



A STUDY ON IMPACT OF HUMAN RESOURCE MANAGEMENT ON SERVICE QUALITY WITH SPECIAL REFERENCE TO THANJAVUR DISTRICT

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ABSTRACT

The purpose is to measure the effect of human resource (HR) practices on service quality in banking sector. Human Resource management plays a vital role in every organization because it is now considered as a part of modern management system. The study focuses on three HRM practices: Attitude towards clients, Efficiency of banking services and Knowledge ability and their impact on the service quality. In Banks HRM is a must for the overall development of employees. Globalization, liberalization and privatization have changed the overall scenario of banking sector in India. So there is a need to study the current scenario of HRM practices in Indian Banks. The paper highlights the concepts of HRM and their importance in banking sector. 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. The results indicate that knowledge ability of employees and attitude towards clients is having significant influence on service quality. However, HRM practice of Efficiency of banking services was found to be insignificant. The study has managerial implications for the banking industry. The study also provides future directions.

KEYWORDS: HR, Globalization, Liberalization, Privatization, Banking sector.

INTRODUCTION

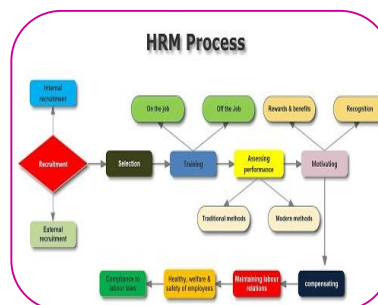
Challenges faced by Banking Sector are: 1. Changing workforce demographic is a major challenge faced by banking industry in India. 2. Competing in global economy due to opening of banking sector in private and foreign companies. 3. The increasing difference of skill gap between new and old employees. 4. The growing importance that companies are nowadays giving to cost-cutting has posed HR with the challenge to minimize expenditure on HR not compromising on the productivity. 5. Major challenge is also to create a balanced organization after mergers and acquisitions. 6. To create learning culture in organization.

The study utilized both the descriptive research design and explanatory research design which was cross-sectional survey in nature. The study population comprised of 182 service qualities in banking sector in Thanjavur District. Self-administered questionnaires were used to collect primary data. Descriptive statistics were computed to describe the characteristics of the variables in the study while factor analysis and Tree structured was used to establish the nature and magnitude of the relationships between the independent and dependent variables.

REVIEW OF LITERATURE

(Lepak, & Snell, 2008) As a practice, it is agreed that e-HRM leads to considerable changes and therefore should be taken as an important development in the HR field.

(Sylwia, 2013). Political and legal environment of a country actually gave birth to the standard HRM practices within the public and



private sector organizations. Legal factors which affect the HRM practices are government labour policies, economic policy, national labour laws and health & safety regulations

DR. Amit Kumar Bansal(2016) It is the prerogative of the HR professionals to remove these misconceptions by acting as a vital link between the strategic and operational functions in an organization. Thus, if an organization has chosen to invest in an HR department as part of its strategy to deal with the human issues of the enterprise, it should also make sure that the HR department has a “business plan” to achieve the same. This HR business plan sets out the vision, strategy, priorities, core capabilities, and required competencies of the HR department. Through appraisal of the plan the firms’ executives can assess and measure whether or not they are getting an appropriate return from their investment in HR department. The HR business plan should certainly be supportive of the business human resources. The key word here is ‘investment’, not expenditure or cost.

RESEARCH METHODOLOGY

The study is based on quantitative research design, adopting survey approach to study the influence of HRM practices on the service quality in the banking sector. Self-administered questionnaires were distributed among the clients of different banks. There was minimal interference from the researchers as the survey instrument was self-explanatory. A structured questionnaire was designed to collect primary data by using literature review. In the questionnaire, two statements were completed: one for the above mentioned seven factors of human resource practice dimensions and one for the overall human resource practice of the banks.

