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Human Resource Practices Followed In Service Sector – A Study with Special Reference to Non Banking Financial Companies

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Abstract: *Human resources of an organization consist of all people who perform its activities. Human resource management (HRM) is concerned with the personnel policies and managerial practices and systems that influence the workforce. Non-banking financial companies are financial institutions that provide banking services, but do not hold a banking license. These institutions are not allowed to take deposits from the public. A study was carried out among 125 employees to analyze the satisfaction of the employees regarding HR practices in Non Banking Financial Companies. It was found that there exists a medium level of satisfaction among the employees regarding HR practices in Non Banking Financial Companies. The demographic variables like Area of Residence, Occupation, Gross Monthly Income and Methods of Selection have a significant association with the level of satisfaction.*

Keywords: *Hr practices, Non Banking Financial Companies, Service Sectors.*

I. INTRODUCTION

Human resources of an organization consist of all people who perform its activities. Human resource management (HRM) is concerned with the personnel policies and managerial practices and systems that influence the workforce. In broader terms, all decisions that affect the workforce of the organization concern the HRM function. The activities involved in HRM function are pervasive throughout the organization. Line managers, typically spend more than 50 percent of their time for human resource activities such hiring, evaluating, disciplining, and scheduling employees. Human resource management specialists in the HRM department help organizations with all activities related to staffing and maintaining an effective workforce. Major HRM responsibilities include work design and job analysis, training and development, recruiting, compensation, team-building, performance management and appraisal, worker health and safety issues, as well as identifying or developing valid methods for selecting staff. HRM department provides the tools, data and processes that are used by line managers in their human resource management component of their job.

II. NON BANKING FINANCIAL COMPANIES

Non-banking financial companies, are financial institutions that provide banking services, but do not hold a banking license. These institutions are not allowed to take deposits from the public. Nonetheless, all operations of these institutions are still covered under banking regulations. Section 45I of the Reserve Bank of India Act, 1934 defines non-banking financial company as "(i) a financial institution which is a company; (ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner".

III. REVIEW OF LITERATURE

Muhammad Asif Khan (2010) carried out a study entitled “Effect of human resource management practices on organizational performance- An empirical study of oil and gas industry in Pakistan” The study offered empirical support for the existence of a positively and statistically significant influence of HR practices on organizational performance. It found that result indicates statistically significant relationship between recruitment and selection, training and development, performance appraisal, compensation and rewards and employees participation with organizational performance. It reveals that study may include the effect of contextual factors of regulations labor market environment, organizational climate and cultural values and style of leaderships. It may also focus on longitudinal study.

Maheswarareddy & suresh Chandra D. (2011) carried out a study entitled “A Human resource management practices in organizes retailing – A study of selected retailers. From the study it was found that, right from now hire to orientation period, there are many differences in the implementation of HR practices in the selected organized retailers. The satisfaction level of various performance appraisal measures adopted in selected retail outlets showed that the employees are not only favored to the incentives pays but also the healthy environment and close relationship between peers are playing vital role. It reveals that the employees facilitates and proper performance appraisal measure will always encourage the employees to achieve the best. The government should also need to bring revision of existing labour laws and provide flexibility in working hours.

Veeri Chettiararumugam, RovhollaMojahedzadeh (2011) carried out a study entitled “The impact of human resource management practices on financial performance of Malaysian industries. It found that the many factors which are effective factor in improving performance of Malaysian industries namely employees participation, training, job description, career planning, compensation system, selection system and performance appraisal system. It reveals that studies inclusion of few other HRM factors such as supervision, and pay practices as an important factor in relation to job satisfaction and performance.

IV. STATEMENT OF PROBLEM

Many HRM systems and activities are not subjected to systematic measurement. Many organizations do not assess either the short- or long-term consequences of their HRM programs or activities. A recurring theme of the book is that measurement and accountability are key components to organizational effectiveness and competitive advantage. Good measurement, allied with business strategies, will help organizations select and improve all of their HRM activities and provide a much stronger connection between HRM activities and organizational effectiveness.

Hence it is interest to study.

1. What are the HR practices adopted by Non Banking Financial Companies?
2. Whether the employees are satisfied with HR practices of Non Banking Financial Companies?

V. OBJECTIVES OF THE STUDY

The specific objectives of the study are

1. To study the human resource practices followed in non banking financial companies.
2. To ascertain the factors influencing the level of satisfaction of the employees regarding HR practices of Non-banking financial companies.

VI. SIGNIFICANCE OF THE STUDY

The present study is an attempt to assess the HR practices prevailing in Non Banking Financial Companies. It is under taken to analyze the satisfaction of the employees regarding HR practices in Non Banking Financial Companies. The result of the study may be useful to the management for improving the HR practices which in turn may benefit the employees.

VII. RESEARCH METHODOLOGY

The study is basically on primary data collected through interview schedule from 125 employees in Coimbatore District by adopting Convenient sampling techniques. Annual report of the company, articles, magazines, journals and internet form secondary data. Data was analysed using Simple percentage and Chi-Square.

VIII. LIMITATIONS OF THE STUDY

The area of the study is limited to Coimbatore District.

1. The sample size has been restricted to 125 only.
2. Accuracy and validity of the study very much depends on the open mindedness of the respondents.

IX. FINDING OF THE STUDY**Level of Satisfaction**

Employees satisfaction regarding human resource practices of non banking financial companies are analysed with the help of Chi Square test by comparing the association between selected variables and HR practices index. The index range from between 52 – 74. The over all average HR practices index is 63.14. The following paragraphs exhibits the association between the selected variables with the human resource practices in Non Banking Financial Companies.

