies are the mere attempt to measure the effect of HR practices on employee performance either in different context, or inadequate number of HR dimensions. So there is a lack of comprehensive studies in these regard. The present study is thus re-examining the relationship between the HR practices and

employee performance in an extensive manner in the context of Bangladesh. It is expected that the present study would contribute significantly in filling this gap in in-depth new knowledge of HRM practices on employee performance in the context of Bangladesh. Thus the main objective of the study is to measure the effects of HR practices on employee performance in banking industry of Bangladesh.

2 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

HR Practices

Human resource management (HRM) refers to the policies and practices involved in carrying out the 'human resource (HR)' aspects of a management position including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, and labor relations (Dessler, 2007). HRM is composed of the policies, practices, and systems that influence employees' behavior, attitude, and performance (Noe, Hollenbeck, Gerhart & Wright, 2007). HRM practices have an effect on employee performance and competitive advantage of an organization (Guest, 2002; Balochi et al., 2010).

There are four top models of HRM such as the Fombrun, Tichy, and Devana Model of HRM, the Harvard Model of HRM, the Guest Model of HRM, and the Warwick Model of HRM. Out of these models, Guest Model of HRM is considered to be much better than other models (Aswathappa, 2008). The present study selected the HR practices such as Institutional Commitment & Motivation, Employee Relations, Compensation, Physical Work Environment (Tangibles), Training and Development, Promotion, and Job Satisfaction which were incorporated and adopted from the Guest Model, and the Society of Human Resource Management, USA (Yeganeh & Su, 2008; Absar, Azim, Balasundaram, & Akhter, 2010; Halim & Safer, 2013).

Employee Performance

Employee performance is a core interest for any organization as it reflects the organizational productivity by reflecting the employees' ability to attain the goals as planned. Pushpakumari (2008) stated that performance very much depended on perception, values and attitudes. Porter and Lawler (1974) defined performance as a function of individual ability and skill and effort in a given situation. In other words, employee's performance is the ability of the employees to work effectively and efficiently in order to accomplish the organizational goals and objectives (Kovach, 1987). Therefore, for the purpose of the study, the researcher defines the "employee performance" in terms of effort extended to the job by an employee.

Institutional Commitment & Motivation and Employee Performance:

Organizational commitment is a feeling of dedication to one's employing organization, willingness to work hard for that employer, and the intent to remain with that organization (Meyer & Allen, 1997). Raju and Srivastava (1994) described organizational commitment as the factor that promotes the attachment of the individual to the organization. Employees were regarded as committed to an organization if they willingly continue their association with the organization and devoted considerable effort to achieve organizational goals. The authors argued that the high levels of effort exerted by employees with high levels of organizational commitment would lead to higher levels of performance and effectiveness at both the individual and the organizational level.

Employee motivation is defined as an inner force that moves employees to improve performance to achieve personal and organizational goals. In the banking industry, there is a relationship between employee motivation and employee performance. Motivation is a psychological factor that directs employees' behavior towards the desired goal of an organization and enables the employees positively contribute to improve performance (Jones & George, 2008). Flippo (2001) mentioned that employee performance in institutions results in a more motivated work force that has the drive for higher productivity, quality, quantity, commitment and drive. Bank managers are more interested in making provision for the motivation and empowerment of their employees to perform toward the achievement of tasks (Kamery, 2004). Robison (2010) observed that motivated employees feel less stress, enjoy their work, and as a result have better physical and mental health. Furthermore, motivated employees are more committed to their institutions and show less insubordination and grievance. They are also more creative, innovative, and responsive to customers, thus indirectly contributing to the long-term success of the institution (MAN forum). Alalade and Oguntodu (2015) argued in the context of Nigerian banking industry that employee performance of any sort is a major function of incentive obtain from the organization and thereby improve and increase productivity. Based on the findings of the study, they inferred that workers' reward package matters a lot and should be a matter of importance to management and managers. On the basis of the above discussion the following hypothesis can be made:

H1. Institutional Commitment and Motivation have significant effect on employee performance.

Employee Relation and Employee Performance

Employee relation is all about communications between management and employees concerning work place decisions, grievances, conflicts, problem resolutions, unions, and issues of collective bargaining. Armstrong (2005) defined that Employee Relations is to manage relationship between employer and employees with ultimate objectivity of achieving optimum level of productivity in terms of goods and services, employee motivation taking preventive measures to resolve problems that affect adversely the working environment. Blyton (2008) revealed that employees do not put up their best performances at workplaces when they are un-happy with management, government, or even their fellow colleagues. Bad employee-employer relationship results in strike actions and lockouts. All these actions taken by employees to display their grievances only do the organization harm than good as productivity will be reduced drastically. Saeed et al. (2013) stated that manager's attitude affected the employees' performance in the banking sector of Pakistan. In another study by Muda et al. (2014) found that communication factor between managers and employees significantly affected employees' performance in Islamic Banks of Indonesia. The discussion therefore, suggests the following hypothesis:

H2. Employee Relation has significant effect on employee performance in banking industry of Bangladesh.