NEED FOR THE STUDY

This present study focuses exclusively on the HRM impact on service quality and Employee performance in banking sector. This study confined with the Banking sector in Thanjavur Districts from other segments. The study is carried out in Thanjavur District, which is one of the districts where branches of banks are doing business.

IMPORTANCE OF THE STUDY

Human resource management practice is playing vital role in service sector in Thanjavur district. Its purpose not only select people for right job but utilize their competency and develop skills which can compete to other competitors in banking industry. The skills that are necessary to meet the organizational goals are developed in employees.

RESEARCH OBJECTIVES

- To understand the demographic characteristics of the Bank employees of different branches.
- To find on the relationship between HRM impacts on service quality in banking sector.
- To identifying present employees’ knowledge, skills and abilities.
- To measure the HR practices followed by the organizations that affects the performance of the Team.

MEASUREMENT SCALE

Apart from the Socio demographic profile of the employees that are analyzed with nominal scaling HRM impacts on service quality performance of the employees are measured with ordinal five points scaling such as strongly disagree, disagree, Neutral, Agree and strongly agree.

ANALYTICAL TOOLS USED

Analysis of data is a critical part in social science researches. Successful analysis of data mainly depends on the reliability of data as well as usage of appropriate statistical tools. These two aspects of statistical analysis result in logical interpretation and conclusion. The present research has paid its attention

on these two aspects carefully. Choice of suitable analytical tools relies on the nature and objectives of the study.

FACTOR ANALYSIS

Factor analysis is a method used to transform a set of variables into a small number of linear composites, which have maximum correlation with original variables. Factor analysis is used to study the nature of products manufactured in MSMEs, in order to identify the major characteristics or factors considered important by the respondents. Statistics associated with factors analysis Bartlett's test of sphericity can be used to test the null hypothesis to conclude that the variables are not correlated with the population. The test of sphericity is based on the Chi-square transformation of the determinant of the correlation matrix. Kaiser-Mayer-Olkin measure of sampling adequacy index compares the magnitude of the observed correlation coefficient to the magnitude of partial correlation coefficient Eigen-values and communalities. A factor's Eigen value or latent route is the sum of the squares of its factor loading. It helps us explain how well a given factor fits the data from all respondents on all the statements.

Communalities are the sum of squares of a statement's factor loading, i.e. it explains how much each variable is accounted for by the factors taken together. Bartlett's test of sphericity and Kaiser Meyer Olkin measures of sample adequacy is used to test the appropriateness of the factor model.

Tree structured analysis

Graphical tree model displays are among the most useful, because they allow navigation through the entire tree as well as drill-down to individual nodes. Classification and regression trees are becoming increasingly popular for partitioning data and identifying local structure in small and large datasets.

DATA ANALYSIS AND INTERPRETATION

FACTOR ANALYSIS FOR HRM IMPACTS ON SERVICE QUALITY IN BANKING SECTOR

KMO and Bartlett's Test

The dimensionality of HRM impacts on service quality was examined using factor analysis based on twenty one individual statements and the reliability of the subsequent factor structures was then tested for internal consistency of the grouping of the items. The twenty one factors of HRM impacts on service quality statements are related to the following:

1. Modern equipment
2. Visually appealing amenities
3. Neat in appearance
4. Visually appealing
5. Keep up promises to do something
6. Interest in solving customer problems
7. Perform the service right at the first time
8. Error free records
9. The service will be performed
10. Prompt service to customers
11. Willing to help Customers
12. Respond to customers' requests
13. Install confidence in customers.
14. Feel safe with their bank
15. Courteous with customers
16. Knowledge to answer customers' questions
17. Individual attention
18. Convenient operating hours
19. Understanding the needs of the customers

20. Best of customers interest

21. Employees care for customers

Table – 1
KMO and Bartlett's Test of HRM impacts on service quality

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.782
Bartlett's Test of Sphericity	Approx. Chi-Square	11957.135
	Degree of freedom	210
	Significant value	.000

Source: Output generated from SPSS 20

High value of KMO (0.782 > .05) of indicates that factor analysis is useful for the present data. The significant value for Bartlett's test of Sphericity is 0.000 and is less than 0.05 which indicates that there exists significant relationships among the variables. The resultant value of KMO test and Bartlett's test indicates that the present data is useful for factor analysis.

