

Impact on Corporate Climate in Private Sector Banks in Select Districts

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ABSTRACT

The development of any nation largely depends on its growing economy and sound financial system. In a developing country like India a proficient and effective banking system is considered as the backbone of the economy. Today's business setting is very vibrant and experiences fast changes as an effect of technological innovation, increased cognizance and demands from customers. Especially the banking industry of the 21st century operates in an intricate and modest settings categorized by these changing conditions and highly impulsive economic climate. This sector plays a predominant role in the economic development of a country. The role of private sector banks in strengthening the economy has also increased and they have grown bigger and faster over the two decades since liberalization using the technology, providing monetary tools and techniques and contemporary innovations. The present study makes an attempt to examine the corporate climate in Private sector banks through the corporate climate dimensions which are more pervasive.

Keywords: Corporate climate, Private sector banks, HRD.

INTRODUCTION

Corporate climate determines the employee's perception as well as perspectives of an organisation. The key to the long-term success has been and will remain how organizations manage and keep their employees happy because in the long term it will be the main pillar behind organizational success with consistent results on operations management. It has been empirically proved in many Indian and Western corporate organisations that employee-centered climate and achievement oriented climate ultimately improve corporate performance, and the private sector banking organizations are no exception. The banking activities worldwide are undergoing rapid diversification. Technological changes have become the very essence of the banking sector and the Indian banking sector is also prone to these changes. In order to maintain their status in the competitive environment, banks have to concentrate in developing their human resources. As financial mediators, it has got positive or negative effects of the operations management in banking which are likely to have corresponding effects on the country as a whole and on the individuals as well. The banking sector has been an instrument for the economic development of any nation and its role in a developing country like ours is of vital importance. Indian banking system has emerged as a vibrant sector in the Indian economy. There has been amazing growth in profits in our banking industry over the last two decades.

In any organization, the quality and amount of productivity mainly depends on the skill and interest of its employees. Therefore, every business organization should take the lead for upgrading the skills and knowledge of its employees for the mutual benefit and progress. In this direction "Corporate Climate" which is also known as Organisational Climate, is an essential process for every organization in order, to optimally utilize its human resources and in turn to attain its

designed objectives. Like any other industrial organisation, banking sector is also highly dependent on the quality of “Human Resource Development” (HRD) practices for the motivation of its employees. An effective implementation of HRD activities would result in excellent organizational climate for the people to be competent and productive. Nevertheless, it is not only the implementation of HRD practices but also their review from time to time helps the banking institutions maintain their status in the competitive environment. It is therefore imperative to investigate the extent of the impact of corporate climate in banking industry.

LITERATURE REVIEW

Rani and Singh (2016) examined the employee-management relationship in Indian banking sector. A total sample of 750 employees – 250 from public sector, 250 from private sector and 250 from foreign banks – was considered for the research. Data was collected for 28 variables using a structured questionnaire from different banks located in Haryana, Delhi and Punjab. Factor analysis was employed for data analysis and interpretation. The results indicated that employee counseling, effective communication, discipline and grievance handling mechanisms have a significant impact on employee-management relationships in the Indian banking sector which have a long term impact on the organizational performance.

Chinnadurai (2014) studied the HRM practices in private sector banks situated in Cuddalore District (Tamil Nadu) in India. The author had chosen the following HRM practices for the research – recruitment & selection; training & development; performance appraisal; career development; motivation; compensation management and grievance handling. A sample of 260 officers drawn from 52 private banks (5 officers per bank) was chosen as respondents for the research. Data analysis was undertaken using percentage analysis; one-way ANOVA and t-test. The results concluded that majority of the respondents were satisfied with the overall HRM practices adopted by various private sector banks considered for the study.

Jeet and Sayeeduzzafar (2014) studied the impact of HRM practices on employee job satisfaction among employees in HDFC bank using a case study approach. 52 respondents were contacted to obtain the information regarding HRM practices in HDFC bank using a structured questionnaire. Job satisfaction was considered as the dependent variable while training, performance appraisal, team work, employee participation and compensation were employed as independent variables. Results of regression analysis indicated that except performance appraisal, all the other independent variables exhibited a significant impact on job satisfaction of employees.

Lakkoju (2014) explored the nature and extent of HRM practices prevailing in Indian commercial banking sector through a comparative analysis of State Bank of India (SBI) and Karur Vysya Bank (KVB) in Andhra Pradesh state in India. Analysis was undertaken to assess the perceptions regarding HRM practices by managerial and non-managerial personnel in the banks considered. The number of managerial respondents from SBI was 132 and KVB was 84. Similarly, the number of clerical respondents from SBI was 108 and KVB was 76 resulting in a final sample of 400 respondents. Data analysis was done using ANOVA test. The results of the research concluded that there were significant differences in perception of managerial and nonmanagerial employees in SBI. However, in KVB, it is noticed that good-quality HRM practices prevailed as per the perception of managerial and non-managerial employees.

STATEMENT OF THE PROBLEM

Researchers think that corporate climate is an indirect determinant of behaviour in a shared sense. The individual's perceptions of what are "out there" acts as a moderating or dominant variable between organizational provocations and resulting behaviour. Corporate climate is the key to business success because it impacts attitudes and behaviour of employees. Climate has an important influence on work environment, motivation and training and development of the employees. If the climate is favourable, there would be greater organizational effectiveness and leads to healthy atmosphere. Therefore an attempt has been made to study the corporate climate in Private sectors banks in select districts in India. For the purpose of generalizing the results of this study future research should be replicated in other sectors/industries as well. Taking different demographic variables into consideration is also suggested for future research.

OBJECTIVES OF THE STUDY

The overall objectives of the present study are:

- To identify the determinants of Corporate climate in Commercial banks in the study area.
- To investigate the relationship between the perception of Private sector bank employees regarding overall Corporate climate on the basis of their designation they possessed.
- To suggest suitable measures to improve Corporate climate in private sector banks in the study area.