Compensation and Employee Performance

Dessler (2007) defined employee compensation as "all forms of pay or rewards going to employees and arising from their employment". In other word, compensation is a reward system that a company provide to individuals in turn for their willingness to perform various jobs and tasks within organizations (DeNisi & Griffin, 2001). A reward and compensation system is based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive (Guest, 2002). Balochi et al. (2010) did a study about the HRM practices in order to examine their relationship with the perceived performance of employees in private and public sector banks of North-West Frontier Province (NWFP), and found compensation along with two other variables significantly correlated with employee performance. Good compensation and benefit package can motivate employees. Motivated employees can make the bank more profitable. Zahra et al. (2015) found that salary had a stronger relationship with job performance. Job performance of employees can be increased to a sufficient level by bringing a small increase in salary. In Bangladesh context, employees are heavily prioritizing salary more than something else. Other rewards and benefits attached to the salary can also result in greater change in job performance. Particularly in services firms like banks, financial strengthening has a tendency to produce a stronger impact on job performance. On the basis of the discussion the following hypothesis is proposed:

H3. Compensation has significant effect on employee performance in banking industry of Bangladesh.

Physical Work Environment and Employee Performance

One of the fundamental human requirements is a physical working environment that allows people to perform their work optimally under comfortable conditions (Roelofsen, 2002). Today's working environment differ from the past, it is due to the advancement of technology and the variety of roles played by the banking employees. Vischer (2008) stress that conducive environments should be prioritized as it provides support to the employees in carrying out their jobs. The physical work environment has effects on the productivity of employees. The conditions of physical work environment influence the employee's functions and it will determine the well-being of organizations. Physical Work Environment includes the internal and external office layout, temperature, comfort zone and also the office work setting or arrangement. In a study by Brenner (2004), asserted that the productivity of employees within an organization depends on the conditions of their work environment. The survey revealed that the quality of comfort in work environment determined the level of productivity of workers. Worker productivity cannot be optimal, if the conditions of work environment are not favorable.

Ismail, et al. (2009) showed in Malaysian settings that 80% of the sampled respondents agreed that the influence of physical work environment (comfort level, temperature) has a great influence on the productivity. Similarly, Hameed and Amjad (2009) pointed out that office design also impacts on productivity of the employee; however, female employees are more concerned about their workplace surroundings, whereas, their male counterparts are less concerned with it. A recent study by Awan and Tahir (2015) also revealed that working environment that has positive impact on employee's level of productivity in the banks and insurance in the Pakistani settings. On the other hand, working environment also impacts on job satisfaction as studied by Bakotic and Babic (2013) that employees prefer to work in working environment that is less risky. So, the following hypothesis can be made on the basis of the above discussion:

H4. Physical Work Environment has significant effect on employee performance in banking industry of Bangladesh.

Training & Development and Employee Performance

“Training and development” is defined as any effort to improve current or future employees’ skills, abilities, and knowledge (Aswathappa, 2008). Training is intended to modify individuals’ skills or attitudes (Herold & Fedor, 2003). Thus basic purpose of training is to help employees build their skills which will increase their performance and ultimately it will lead towards greater organizational productivity. Training & development is a systematic approach where individual can improve him/herself for the assigned job which ultimately create a good team building habits which is one of the most extensive human resources practice for any organization (Kraiger & Ford, 2007). Hoque (1994) unearthed that training and development had positive impact on organizational effectiveness in Bangladeshi context. Thang and Buyens (2008) through reviewing 66 studies conducted in different parts of the world opined that training and development leads to superior knowledge, skills, abilities, attitudes, and behavior of employees that eventually enhance organizational performance. In another study, Millar and Stevens (2012) mentioned that training enhances employees’ capabilities which are instrumental in improving overall organizational performance. Thus, the following hypothesis can be made:

H5. Training & Development has significant effect on employee performance in banking industry of Bangladesh.

Promotion and Employee Performance

Khan and Akkas (1990) explored some characteristics of a sound promotion policy on the basis of available literature and studied existing promotion system of the nationalized commercial banks and also examined views of the respondent employees in this regard. The study further found the promotion system could not reasonably satisfy a large number of employees and officers working in the nationalized commercial banks. Islam (2003) conducted a study on promotion policies and practices in the public sector banking in Bangladesh. The study observed that public sector bank management does not follow any straight or stated promotion policy. Here many scopes lie for adopting unfair means of promotion. Nepotism, favoritism and corruption take place in the promotion policy. All these have created some sort of negative attitude among the employees. Balochi et al. (2010) found promotion policy was significantly correlated with employee performance in Pakistani context. The discussion therefore, suggests the following hypothesis:

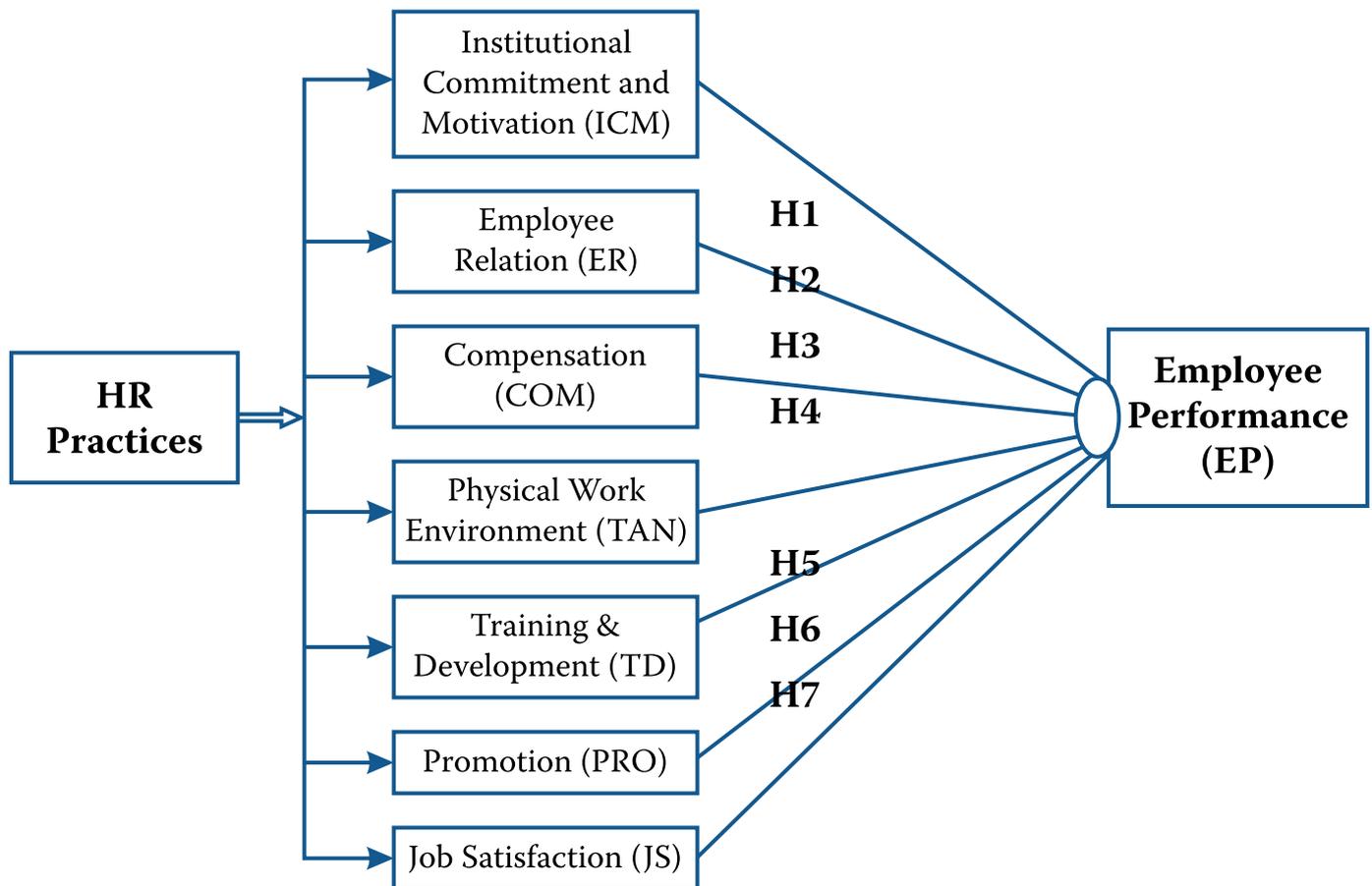
H6. Promotion has significant effect on employee performance in banking industry of Bangladesh.

Job Satisfaction and Employee Performance

Job satisfaction has been defined as a positive emotional state resulting from the pleasure a worker derives from the job (Spector, 1997) and as the affective and cognitive attitudes held by an employee about various aspects of their work (Wong et.al., 1998). Some review in 1950’s (Brayfield & Crockett, 1955; Herzberg et al., 1957) revealed that there is no relationship between job satisfaction and performance. This has opposed the popular ‘Human Relation View’ which maintains that a satisfied worker is a more productive worker. Hossain and Miah (1992) found that job satisfaction has significant influence on employee performance, in their study on public and private sector bank employees in Bangladesh. Rahman and Hossain (2000) conducted a comparative study on a nationalized and a private bank on the impact of satisfaction on absenteeism, turnover and productivity. The study revealed that the employees of the private bank are much more satisfied with their job than the employees of the nationalized banks. The reasons behind such low level of satisfaction include the nature of work, pay, promotional facilities, supervisors and co-workers to work with etc. The recent researches by Nimalathasan and Brabete, (2010) and Hira and Waqas, (2012) have shown that employee’s job satisfaction has positive impact on their work performance in People’s bank of Jaffna Peninsula, Srilanka and banking sector of Pakistan respectively. So, the following hypothesis can be made on the basis of the above discussion:

H7. Job Satisfaction has significant effect on employee performance in banking industry of Bangladesh.

Figure 1: Schematic diagram of the theoretical framework



3 METHODOLOGY

This study designed to investigate the effects of HR practices such as Institutional Commitment & Motivation, Employee Relations, Compensation, Physical Work Environment (Tangibles), Training and Development, Promotion, and Job Satisfaction (treated as independent variables) on Employee Performance (as a dependent variable) in banking industry of Bangladesh. In this research, the concepts of “employee performance” was described in terms of effort extended to the job by an employee, while in measuring the EP the emphasis was put on what the performance is at first, general attributes of the system formed while performing the performance measurement and the performance metrics used. Performance standards can be quantitative or qualitative as well. Here the author used the qualitative domain/variables by using continuous rating scale with special reference to SMART features. Since the hard data about employee performance are confidential and restricted to convey to other users except the Bank, the author relied on the perception of the employees in this case. Other HR practices are measured on the basis of the responses from the employees of the banks, i.e. attitudinal scale was deployed in this case.