Table – 2
Total variance explained for HRM impacts on service quality

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.682	27.055	27.055	5.682	27.055	27.055	3.847	18.318	18.318
2	3.799	18.092	45.147	3.799	18.092	45.147	3.749	17.853	36.170
3	3.383	16.110	61.257	3.383	16.110	61.257	3.514	16.732	52.903
4	2.158	10.276	71.533	2.158	10.276	71.533	3.488	16.611	69.514
5	1.955	9.311	80.844	1.955	9.311	80.844	2.379	11.331	80.844
6	.858	4.084	84.929						
7	.640	3.049	87.978						
8	.469	2.233	90.211						
9	.449	2.140	92.351						
10	.326	1.550	93.901						
11	.280	1.334	95.235						
12	.266	1.264	96.499						
13	.150	.716	97.215						
14	.141	.670	97.885						
15	.113	.536	98.421						
16	.105	.500	98.921						
17	.066	.315	99.236						
18	.054	.257	99.493						
19	.050	.239	99.732						
20	.038	.182	99.914						
21	.018	.086	100.000						

Extraction Method: Principal Component Analysis.

Source: Output generated from SPSS 20

All the statements of the HRM impacts on service quality are loaded on the twenty one factors. The total variance accounted for, by all the five factors with Eigen value greater than 1 is 80.844 percent and the

remaining variance is explained by other variables. Among the five factors, the first factor accounts for around 18.318 percent of variance which is the prime criteria considered in HRM impacts on service quality.

Table – 3
Rotated Component Matrix of HRM impacts on service quality

Rotated Component Matrix	Component				
	1	2	3	4	5
Visually appealing amenities	.954	.238	-.024	-.056	.010
Error free records	.949	.232	-.026	-.058	.007
Keep up promises to do something	.946	.243	.000	-.053	.003
Willing to help Customers	.938	.261	-.026	-.044	.009
Perform the service right at the first time	.239	.939	.008	.009	-.001
Modem equipment	.219	.939	-.011	-.015	.021
Visually appealing	.235	.938	.008	-.026	-.021
Prompt service to customers	.258	.929	-.006	-.012	.025
Feel safe with their bank	-.050	-.022	.810	.001	.105
Best of customers interest	.019	.015	.788	.021	.113
Employees care for customers	-.037	-.032	.776	-.016	.005
Courteous with customers	.049	.029	.762	-.005	.027
Convenient operating hours	-.119	.011	.746	-.019	.041
Individual attention	.058	-.005	.676	-.035	.059
Neat in appearance	-.033	-.010	-.014	.963	-.035
Respond to customers' requests	-.072	-.014	-.015	.943	-.020
Interest in solving customer problems	-.035	.027	-.003	.923	-.036
The service will be performed	-.042	-.045	-.025	.895	-.029
Understanding the needs of the customers	.019	.012	.050	-.034	.941
Instill confidence in customers.	.008	.004	.074	-.042	.916
Knowledge to answer customers' questions	-.003	.003	.173	-.030	.787
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 5 iterations.					

Source: Output generated from SPSS 20

The statements are converted into 5 factors using factor analysis.

The following four aspects related to HRM impacts on service quality are converted into a single factor.

1. Visually appealing amenities
2. Error free records
3. Keep up promises to do something
4. Willing to help Customers

The following four aspects related to HRM impacts on service quality are converted into a single factor.

1. Perform the service right at the first time
2. Modem equipment
3. Visually appealing

4. Prompt service to customers

The following six aspects related to HRM impacts on service quality are converted into a single factor.

1. Feel safe with their bank
2. Best of customers interest
3. Employees care for customers
4. Courteous with customers
5. Convenient operating hours
6. Individual attention

The following four aspects related to HRM impacts on service quality are converted into a single factor.

