



## A COMPARATIVE PRODUCTIVITY ANALYSIS IN SOME SELECTED FOREIGN BANKS IN INDIA

Deval G. Vyas\*

Ph.D pursuing, M.Phil., M.com., P.G.D.C.A., \*Corresponding Author

### ABSTRACT

Banking sector is the lifeline and major financial pillar of any modern economy. The overall growth of economy depends to a great extent on the three parameters Efficiency, Productivity and Profitability of its banking system. These there are major parameters to check the strengths and weaknesses of the banking system. But this research paper has focused on Productivity parameters in the banking sector i.e. Foreign Banks. The term productivity means the ability to produce goods or services per unit of capital, labour or both. It is a ratio of output to input of resources used in a process. Higher productivity results into improved efficiency and profitability. An attempt has been made on banking sector in term of Employee's Productivity for the evaluation of the financial performance. The researcher has tried to attempt Employee's Productivity Ratios i.e. Profit Per Employee and Business Per Employee for the last five financial years during 2014-15 to 2018-19 in five selected foreign banks working in India i.e. Barclays Bank, DBS Bank, Doha Bank, HSBC Bank, Standard Charter Bank.

**KEYWORDS :** Employee's Productivity, ANOVA, DBS, HSBC

### INTRODUCTION:

Banking sector is the lifeline and major financial pillar of any modern economy. The overall growth of economy depends to a great extent on the three parameters Efficiency, Productivity and Profitability of its banking system. They work as a financial intermediary that mobilizes deposits and lending the money to the various sector of the economy. The term Productivity in banking sector is an important tool to measure the financial performance. The productivity always leads to higher or improved efficiency and profitability. Therefore, Productivity Profitability and Efficiency are three important tool for any of the organization so that the firm can check overall growth, strengths and weaknesses of the organization.

### Conceptual Framework:

The concept of productivity differs with the nature of organization. The concept of productivity of manufacturing firm cannot be implemented in those firms which are providing services i.e. banks. The term productivity means the ability to produce goods or services per unit of capital, labour or both. It is a ratio of output to input of resources used in a process. The greater the ratio indicates the higher the Productivity and Profitability and vice-versa.

**Productivity = Output/Input**

Human Resources are most powerful and valuable assets in any of the sector. Human resources in banking sector which shows the ability of banks to serve or provide the value to the customers. So, more ability or skills of employees play an important role to achieve greater and improved productivity in banks.

Therefore, it is important to measure the productivity because higher productivity results into improved efficiency and profitability. The following employee's productivity ratios have been used for the purpose of analysis.

- Business Per Employee
- Profit Per Employee

### Research Methodology

#### Review of Literature:

·Singla Vivek (2013) has presented a research paper on analysis of productivity of Indian Banks: a comparative study in selected private sector banks. The objectives of the study are to study and analysis the broad behavior of the productivity of private sector banks and to make a comparison of productivity among selected private sector banks working in India. This study concluded that the employee productivity of ICICI bank is far better than other selected private sector banks but the branch productivity is

lowest than the other selected private sector banks working in India.

·Uppal R.K. and Rupani (2017) has presented a paper on productivity analysis of Indian commercial banks: a comparative study of public, private and foreign banks. The objective of the study is to analyze the productivity of the inter sector differentials of selected public, private and foreign sector banks. A research has concluded that information technology benefitted the most to public sector banks after the entry of private and foreign banks with sound technological basis, public sector banks rapidly provided training and development programmes to its work force and not much to private sector and foreign sector banks. This may be due to the reason that public sector banks born in era of manual working techniques and entered in the era of competition with a sound economic base.

·Verma Ritesh (2019) has presented a paper on productivity analysis of private sector banks in India. The objective of the present study is to analyze the performance of private sector banks by studying the productivity parameters i.e. Business Per Employee, Profit Per Employee, Business Per Branch, Profit Per Branch and Operating Expenses Per Branch. A researcher has concluded that mean business per employee is highest for Federal Bank, median business per employee is highest for the Jammu & Kashmir Bank. Absolute variation and Coefficient of variation is lowest for ING Vysya Bank. Mean Profit Per Employee is highest for Tamilnadu Mecantile Bank. Meadian Profit Per Employee is highest for Karur Vysya Bank. Absolute Variation is lowest for the Lakshmi Vilas Bank. Coefficient of Variation is lowest for the Karnataka Bank. Mean and Median Business Per Branch is highest for the Jammu & Kashmir Bank. Absolute variation is lowest for the Lakshmi Vilas Bank. Coefficient of variation is lowest for the Jammu & Kashmir Bank. Mean and Median Operating Expenses Per Branch is highest for ING Vysya Bank. Absolute variation is lowest for the South Indian Bank. Coefficient of Variation is lowest for Federal Bank.