For the fulfilling the research objective, primary source was used although secondary sources were utilized to review the existing past literature on the respective topic. Structured questionnaire method was used to collect the primary data. A convenient sampling procedure was used to select the sample units. The population of interest was all the employees worked in schedule banks in Bangladesh, where the sample size was 328; respondents were selected from the banks in different locations of Bangladesh on the basis of their willingness to respond to the questionnaire. The list of the representative banks is showed in Appendix Table A-1. The questionnaire was designed based on the study by Halim and Sefer (2013), and adjusted to measure the effects of HR practices on employee performance in Bangladeshi context. All the questions were asked to show the bank employees’ agreement or disagreement on a five point Likert scale with 1 as “strongly disagree”, 2 as “disagree”, 3 as “neutral”, 4 as “agree” and 5 as “strongly agree”. Descriptive statistics were utilized to summarize data. Mean and standard deviation (SD) of HR practices as well as employee performance had been calculated. Cronbach’s Alpha of each construct was measured to check the reliability of questionnaire. To investigate the relationship between the HR practices and employee performance, correlation analysis and multiple regression models were used to find out the effects of HR practices on employee performance. SPSS version 20.0 was used as the statistical data analysis tool as it offers greater flexibility and visualization.

4 FINDINGS AND ANALYSIS

Demographic aspects of the respondents

The demographic data reveal that out of 328 valid respondents, 255 (77.74%) are male and 73 (22.26%) are female. In case of educational qualification, among the respondents the highest number of the respondents 236 (71.95%) having postgraduate degree, 86 (26.22%) are graduate, and rest 06 (1.83%) having others degree. The respondents are serving in the banking industry ranges from 06 months to 18 years in the different post varying from assistant officer to vice-president of the bank and in the different departments. The banking statistics reveal that 33 (10.37%) are from the foreign banks, 17 (5.18%) from the nationalized public bank and 278 (75.45%) are from the private commercial banks including Islamic banks. In Appendix Table A-1 shows the distribution of respondents from the different banks.

Reliability Coefficient and Descriptive Statistics of the Variables

Table 1 depicts Cronbach's alpha, mean and standard deviation of all the dependent and independent variables under consideration. Cronbach's alpha is the most widely used method to measure the reliability of the scales. It may be mentioned that its value varies from 0 to 1 but the satisfactory value is required to be more than 0.6 for the scale to be reliable (Malhotra, 2002). In this study, author therefore, used Cronbach's alpha scale as a measure of reliability. All the reliability coefficients meet the standard, and indicate that all attributes are internally consistent.

Table 1: Reliability coefficient (Cronbach's Alpha) and descriptive statistics of the variables

Scale	No of items	Cronbach's Alpha	Mean	Standard Deviation
ICM	11	0.878	3.8661	0.64764
ER	05	0.839	3.7927	0.86353
COM	06	0.701	3.5264	0.64317
TD	06	0.869	3.8694	0.68014
TAN	04	0.844	3.8460	0.81340
PRO	03	0.742	3.7693	0.75821
JS	04	0.661	3.7241	0.68577
EP	06	0.824	3.8882	0.69159

Note: n=328 (Source: Survey data, July-2015)

However, the mean values ranges from 3.5264–3.8882 indicate that the overall response regarding all the factors/variables of the study fall within the agreeable level. The standard deviation for all the factors lies even below one which indicates well consistent responses.

Correlation Analysis

From Table 2, it can be inferred that all the dimensions of HR practice in banking sector of Bangladesh has a significant influence on employee performance (since the sig. value is less than 0.05), which indicates that all the hypotheses are supported. From the correlation value it can be observed that all the dimensions have relatively strong positive association with employee performance except employee relation and compensation; which indicates that the proposed model is applicable for measuring the employee performance in banking sector of Bangladesh. *Institutional commitment and motivation (ICM)* has the highest correlation coefficient ($r=0.661$, $p < 0.01$) which delineates that higher level of efforts would be exerted by employees with the higher levels of ICM in the context of Bangladesh, i.e. employees count more on the emotional attachment or psychological factors related to the service they perform for the employers/banks. *Job satisfaction (JS)* is the second ($r=0.626$) important factor that affects the employee performance, i.e. higher the level of job satisfaction of the employee, higher the employee performance. *Training & development (TD)*, *promotion policy (PRO)*, *physical working environment (TAN)*, *employee relation (ER) and compensation (COM)* are the other influential factors of HRM practice in order to their strength of association with the employee performance. On the basis of overall findings of correlation analysis, all hypotheses are supported, i.e. employee performance is significantly related to all the HRM practices. Since correlation coefficient indicates the strength and the direction of change between the independent variables and the dependent variable, to quantify the effect of each HR practice on the employee performance, it is required to run a regression analysis.

Table 2: Correlation matrix for HR practice dimensions and employee performance

Items	ICM	ER	COM	TD	TAN	PRO	JS	EP
ICM	1	.456**	.486**	.699**	.523**	.602**	.619**	.661**
ER	.456**	1	.246**	.546**	.604**	.300**	.343**	.427**
COM	.486**	.246**	1	.443**	.264**	.378**	.438**	.356**
TD	.699**	.546**	.443**	1	.702**	.585**	.629**	.590**
TAN	.523**	.604**	.264**	.702**	1	.427**	.493**	.521**
PRO	.602**	.300**	.378**	.585**	.427**	1	.585**	.569**
JS	.619**	.343**	.438**	.629**	.493**	.585**	1	.626**
EP	.661**	.427**	.356**	.590**	.521**	.569**	.626**	1

** . Correlation is significant at the 0.01 level (2-tailed), Note: n=328 (Source: Survey data, July-2015)

Regression Analysis

Table 3 indicates that there is no multicollinearity problem since the Variance Influenced Factors (VIF) of collinearity statistics are less than 5 (Malhotra, 2002). The value of adjusted R Square shows that 54.3% of the variability in employee performance is explained by all seven factors of HRM practices. The model also shows that F value of the ANOVA table is 56.527 and ρ value is less than 0.001 which indicates that all the dimensions of HRM practices are associated with the employee performance. Thus, the banking industry can concentrate on all the HRM practices to improve the level of employee performance.

