



## Determinants of Banks' performance as perceived by employees of Urban Cooperative Banks in Punjab, Haryana and Himachal Pradesh

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### ABSTRACT

*The success of any organization depends on its human resource. Banks are no exception to this. The employees of the Bank are valuable assets to the organization. If they are highly satisfied they produce more and it is profitable for the organization. So in this competitive environment it is necessary to know the employees views toward their job and to measure the level of satisfaction with regard to various aspects of job satisfaction and performance of organization itself. Efficient human resource management and maintaining higher job satisfaction level in Banks determine not only the performance of the Bank but also affect the growth and performance of the entire economy. In this context, for the survival and growth of banks, it has become very essential to measure and monitor the employee satisfaction continuously. In the present paper an attempt has been made to identify factors (as perceived by employees) which are expected to be dictating and determining the growth performance of Urban Cooperative Banks of Punjab, Haryana and Himachal Pradesh.*

**KEYWORDS :** Employee perception, UCB, Performance, Growth, Human resource management

### Introduction

Cooperatives represented a new and alternative approach to organization as against proprietary firms, partnership firms and joint stock companies which represent the dominant form of commercial organizations.

In this era of competitive world, success of any organization depends on its human resource. Banks are no exception to this. The employees of the Bank are valuable assets to the organization. If they are highly satisfied they work more and it is profitable for the organization. So in this competitive environment it is necessary to know the employee's views toward their job and to measure the level of satisfaction with regard to various aspects of job satisfaction and performance of their organization itself. Apart from managerial and technical aspects, employees are considered as backbone of any organizational development. To utilize their contribution they should be provided with good working conditions to boost their job satisfaction. Job satisfaction is often considered in terms of intrinsic and extrinsic factors.

In this context, for the better performance and growth of UCBs, it has become very essential to give proper weightage to the opinions of employees of these banks and at the same time to measure and monitor the employee satisfaction continuously. In the present paper an attempt has been made to identify factors (as perceived by employees) which are expected to be dictating and determining the growth performance of Urban Cooperative Banks of Punjab, Haryana and Himachal Pradesh.

### Review of Literature

Singh (2005) found that job satisfaction is the result of various attitudes in all probability, activated by a worker's needs and their fulfillment (through work), a worker exhibits towards his job, towards related factors and towards life in general. Job satisfaction is just one among many important attitudes that influence human behavior in the workplace. When people speak of employee attitudes, more often than they not mean job satisfaction. In fact, the two terms are frequently used interchangeably. Attitude have been found by Srivastva (1974) & Robbins (1940) to be the main indication of job satisfaction and also Singh (2003) have found job satisfaction to be a result of various attitudes. Vroom (1964) has done an excellent job of examining the relationship between job satisfaction and various aspects of job behavior, and perhaps summarizing his findings in the best way of giving the reader an overview. Vroom categorizes studies in terms of which job behaviors are correlated with job satisfaction.

### Population and Sample Size

A total of 631 Employees of all the branches of urban cooperative

banks in the states of Punjab, Haryana and Himachal Pradesh shall be our population. As on 31-3-2014, there are four UCBs in Punjab, seven in Haryana and five in Himachal Pradesh. On the basis of discussions held with senior officials of UCBs and cooperative departments of respective states regarding good performing UCBs, a sample of six banks i.e. two each from Punjab, Haryana and Himachal Pradesh was selected for the study. Out of state of Punjab, The Citizens Urban Co-op Bank Ltd, Jalandhar and The Hindu Co-operative Bank Ltd, Pathankot, from Haryana The Panipat Urban Co-op Bank Ltd and The Sonepat Urban Co-op Bank Ltd and from Himachal Pradesh The Baghat Urban Co-op Bank Ltd, Solan and The Parwanoo Urban Cooperative Bank were selected. Questionnaires were sent / personally administered to 25% of the total employees working in sampled UCBs. We received back only 146 questionnaires.

### Data analysis and discussion

For data analysis purpose SPSS-16 version were used and following technique used were Cronbach's alpha, Correlation, Descriptive statistics (mean, standard deviation) and Factor analysis.

**Table 1: Key Demographic Characteristics of Sample**

Demographic characteristic	Number of Respondents	Percentage
<b>Position</b>		
Peon	15	10.3
Clerk/DataEntryOperator	29	19.9
Asst Manager	35	24.0
Manager	36	24.7
Senior Manager	31	21.2
<b>Gender</b>		
Male	123	84.2
Female	23	15.8
<b>Marital Status</b>		
Married	116	79.5
Unmarried	30	20.5
<b>Age</b>		
18-25	11	7.6
26-35	58	39.7
36-50	57	39.0
Above 50	20	13.7

<b>Education</b>		
Any Other	15	10.3
Below Matric	8	5.5
Matric	9	6.2
Graduate	55	37.7
Post Graduate	59	40.4
<b>Experience</b>		
Up to 1 Year	3	2.1
1-5 years	27	18.5
5-10 years	59	40.4
10-20 years	40	27.4
Above 20 years	17	11.6

Data so collected was used for factor analysis to bring out the important factors which an employee expects from its employer i.e. bank.