1. Neat in appearance
2. Respond to customers' requests
3. Interest in solving customer problems
4. The service will be performed

The following three aspects related to HRM impacts on service quality are converted into a single factor.

1. Understanding the needs of the customers
2. Instil confidence in customers.
3. Knowledge to answer customers' questions

Apart from that, the dimension “HRM impacts on service quality” comprises 21 statements. Out of twenty one statements, five statements contribute more towards HRM impacts on service quality. The statements are (1) Visually appealing amenities (2) Perform the service right at the first time (3) Feel safe with their bank (4) Neat in appearance and (5) Understanding the needs of the customers.

TREE STRUCTURED ANALYSIS FOR HRM IMPACTS ON SERVICE QUALITY

Graphical tree model showcases are among the most valuable, since they permit route through the whole tree and in addition bore down to individual nodes. Arrangement and regression trees are becoming increasingly famous for partitioning information and identifying neighborhood structure in little and extensive datasets. Grouping trees include those models in which the dependent variable (the predicted variable) is clear cut. Regression trees include those in which it is continuous. Trees can be utilized to model functions however each end point will bring about the same predicted esteem, a steady for that end point. In this manner regression trees resemble arrangement trees with the exception of that the end pint will be predicted function esteem rather than a predicted characterization. Instead of using the Gini Index the polluting influence standard is the whole of squares, so parts which cause the greatest diminishment in the entirety of squares will be chosen. In pruning the tree the measure utilized is the mean square mistake on the forecasts made by the tree. Tree analysis model summary, gain hub summary and Risk of the model are displayed in the underneath table. Tree Diagram for HRM impacts on service quality is appeared in the underneath figure .

Table – 4
Model summary of HRM impacts on service quality

Specifications	Growing Method	CHAID
	Dependent Variable	OVERALL SATISFACTION
	Independent Variables	Visually appealing amenities , Neat in appearance, Visually appealing, Keep up promises to do something, Interest in solving customer problems, Perform the service right at the first time, Error free records, The service will be performed, Prompt service to customers, Willing to help Customers, Respond to customers' requests, Instill confidence in customers., Feel safe with their bank, Courteous with customers, Knowledge to answer customers' questions, Individual attention, Convenient operating hours, Understanding the needs of the customers, Best of customers interest, Employees care for customers, Modem equipment
	Validation	None
	Maximum Tree Depth	3
	Minimum Cases in Parent Node	100
	Minimum Cases in Child Node	50
Results	Independent Variables Included	Modem equipment, Convenient operating hours
	Number of Nodes	6
	Number of Terminal Nodes	4
	Depth	2

Source: Output generated from SPSS 20

Table – 5
Risk of the model for HRM impacts on service quality

Estimate	Std. Error
.754	.049
Growing Method: CHAID	
Dependent Variable: OVERALL SATISFACTION	