Table 3: Standardized (simultaneous) regression on employee performance

Model		Coefficients					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	ICM	.562	.185		3.038	.003		
	ER	.353	.063	.331	5.605	.000	.401	2.493
	COM	.067	.034	.083	1.981	.049	.593	1.688
	TD	-.070	.049	-.065	-1.423	.156	.671	1.489
	TAN	-.001	.069	-.001	-.014	.989	.306	3.263
	PRO	.096	.049	.113	1.971	.050	.428	2.334
	JS	.151	.046	.166	3.264	.001	.540	1.853
EP	.273	.054	.271	5.062	.000	.489	2.044	

Note: Dependent Variable: EP; Adjusted R2 = 0.543; F-value = 56.527 (Sig. Value=0.000)

Note: n=328 (Source: Survey data, July-2015)

Table 4: Assessment of hypotheses

Hypothesis	Factors	Correlation analysis		Decision	Regression analysis		Decision
		r	p <		B	p <	
H1	ICM	.661	0.01	Supported	.331	.01	Supported
H2	ER	.427	0.01	Supported	.083	.05	Supported
H3	COM	.356	0.01	Supported	-.065	No	Rejected
H4	TD	.590	0.01	Supported	-.001	No	Rejected
H5	TAN	.521	0.01	Supported	.113	.05	Supported
H6	PRO	.569	0.01	Supported	.166	.01	Supported
H7	JS	.626	0.01	Supported	.271	.01	Supported

Note: p < 0.05 (statistically Significant)

However, the effort must be concentrated on the Institutional commitment & Motivation (ICM) since it shows higher relative importance to the identified model of $\beta=0.331$ (Sig. 0.000) when compared to the value of other HR Practices. The result reveals that ICM is the most important determinant factor of employee performance. By keeping the other factors constant one unit change in ICM gives rise to 0.331 unit change in employee performance, i.e. keeping all other factors remaining unchanged, only ICM accounts the 33.1% change in employee performance Likewise, if other factors remain constant, job satisfaction (JS), promotion (PRO), physical work environment (TAN) and employee relation (ER) can explain the change of employee performance by 27.1%,

16.60%, 11.30%, and 8.30% respectively. The remaining two variables compensation (COM) and Training & Development (TD) are failed to prove the significance, although they found positively associated with employee performance in correlation analysis.

5 DISCUSSION TO RESEARCH FINDINGS

From the Table 4, it is revealed that all the hypotheses are accepted on the basis of the correlation analysis, i.e. it can be said that the proposed model can be applicable in measuring employee performance on the basis of the HRM practices in the banking sector of Bangladesh. But in regression analysis, compensation and training & development dimensions have found insignificant, which confront with the existing literature review.

However, *Institutional commitment & motivation* found to be the most dominant factors for the employee performance (EP) in banking sector of Bangladesh. Halim and Safer (2013) found one unit change in institutional belonging and motivation gives rise to 0.556 unit in employee performance in a state bank of Turkey. The employers and bank practitioners should be careful about their commitments to the employees. If employees found that the organization cares about their needs and bank managers are more interested in making provision for the motivation and empowerment of their employees to perform toward the achievement of tasks, then the employee performance can be even better.

Job satisfaction found second most influential factors of EP in this study, which counts about 27.1% of the employee performance in the banking sector of Bangladesh. Nimalathasan and Brabete (2010) and Hira and Waqas (2012) also have shown that employee's job satisfaction has positive impact on their work performance in the context of banking sector of Srilanka and Pakistan respectively. According to Ijigu (2015), employees' satisfaction on the job will reduce absenteeism and turn over intentions in public banks in Ethiopia. So, higher job satisfaction leads to employee loyalty, which result the better employee performance to achieve the bank's goal.

Promotion has the statistically significant impact on EP in banking sector of Bangladesh. This study shows that one unit change in promotion gives to rise 0.166 unit change in EP. Balochi et al. (2010) also found promotion policy was significantly correlated with employee performance in Pakistani context; although, Halim and Safer (2013) failed to prove the same in Turkish context. In Bangladesh, the bank employees have seen it as reward for better performance; since promotion can be given based on the qualifying the promotional examination arranged by HR division of both public and private commercial banks.

Although, Halim and Safer (2013) found one unit change in *physical working environment* gives to rise 0.158 unit fall in employee performance in a state bank in Turkey; but it is found that the Physical working environment has a statistically significant positive effect on employee performance in banking sector in Bangladesh, i.e. better the working environment higher the employee performance. As the banking sector has a better working place than the other sectors of Bangladesh in terms of modern centrally air conditioned multistoried corporate building, branches are equipped with modern facilities (including online banking system, modern security system etc.) and located in the prime locations in the country. In this study, it is found that 11.3% change in EP is explained by Physical working environment of banks in Bangladesh. Awan and Tahir (2015) also revealed that working environment had a positive impact on employee's level of productivity in the banks and insurance in the Pakistani settings.