Table 1 shows that majority of the respondents belonged to position of manager. Number of respondents occupying manager position stood at 24.7% of the total followed by assistant manager position occupying 24% of the total. 31 respondents belongs to senior manager category, 29 to clerk/ data entry operator and rest 15 are peons in the sampled UCBs.

Table 1 also depicts majority of sampled respondents were married

males, occupying manager and assistant manager position in the sampled UCBs. Number of respondents in age group from 26 to 35 stood at the dominant 39.7% of the total. This is further followed by respondents in age group from 36 to 50 about 39% of the total population. So, the age groups 26-35 and 36-50 taken together is considered as the most responsive age and thereby represents about 78.7% of the respondents. 11 respondents belonged to age group 18 to 25 and 20 belongs to above 50 years. The respondents are also analyzed on the basis of their educational qualifications. They are divided into various categories such as below matric, matric, graduate, post –graduation and any other qualification. Maximum respondents 40.4% are taken from the category of post-graduates and 37.7% taken from the category of graduates. Thus, the majority of respondents were educated married males in the age group of 26 to 50 holding graduation and post graduation degrees. Education is considered as a vital factor in getting the desired information from the sampled respondents. The quality of information provided by them certainly depends upon their length of experience in present job as well. Out of 146 respondents, 3 respondents have experience of up to 1 year, 27 have experience of 1 year to 5 years, 59 have experience of 5 years to 10 years, 40 have experience of 10 years to 20 years and 17 have experience of above 20 years. 40.4% respondents are taken from the category of 5 years to 10 years and 27.4% are taken from the category of 10 to 20 years. So, those who are having experience of 5 years to 20 years are considered to be more informed and have more insight into the latest developments and

**Table 2: Perception of employees of urban cooperative banks**

Sr. No	Statement	Mean	Std. Deviation	Sr. No	Statement	Mean	Std. Deviation
P1	State / quality of bank building & premises	3.8276	.53157	P17	Proper laid down loan appraisal systems/ policies	3.4414	.49827
P2	Physical work environment for employees	3.6759	.52550	P18	Level of NPA's	3.5931	.50685
P3	Inner layout of bank/ branches	3.7241	.50666	P19	Timely and whole hearted steps to recover NPA's	3.6000	.49160
P4	Recognition of employees work	3.3862	.51621	P20	Customer friendly formalities for getting loans	3.6483	.47916
P5	Fair salary patterns as compared to industry	3.2897	.45517	P21	Security and surveillance of bank premises	4.0621	.48906
P6	Provision of other allowances/ remuneration (if any)	3.2828	.45190	P22	Social responsibility initiatives by the bank	4.0207	.54606
P7	Computerized operations	3.7655	.44118	P23	Bank's image in public	3.7310	.51714
P8	Motivated staff	3.3034	.46134	P24	Effectiveness / competency of higher management of bank	3.9103	.58828
P9	Preparedness of bank to compete with other banks	3.3862	.48857	P25	Profitability position of bank	3.8483	.54430
P10	Negligible employee turnover	3.2552	.43747	P26	Political interference in bank's routine operations	3.0897	.45517
P11	Career progression /growth of employees	3.3103	.46424	P27	Annual review of bank's performance	3.4138	.49422
P12	Training facilities/initiatives by bank	3.3241	.46967	P28	Bank's advertisement of about bank products	3.3655	.48324
P13	Existence and awareness about banks set objectives	3.4276	.49644	P29	Location of bank/ branches	3.5724	.49644
P14	Adherence to banks set objectives/ policies (if any)	3.4276	.49644	P30	Contribution to economy of state / country	3.5724	.49644
P15	Diversification of bank products	3.4621	.50029	P31	Transparency of operations	3.4483	.49904
P16	Financial inclusion initiatives	3.9379	.44442	P32	Future of Urban cooperative banks	3.4552	.49971

**Kaiser-Meyer-Olkin Measure of Sampling Adequacy 0.892**  
**Cronbach's Alpha Reliability Test 0.944**

working of the sampled UCBs. The perceived factors in measuring the employee perception about bank's performance identified for the purpose of the present study are presented in table 2.

The employees were asked to rate the level of their satisfaction regarding different aspects of performance of UCBs on a Five Point Likert Scale. The reliability of the scale was tested using Cronbach's alpha which is most widely used method to test reliability. It may be

mentioned that value more than 0.6 is satisfactory for the scale to be reliable. (Malhotra, 2002) In our study this comes to be 0.944, thus indicating high level of reliability.

The adequacy of data to run factor analysis is tested by Kaiser Meyer Olkin (KMO) measure of sampling adequacy. It is recommended to have KMO statistic more than 0.5 for acceptance (Field, 2000). In the present study this value is 0.892 which shows that the sample is sig-

nificantly sufficient.