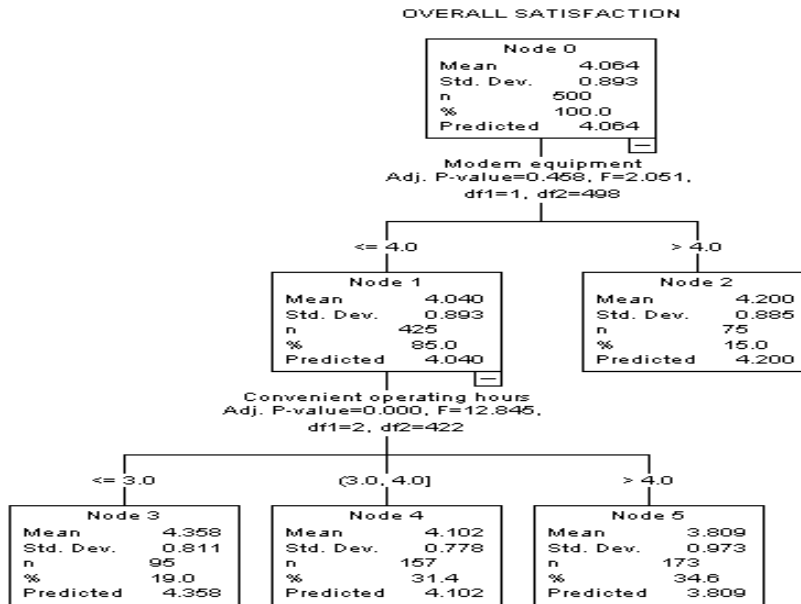
Source: Output generated from SPSS 20

Table – 6
Gain summary for nodes for HRM impacts on service quality

Node	N	Percent	Mean
3	95	19.0%	4.36
2	75	15.0%	4.20
4	157	31.4%	4.10
5	173	34.6%	3.81
Growing Method: CHAID			
Dependent Variable: OVERALL SATISFACTION			

Source: Output generated from SPSS 20

Figure – 1
Tree Diagram for the HRM impacts on service quality



From tree analysis model summary “Modem equipment, Convenient operating hours” is important independent variable. These variables are contributing more towards HRM impacts on service quality.

FINDINGS, SUGGESTION AND CONCLUSION

FINDINGS

- High value of KMO (0.782> .05) of indicates that factor analysis is useful for the present data. The significant value for Bartlett’s test of Sphericity is 0.000 and is less than 0.05 which indicates that there exists significant relationships among the variables. The resultant value of KMO test and Bartlett’s test indicates that the present data is useful for factor analysis.
- The HRM impacts on service quality are loaded on the twenty one factors. The total variance accounted for, by all the five factors with Eigen value greater than 1 is 80.844 percent and the remaining variance is explained by other variables. Among the five factors, the first factor accounts for around 18.318 percent of variance which is the prime criteria considered in HRM impacts on service quality.
- The dimension “HRM impacts on service quality” comprises 21 statements. Out of twenty one statements, five statements contribute more towards HRM impacts on service quality. The statements are (1) Visually appealing amenities (2) Perform the service right at the first time (3) Feel safe with their bank (4) Neat in appearance and (5) Understanding the needs of the customers.
- Tree analysis model summary “Modem equipment, Convenient operating hours” is important independent variable. These variables are contributing more towards HRM impacts on service quality.

SUGGESTIONS

To improve to existing financial software system into more userfriendlyThe study showed that bank customers put more importance on the HRM practices on service quality of an employee as regards to how satisfied they are with a particular service being rendered by an employee. It is therefore recommended that

this customer perception be exploited to the benefit of banks. This should be done because the study has proved that an employee with a higher level of emotional intelligence will be able to impart positively on a customer. This will ensure the building of a good relationship with customers, which is one goal for most banks. Hence employees should be made aware that emotional intelligence also plays a major role in achieving this goal. Continuous up gradations of human resources management strategies with a view to enhancing the level of knowledge, sharpening skills are and also to important the necessary and work culture must be installed.

CONCLUSION

The findings of the study provide evidence that knowledge ability of the employees and the attitude of employees towards customers are the main factors that enhances service quality perceptions among the customers. In today's business world human power is considered to be very important factor for any business firm to prosper and move ahead. Thus retaining the employees becomes the utmost need of the hour because of competition and better compensation. There is a pressing need to develop work practices which encourage efficiency in this banking sector. HR practices along with its approach towards HR, the different ways of implementation and innovative changes brought about by them in its policies are discussed for each of these banks these mentioned factors have transformed the HR practices with the passage of time and now HR practices have become more efficient in delivering the value to organisation through changing the system of recruitment & hiring, training & development, and compensation and benefits. In the end, the researcher has concluded that the statement given in the start of this study is true because all external factors are affecting HR practices on service quality around the globe and these factors cannot be controlled as well. Therefore, it can be concluded that employee performance through proper HR practices can be an alternative way to escalate the banking sector.

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