Employee relation (ER) found the less dominant statistically significant determinants of EP in this study, which counts only about 8.30% change of EP. The similar relationship found by Saeed et al. (2013) in Pakistan and Muda et al. (2014) in Islamic Banks of Indonesia, both studies stated that manager's attitude towards subordinates and communication factor between managers and employees significantly affect employees' performance.

Although, Zahra et al. (2015) found that salary had a stronger relationship with job performance, but the remaining two variables of this study-*Compensation* (COM) and *Training & Development* (TD) are found statistically insignificant in the context of the banking sector of Bangladesh. The main reasons behind these issues may be that compensation is a hygiene factor, thus it may not provide any extra stimuli in comparison to the other factors of HRM practices to enhance the performance. As the compensation package in the banking industry is much higher and well-structured in comparison to the other sectors of Bangladesh, so compensation has little or even no impact on performance of banking employees. This outcome aligns with the findings of Halim and Safer (2013) in Pakistani context. The another issue related to training and development is so far not considered as a systematic vehicle to improve the employee performance, since it is not properly practiced and is somewhat undermined in HRM practice, which confront with the finding of Awan and Tahir (2015) in Pakistani settings. However, favoritism and nepotism are often found in selecting individuals for advanced or merit based training programs of service sectors in Bangladesh. Also, need based training programs those are normally provided to the less performing employees to recover their weakness for improving the performance, also not practiced in a consistent manner among the banks (especially in NCBs) in Bangladesh.

Progress of learning does not occur always at the constant rate. The magnitude of the progress varies according to the nature and complicity of the subject, expertise of the trainer and the capacity of the trainee to accept the learning process. On the basis of these, a sound training program is properly designed which can give guarantee to develop an efficient workforce and nominate right person to right training program for boosting the morale of the employees. On the other hand, it is true that compensation may not always be influenced factor for the performance. If employees are not agreed to perform their jobs eagerly or overburden with the work load or deprived from the equal opportunities from the employers then compensation may not excel their performance. In that case supportive HRM environment and stress maintenance programs for the employees may be the better ways to improve the employee performance than the compensation. Generally, compensation can have some influence on the entry/functional level of employees, but it may not have a bigger role on the performance of the higher level executives.

6 LIMITATION AND FUTURE RESEARCH DIRECTIONS

The study has some limitations despite some significant contribution to the field of HR practice. The first and the foremost limitation relates to the sampling method of the study. Since the population was structured (i.e. there was a complete list of employees for each bank), there was a possibility of conducting probability sampling method. However, due to the time and cost constraint, it was very difficult to go for any probability sampling method. As a result the researcher had to rely on the banks and respondents who were willing to participate in the survey. Thus, convenience sampling technique has been applied to collect the relevant data. Another reason for applying non-probability sampling is that practically it is hard to approach the banking stuffs where the researchers do not have any proper access. The study also used only 25 first growing banks. Further study in this area might be augmented by using random sampling method with larger sample size in order to facilitate generalizing the result, which may be the main motivation for future researchers. A comparative study can be done among Nationalized Commercial Banks (NCBs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) to compare the employee performance on the basis of the HR practices in banking sector of Bangladesh and other geographical locations.

7 CONCLUSION

In this study, seven major dimensions of HR practices are taken into consideration to measure the effect on the employee performance in the context of the banking sector in Bangladesh. This study confirms on the basis of the bankers' responses that institutional commitment & motivation, employee relations, physical work environment, promotion, and job satisfaction have the significant impact on the employee performance. Although compensation, and training & development are positively associated with the employee performance, they are not significant enough to be included the relationship (regression) model. Since, employee performance is an important factor that contributes to improve the productivity through better behavior and traits of the employees of a functional team in an organization. Also, employee performance is most important factor in an organization success therefore, there is needed to adopt effective human resource strategies that aim to improve employee performance and creates the culture of high performance in any organization based on human resource practices. Therefore, it can be concluded that employee performance through proper HRM practices can be an alternative way to escalate the banking sector of Bangladesh.