For the purpose of factor analysis we used Principal Component method followed by Varimax rotation. SPSS 16.0 along with MS Excel was used for various calculations.

By using the Principal Component method, using varimax rotation, 32 statements of the questionnaire were reduced to seven factors. The varimax method rotated seven factors solution so derived is shown in Table 3.

It can be seen that all seven derived factor taken together explains 80.68% of the total variance in perceived service performance of UCBS as shown in Table 3. The factor loading 0.40 to 0.49 are considered as more important and those with 0.50 and above are very significant.

**Table 3: Factored Perception of Employees of Employees of Urban Cooperative Banks**

Factor	Percentage variance explained	Eigen value	Percentage cumulative variable	Statement included	Loading	Communalities
F1	49.705	15.906	49.705	P4	.696	.724
				P5	.881	.902
				P6	.847	.865
				P8	.843	.857
				P9	.549	.669
				P10	.734	.755
				P11	.800	.875
F2	7.634	2.443	57.339	P27	.632	.760
				P28	.672	.821
				P29	.765	.769
				P30	.742	.806
				P31	.660	.815
F3	6.965	2.229	64.305	P13	.856	.929
				P14	.865	.940
				P15	.795	.813
				P17	.852	.848
F4	5.042	1.613	69.347	P16	.486	.623
				P21	.807	.818
				P22	.846	.879
				P23	.543	.706
				P24	.749	.839
F5	4.502	1.441	73.849	P1	.810	.850
				P2	.750	.804
				P3	.804	.860
				P7	.643	.659
F6	3.596	1.151	77.445	P18	.854	.914
				P19	.834	.886
				P20	.626	.676
F7	3.241	1.037	80.686	P26	.824	.764

**Extraction method : Principal Component analysis  
Rotation method: Varimax with Kaiser normalization.  
Rotation converged in 7 iterations.**

It can be observed from Table 3 that eight statements namely, Recognition of employees work, fair salary patterns as compared to industry, provision of other allowances/ remuneration (if any), motivated staff, preparedness of bank to compete with other banks, negligible employee turnover, career progression / growth of employees and Training facilities/ initiatives by bank represent factor1.

The factors can be enveloped in one broad factor i.e. Job Satisfaction/ Recognition. This factor explains as high as 49.705% of total variance. The Eigen value comes to be 15.906.

In factor 2, we see that six statements namely, Annual review of bank's performance, bank's advertisement/ marketing about bank's products, location of bank / branches, contribution to economy of state/ country, Transparency of operations and Future of urban cooperative banks can be placed. This factor accounts for 7.634% total variance and has an Eigen value of 2.443. These factors can be put under headBank Competitiveness.

The next factor i.e. factor 3 can be titled as Funds management. It consists of 4 variables namely, Existence and awareness about banks set aim and objectives, Adherence to banks set objectives/ policies (if any), Diversification of bank products and proper laid down loan appraisal systems / policies. This factor is responsible for 6.965% of total variation and has an Eigen Value of 2.229.

Factor 4 covers 6 variables namely, financial inclusion initiatives, security & surveillance of bank premises, Social responsibility initiatives by the bank, Bank's image in public, Effectiveness/ Competency of higher management of bank and profitability position of bank and it accounts for 5.042% of total variance. This factor is given the name of Professional Banking with focus on CSR. The Eigen value here is 1.613.

In factor 5, four statements namely, State / Quality of bank building & premises, physical work environment for employees, inner layout of bank/ branches and Computerized operations are covered. This factor can comfortably be termed as working environment. This factor is responsible for 4.502% of total variance and has an Eigen value of 1.441.

NPA and Recovery management covers three variables namely, level of NPAs, Timely and whole hearted steps to recover NPAs and Customer friendly formalities for getting loans. It accounts for 3.596% of total variation and Eigen value here is 1.151. The last factor i.e. factor 7 covers only one factor. Political interference in bank's routine operations, therefore coined as Political patronage which accounts for 3.241% of total variance along with an Eigen value of 1.037.

**Conclusion and results**

The above discussion indicates that there are seven major factors related to various perceptions of employees about the service and performance of UCBS. The respondents perceive that Job satisfaction/ recognition (F1) is the most important factor to get them satisfied. Bank competitiveness (F2) is considered to be an important feature of a good service giving bank branch. Funds management (F3), Professional Banking focusing CSR(F4) and Working environment(F5) are the main intangible factors which the employees of the bank expects from their service provider. NPA and Recovery management (F6) among the employees of the sampled banks is a less considered perception. The Political patronage (F7) is given least importance by the employees, but this should carefully be looked into by the bank so as to have a lesser impact of it on the performance of UCBS. Keeping in view the profile of respondent bankers which is very model profile and covering the age group, marital status, education, experience and position the above conclusion can be given due weightage.

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