FACTORE INFLUENCING LEVEL OF SATISFACTION

In order to find the association between the personal variables and the level of satisfaction regarding human resource practices of non banking financial companies, the following hypothesis is formulated.

H0: There exists no association between the personal variables and the level of satisfaction regarding human resource practices of non banking financial companies.

Table 1 Association of Personal Variables and Level of Satisfaction

VARIABLE	LEVEL OF SATISFACTION			TOTAL (n=125)	d.f	X ² VALUE
	LOW (n=15)	MEDIAN (n=98)	HIGH (n=12)			
Area of Residence						
Urban	17.8%(13)	78.1%(57)	4.1%(3)	73	4	15.047*
Semi-Urban	0%(0)	75.0%(21)	25.0%(7)	28		
Rural	8.3%(2)	83.3%(20)	8.3%(2)	24		
Gender						
Male	9.6%(7)	78.1%(57)	12.3%(9)	73	4	2.231
Female	15.4%(8)	78.8%(41)	5.8%(3)	52		
Age						
Upto 25	8.6%(6)	84.3%(59)	7.1%(5)	70	4	8.834
26 – 35	18.0%(9)	72.0%(36)	10.0%(5)	50		
ABOVE 35	0%(0)	60.0%(3)	40.0%(2)	5		
Marital Status						
Married	13.0%(6)	76.1%(35)	10.9%(5)	46	2	0.238
Unmarried	14.4%(9)	79.7%(63)	8.9%(7)	79		
Educational Qualification						
UG	9.5%(6)	85.7%(54)	4.8%(3)	63	2	4.613
PG	14.5%(9)	71.0%(44)	14.5%(12)	65		
Occupation						
Office Staff	22.5%(9)	67.5%(27)	10.0%(4)	40	6	12.592*
Accountant	5.7%(4)	84.3%(59)	10.0%(7)	70		
Manager	0%(0)	80.0%(4)	20.0%(1)	5		
Others	20.0%(2)	80.0%(8)	0%(0)	10		
Nature of Family						
Joint	10.0%(3)	76.7%(23)	13.3%(4)	30		

Nuclear	12.6%(12)	78.9%(75)	8.4%(8)	95	2	0.720
Number of Earning Member in the Family						
1 - 2	13.9%(11)	77.2%(61)	8.9%(7)	79	2	0.823
3 - 4	8.7%(4)	80.4%(37)	10.9%(5)	46		
Gross Monthly Income						
Below Rs10000	18.8%(6)	71.9%(23)	9.4%(3)	32	6	14.704*
Rs 10001 To Rs 20000	12.1%(7)	84.5%(49)	3.4%(2)	58		
Rs 20001 To Rs 30000	0%(0)	82.1%(23)	17.9%(5)	28		
Above Rs 30000	28.6%(2)	42.9%(3)	28.6%(2)	7		
Gross Monthly Income of the Family						
Below Rs 50000	14.0%(7)	84.0%(42)	2.0%(1)	50	6	10.809
Rs 50001 - Rs 100000	17.6%(6)	70.6%(24)	11.8%(4)	34		
Rs 100001 - Rs 150000	6.7%(2)	80.0%(24)	13.3%(4)	30		
Above Rs 150000	0%(0)	72.7%(8)	27.3%(3)	11		
Type of Organisation						
Sole Proprietor	0%(0)	83.3%(10)	16.7%(2)	12	4	2.917
Partnership	0%(0)	100.0%(2)	0%(0)	2		
Company	13.5%(15)	77.5%(86)	9.0%(10)	111		
Period of Services						
Upto2 Years	10.5%(6)	78.9%(45)	10.5%(6)	57	4	8.066
3 - 5 Years	19.1%(9)	76.6%(36)	4.3%(4)	49		
6 - 10 Years	0%(0)	81.0%(17)	19.0%(4)	21		
Methods of Selection						
Employment Exchange	0%(0)	100%(1)	0%(0)	1	10	21.821*
Campus Interview	0%(0)	85.7%(18)	14.3%(3)	21		
Advertisement	10.0%(8)	78.8%(63)	11.3%(9)	80		
Recommendation	43.8%(7)	56.3%(9)	0%(0)	16		
Transfer	0%(0)	100%(1)	0%(0)	1		
Promotion	0%(0)	100%(6)	0%(0)	6		

Sources- Primary Data

*Significant at five percent level

Table 1 reveals that among the personal variables selected there exist a significant association between the variables namely Area of Residence, Occupation, Gross Monthly Income and Methods of Selection whereas there does not exist a association between the variables namely Gender, Age, Marital status, Educational Qualification, Nature of Family, Number of Earning Members in the Family, Gross Monthly Income of the Family, Type of Organisation and Period of Services.

X. SUGGESTIONS

1. Non Banking Financial Companies should give preference to employer.
2. Non Banking Financial Companies should provide quick service to the retiring staffs i.e. to get the PF amount in one settlement.
3. All Employees should be treated equally.

XI. CONCLUSION

In India, there are 12,409 Non-Banking Financial Companies with nearly ten lakhs of employees. Most of the companies follow the usual human resource practice such as recruitment, selection, training, performance appraisal, promotion and transfer. The employees are also provide with safety and welfare and compensation benefit. Factors such as area of residence, nature of family, gross monthly income and methods of selection have significant relationship with human resource practices followed by Non Banking Financial Companies.

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A UTHOR(S) PROFILE



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