REFERENCES

- Absar, M. M. N., Azim, M. T., Balasundaram, N., & Akhter, S. (2010). Impact of human resources practices on job satisfaction: Evidence from manufacturing firms in Bangladesh. *Petroleum-Gas University of Ploiesti BULLETIN, LXII(2)*, 31–42.
- Alalade, S. Y., & Oguntodu, J. A. (2015). Motivation and employees' performance in the Nigerian banking industry – A survey of selected banks. *International Journal of Economics, Commerce and Management*, 3(4), 1-14.
- Armstrong, M. (2005). *Armstrong's Handbook of Management and Leadership: Approaches to HRM and L&D*. Kogan Page Limited Publishing.
- Aswathappa, K. (2008). *Human Resource Management: Text and Cases*. Delhi: Tata McGraw-Hill Publishing Company Limited.
- Awan, A. G., & Tahir, T. M. (2015). Impact of working environment on employee's productivity: A Case Study of Banks and Insurance Companies in Pakistan. *European Journal of Business and Management*, 7(1), 329-345.
- Azad, M. R., Khan, W., & Ahmed, A. A. (2011). HR Practices in Banking Sector on Perceived Employee Performance: A Case of Bangladesh. *Eastern University Journal*, 3(3), 30-39.
- Bangladesh Bank (2014). *Annual Report, 2013-2014*, Dhaka: Bangladesh Bank
- Bangladesh Economic Review (2015). Available on the internet at www.mof.gov.bd
- Bakotic, D. & Babic, T. B. (2013). Relationship between working conditions and job satisfaction: The case of Croatian shipbuilding company. *International Journal of Business and Social Science*, 4(2), 206-213.
- Balochi, Q. B., Ali, N., Kiani, T. S., Ahsan, A., & Mufty, A. (2010). Relationship between HR practices and perceived employees' performance of bankers in NWFP, Pakistan (An empirical evidence). *European Journal of Social Sciences*, 18(2), 210-214.
- Blyton, P. (2008). Working time and work-life balance. In P. Blyton, N. Bacon, J. Fiorito and E. Heery (Eds.). *The Sage Handbooks of Industrial Relations*. London: Sage Publications.
- Brayfield, A. H., & Crockett, W. H. (1955). Employee attitudes and performance. *Psychological Bulletin*, 52, 396-428.
- Brenner, P. (2004). Workers physical surrounding. Impact bottom line accounting, Smarts Pros.com
- Danish, R. Q. & Usman, A. (2010). Impact of reward and recognition on job satisfaction and motivation: An empirical study from Pakistan. *International Journal of Business and Management*, 5(2), 159-167.
- Dessler, G. (2007). *Human Resource Management*. New Delhi: Prentice Hall of India Private Limited.
- DeNisi, S. A. & Griffin, W. R. (2001). *Human Resources Management*. New York: Houghton Mifflin Company.
- Findikci, I. (2003). *Human Resources Management*. Istanbul: Alpha Edition Publication and Distribution.
- Fippo, E. (2001). *Personnel Management*. New York: Mc-Graw Hill.
- Guest, D. (2002). Human resource management, corporate performance and employee wellbeing: Building the worker into HRM. *The Journal of Industrial Relations*, 44(3), 335-358.
- Halim, K., & Safer, G. (2013). Measurement of employees' performance: A state bank application. *International Review of Management and Business Research*, 2(2), 429-441.
- Hameed, A. & Amjad, S. (2009). Impact of office design on employees' productivity: A case study of banking organizations of Abbottabad, Pakistan. *Journal of Public Affairs, Administration and Management*, 3(1), 1-13.
- Herold, D. M. & Fedor, D. B. (2003). Individual differences in feedback propensities and training performance. *Human Resource Management Review*, 13(4), 675-689.
- Herzberg, E., Mausner, B., Peterson, R. O., & Capwell, D. F. (1957). Job Attitudes: Review of Research and Opinion, Pittsburg: *Psychological Service of Pittsburgh*.
- Hira, A., & Waqas, I. (2012). A Study of Job Satisfaction and IT's Impact on the Performance in the Banking Industry of Pakistan. *International Journal of Business and Social Science*, 3(19), 174-180.
- Hoque, M. J. (1994). Human resource development and organizational effectiveness, In R. B. Talukder (Ed.). *Management of Change in South Asia* (pp. 433-451). Dhaka: UPL.
- Hossain, M. M., & Miah, K. M. (1992). Job satisfaction and performance of Bank employees: A comparative study of the private and public bank in Bangladesh. *Management Development*, 21(4), 87-101.
- Ijigu, A. W. (2015). The effect of selected human resource management practices on employees' job satisfaction in Ethiopian public banks. *Emerging Markets Journal*, 5(1), 1-16.
- Islam, M. N. (2003). Promotion policies and practices in the public sector banking in Bangladesh. *Journal of the Institute of Bangladesh Studies*, XXVI, 197-210.