#### Objectives Of The Study:

The main objective of the present study is to measure and compare the Employee's Productivity with the help of Productivity Ratios i.e. Profit Per Employee and Business Per Employee in selected foreign banks in India namely Barclays Bank, DBS (Development Bank of Singapore) Bank, Doha Bank, HSBC (Hong Kong and Shanghai Banking Corporation) Bank, Standard Charter Bank over the period the 2014-2015 to 2018-2019.

**Period Of The Study:**

The period of the present study has been covering the last five financial years i.e. 2014-2015 to 2018-2019.

**Sources Of Data:**

The present study is mainly based on the secondary data. The secondary data relating to the subject has been collected from the various Books, Journals, Articles, Published Annual Reports of the selected banks and RBI website for the purpose of present study.

**Selection Of The Sample Unit:**

Universe of the present study covers all the banks working in India. But for the purpose of present study, researcher has randomly selected five banks out of all the banks working in India i.e. Barclays Bank, DBS (Development Bank of Singapore) Bank, Doha Bank, HSBC (Hong Kong and Shanghai Banking Corporation) Bank, Standard Charter Bank.

**Tools And Techniques Of Analysis:**

For the purpose of analysis and evaluation of the present study, Accounting and Statistical tools and techniques have been used. Accounting tool i.e. Ratio Analysis and Statistical tool i.e. Mean and F-test One Way ANOVA (Analysis of Variance) have been used to measure the employee's productivity in selected foreign banks in India.

**Hypothesis Of The Study:**

H<sub>0</sub>: There is no significant difference in Profit Per Employee of selected Foreign Banks in India.

H<sub>0</sub>: There is no significant difference in Business Per Employee of selected Foreign Banks in India.

**Limitations Of The Study:**

The present study emphasis on only Employee's Productivity Ratios of selected foreign banks in India.

The present study is mainly based on secondary data that have their own limitations and finding of the present study depend entirely on accuracy of such data.

The present study cover only five selected foreign banks working in India and last five financial years.

The present study is based on accounting and Statistical Techniques with their limitations which may affect the present study

**Table 1 Business Per Employee (Figures in Lakhs)**

Banks	2018-19	2017-18	2016-17	2015-16	2014-15
Barclays Bank	9268.96	7801.90	9497.57	10050.32	7393.41
DBS Bank	3028.60	3641.9	4202.45	3761.20	3476.46
Doha Bank	2202.02	2044.10	1937.17	637.85	1.03
HSBC	4272.10	3538.44	3116.87	2956.69	2678.26
Standard Charter Bank	2596.33	1901.71	1820.60	1884.47	1900.03
Sum	21368.01	18928.05	20574.66	19290.53	15449.19
Mean	4273.602	3785.61	4114.932	3858.53	3089.838

(Source: www.rbi.org.in)

**Table 2 A Table Showing Analysis of Variance (ANOVA) of Business Per Employee**

Sources of Variation	SS	Dof	MS	F <sub>cal</sub>	F <sub>crit</sub>
Between Banks	4142067	4	1035517	0.975588	2.866081

Within Banks	1.8E+08	20	8980625		
Total	1.8E+08	24			

**Table 3 Profit Per Employee (Figures in Lakhs)**

Banks	2018-19	2017-18	2016-17	2015-16	2014-15
Barclays Bank	114.80	120.80	186.32	165.48	135.56
DBS Bank	1.31	-44.85	1.17	0.78	-28.82
Doha Bank	18.59	-16.84	-15.15	22.60	9.11
HSBC	65.35	58.22	57.85	41.44	34.25
Standard Charter Bank	33.18	24.92	30.22	13.62	41.79
Sum	233.23	142.25	260.41	243.92	191.89
Mean	46.646	28.45	52.082	48.784	38.378

(Source: www.rbi.org.in)

**Table 4 A Table Showing Analysis of Variance (ANOVA) of Profit Per Employee**

Sources of Variation	SS	Dof	MS	F <sub>cal</sub>	F <sub>crit</sub>
Between Banks	1811.045	4	452.7612	0.978061	2.866081
Within Banks	83256.77	20	4162.838		
Total	85067.81	24			

**Findings of the Study:**

The above table shows the Productivity Ratios and F-test One-way Analysis of selected foreign banks in India. The following are the findings of the present study.

Productivity Ratios	F <sub>cal</sub> and F <sub>tab</sub> Value	Conclusion	Findings
Business Per Employee Ratio	F <sub>cal</sub> 0.975588 F <sub>tab</sub> 2.866081	H <sub>0</sub> :Rejected H <sub>1</sub> :Accepted	It is concluded that there is no significant difference in Business Per Employee Ratio among the selected Foreign Banks in India.
Profit Per Employee Ratio	F <sub>cal</sub> 0.978061 F <sub>tab</sub> 2.866081	H <sub>0</sub> :Accepted H <sub>1</sub> :Rejected	It is concluded that there is no significant difference in Profit Per Employee Ratio among the selected Foreign Banks in India.

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