- Ismail, A. R., Jusoh, N., Zulkifli, R., Sopian, K. & Deros, B. M. (2009). Thermal comfort assessment: A case study at Malaysian automotive industry. *American Journal of Applied Sciences*, 6(8), 1495.
- Jones, G., & George, J. (2008). Performance progress and prospects. *Academy of Management Journal*, 39, 779-801.
- Kamery, R. H. (2004). Employee motivation as it relates to effectiveness, efficiency, productivity, and performance. A paper presentation at the *Allied Academics International Conferences*.
- Kaplan, R., & Norton, D. (2001). Transforming the balanced scorecard from performance measurement to strategic management. *Accounting Horizons* (March), 87-104.
- Khan, M. A. A., & Akkas, M. A. (1990). An appraisal of the promotion system in the nationalized commercial banks in Bangladesh. *The Dhaka University Studies, Part C*, 11(1), 139-154.
- Kovach, K. A. (1987). What motivates employees? Workers and supervisors give different answers. *Business Horizons*, 30(5), 58-65.
- Kraiger, K., & Ford, J. K. (2007). The Expanding Role of Workplace Training Themes and Trends Influencing Training Research and Practice, in L. L. Koppes (ed.). *Historical Perspectives in Industrial and Organizational Psychology*. Mahwah: Lawrence Erlbaum Associates.
- Malik, M.E., Nawab, S., Naeem, B., & Danish, R. Q. (2010). Job satisfaction and organization commitment of university teachers in public sectors of Pakistan. *International Journal of Business and Management*, 5(6), 17-26.
- Majumder, T. H. (2012). Human resource management practices and employees' satisfaction towards private banking sector in Bangladesh. *International Review of Management and Marketing*, 2(1), 52-58.
- Malhotra, N. K. (2002). *Marketing Research: An Applied Orientation*. New Delhi, India: Pearson Education Asia.
- MAN Forum (2009). *What motivates you?* The best motivational tips from the forum. BT mentor program, Florida: USA.
- Meyer, J. P., & Allen, N. J. (1997). *Commitment in the Workplace: Theory, Research and Implications*. Thousand Oaks: Sage.
- Millar, P., & Stevens, J. (2012). Management training and national sport organizations: Examining the impact of training on individual and organizational performance. *Sport Management Review*, 15(3), 288-303.
- Muda, I., Rafiki, A., & Harahap, M. R. (2014). Factors influencing employees' performance: A study on the islamic banks in Indonesia. *International Journal of Business and Social Science*, 5(2), 73-80.
- Nimalathasan, B., & Brabete, V. (2010). Job satisfaction and employees' work performance: A case study of people's bank in Jaffna peninsula, Srilanka. *Management and Marketing Journal*, 8(1), 43-43.
- Nizamettin, B., & Gokhan, D. (2008). Performance measurement of Turkish and Chinese manufacturing firms: A comparative analysis. *Eurasian Journal of Business and Economics*, 1(2), 71-83.
- Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2007). *Human Resource Management: Gaining a Competitive Advantage*. McGraw-Hill.
- Porter, L. W., & Lawler, E. E. (1974). *The Effect of Performance on Job Satisfaction*. In Edwin A. Fleishman (Ed.) *Studies in Personal and Industrial Psychology*. Illinois.
- Pushpakumari, M. D. (2008). The Impact of Job Satisfaction on Job Performance: An Empirical Analysis. 89-105. Available on the internet at:
http://202.11.2.113/SEBM/ronso/no9_1/08_PUSHPAKUMARI.pdf
- Rahman, N. & Hossain, H. M. M. (2000). The impact of satisfaction on absenteeism, turnover and productivity: a comparative study on a nationalized and a private bank. *Dhaka University Journal of Business Studies*, 21(2), 147-162.
- Robison, J. (2010). Disengagement can be really depressing. *Gallup Management Journal*. Available on the internet at: <http://gmj.gallup.com/content/127100/disengagement-really-epressing.aspx>
- Roelofsen, P. (2002). The impact of office environments on employee performance: The design of the workplace as a strategy for productivity enhancement. *Journal of Facilities Management*, 1(3), 247-264.
- Saeed, R., Mussawar, S., Lodhi, R. N., Iqbal, A., Nayab, H. H. & Yaseen, S. (2013). Factors affecting the performance of employees at work place in the banking sector of Pakistan. *Middle-East Journal of Scientific Research*, 17(9), 1200-1208.
- Said, M. D. (2008). *Employee Performance Analysis in Education and Training Center for Religious Semarang*. Thesis Magister Administrasi Publik UNDIP.
- Shikha N. K. (2010). Human resource practices and their impact on employee productivity: A perceptual analysis of private, public and foreign bank employees in India. *DSM Business Review*, 2(1), 65-86.

- Spector, P. (1997). *Job Satisfaction: Application, Assessment, Cause and Consequences*. London: Sage Publications.
- Talukder, M. F. H., Hossain, M. Y., & Hossain, M. N. (2014). HRM practice in commercial banks: A case study of Bangladesh. *IOSR Journal of Business and Management*, 16(2), 29-36.
- Thang, N. N., & Buyens, D. (2008). What we know about relationship between training and firm performance: A review of literature. Paper presented at the 7th International Conference on Ethics and Quality of Work-life for Sustainable Development, Bangkok, Thailand.
- Vischer, J. C. (2008). Towards an environmental psychology of workplace: How people are affected by environments for work. *Journal of Architectural Science Review*, 56(2), 97-105.
- Wong, C. S., Hui, C., & Law, K. S. (1998). A longitudinal study of the job perception-job satisfaction relationship: a test of the three alternative specifications. *Journal of Occupational and Organizational Psychology*, 71, 127-146.
- Yeganeh, H., & Su, Z. (2008). An examination of human resource management practices in Iranian public sector. *Personnel Review*, 37(2), 203-221.
- Zahra, I., Xia, X., Khuram, S., Liu, H., & Amna, N. (2015). Effect of salary, training and motivation on job performance of employees. *American Journal of Business, Economics and Management*, 3(2), 55-58.
- Zulfqar, A. B., Sharif, B., Saeed, A., & Niazi, M. K. (2011). Impact of human resource practices on employee perceived performance in banking sector of Pakistan. *African Journal of Business Management*, 6(1), 323-332.

APPENDIX

Table A-1: Distribution of respondents from the different banks

FCBs	No of respondents	(in %)	Total (in %)	PCBs	No of respondents	(in %)
Standard Chartered Bank	14	4.27		Southeast	15	4.57
Worri Bank	11	3.35		Mercantile	12	3.66
City Bank N. A.	15	4.57		Eastern	12	3.66
Alfalah Bank	13	3.96		Meghna	13	3.96
			16.16	UCBL	14	4.27
IBs				MTB	13	3.96
FSIBL	14	4.27		Standard	15	4.57
SIBL	12	3.66		Jamuna	11	3.35
IBBL	12	3.66		Bank Asia	11	3.35
Exim	14	4.27		Uttara	13	3.96
Union	14	4.27	20.12	IFIC	13	3.96
				Brac Bank	12	3.66
NCB				Prime	15	4.57
Sonali Bank	14	4.27	4.27	City Bank	13	3.96
				DBBL	13	3.96
Total (in %)			40.55			59.45

Note: n=328 (Source: Survey data, July-2015)