SAMPLE DESIGN & SAMPLE SIZE

A Multi-stage sampling design was planned for this study. The sample population for the study comprises 150 respondents from 2 Private sector banks namely ICICI Bank and Karur Vysya Bank from select districts. 4 districts are selected for this study from North, East, West and South zones of Tamil Nadu namely Chennai, Coimbatore, Tiruchirappalli and Tirunelveli.

SOURCES OF DATA

A well-structured questionnaire consisting of 50 questions with 8 personal variables and 10 organisational factors was prepared for the purpose of primary data collection from the sample respondents. Secondary data was collected from the annual reports, journals and websites.

TOOLS OF ANALYSIS

Statistical analysis was performed using the SPSS package. The data obtained was analysed using Mean, Standard Deviations and ANOVA.

LIMITATIONS OF THE STUDY

The study was confined to particular branches of ICICI Bank and Karur Vysya Bank in select four districts. The findings of study should not be generalized for all the branches of banks and all the cities. The results may differ in other branches.

ANALYSIS AND DISCUSSION

The analysis of variance (ANOVA) is an important technique in the context of all those situations when the researcher wants to compare more than two samples. ANOVA technique is essentially a procedure by which difference among different groups of data for homogeneity is tested.

DESIGNATION AND CORPORATE CLIMATE PERCEPTION OF EMPLOYEES IN PRIVATE SECTORE BANKS- ONE WAY ANOVA

The perception of Manager (n=17), Sectional Manager (n=12), Assistant Manager(n=30),Officer(n=32),Clerical Staff (n=50),and Sub Staff (n=9)with regard to organizational climate is analysed to test the significance by using ANOVA. The tables below infer the association between designation and organizational climate perception of sample respondents in Private sector banks.

**TABLE NO 1
DESIGNATION AND DETERMINANTS OF CORPORATE CLIMATE IN PRIVATE SECTOR BANKS- F-TEST**

Variables	Sample Group	Sum of Squares	df	Mean Squares	f-value	Significance
Organisational Design	Between Group	157.26	5	31.45	f= 4.679	0.001<0.05 Significant
	Within Group	968.06	144	6.72		
Individual Job Characteristics	Between Group	102.88	5	20.57	f= 2.270	0.051>0.05 Not Significant
	Within Group	1305.49	144	9.06		
Co-Worker Relations	Between Group	480.55	5	96.11	f= 10.629	0.000<0.05 Significant
	Within Group	1302.40	144	9.04		
Work Environment	Between Group	55.65	5	11.13	f= 1.195	0.314>0.05 Not Significant
	Within Group	1340.88	144	9.31		
Senior Management	Between Group	240.94	5	48.18	f= 1.195	0.004<0.05 Significant
	Within Group	1897.65	144	13.17		
Work Processes	Between Group	132.37	5	26.47	f= 2.673	0.024<0.05 Significant
	Within Group	1426.39	144	9.90		
Communications	Between Group	101.25	5	20.25	f= 3.681	0.004<0.05 Significant
	Within Group	792.24	144	5.50		
Technology	Between Group	149.61	5	29.92	f= 3.401	0.006<0.05 Significant
	Within Group	1266.97	144	8.79		
Customer Satisfaction	Between Group	51.97	5	10.39	f= 1.281	0.275>0.05 Not

	Within Group	1168.80	144	8.11		Significant
Career Development	Between Group	85.25	5	17.0	f= 2.718	0.022<0.05 Significant
	Within Group	903.41	144	6.27		

Source: Primary data

The above tables depict that organisational design, co-worker relations, senior management, work processes, communication, technology and career development of Private sector banks statistically significant at 5% level. There is a significant association between designation and the above seven factors. Hence the result states that managers and officers agree to show their high perception with regard to co-worker relationship and organisational design as they are satisfied than that of clerks and sub staff. It shows that officers' cadre have cordial relationship with co-workers and satisfied with the organisational goals, responsibilities and performance appraisal system.

It may be concluded that respondents of managers and officer cadre agree that the corporate climate is good by showing their positive perception.

DESIGNATION OF EMPLOYEES AND THEIR PERCEPTION OF CORPORATE CLIMATE- RESULT

At each level of work, the relationship between the manager and his subordinates, the officers and award staff and among the employees is very important for smooth functioning.

In order to know the association between designation of employees and their perception on corporate climate f-test is applied. To know the validity of the results of f-test, null hypothesis is framed and tested on the below table:

NULL HYPOTHESIS(HO):

There is no association between designation and the perception of employees towards corporate climate dimensions.

ALTERNATIVE HYPOTHESIS(HA):

There is an association between designation and the perception of employees towards corporate climate dimensions.

**TABLE NO 2
ONE-WAY ANALYSIS BASED ON THE RESPONDENTS DESIGNATION AND THEIR PERCEPTION OF CORPORATE CLIMATE- RESULT**

Sl. No.	Dimensions	Statistical Inference
1	Organisational Design	P<0.05 Rejected
2	Individual Job Characteristics	p>0.05 Accepted
3	Co-Worker Relations	P<0.05 Rejected

4	Work Environment	p>0.05 Accepted
5	Senior Management	P<0.05 Rejected
6	Work Processes	P<0.05 Rejected
7	Communications	P<0.05 Rejected
8	Technology	P<0.05 Rejected
9	Customer Satisfaction	p>0.05 Accepted
10	Career Development	P<0.05 Rejected

Source: Primary data

It is clear from the above table that there is no significant difference between designation and organisational climate perception of private bank employees in relation to three dimensions such as individual job characteristics, work environment and customer satisfaction. Hence null hypothesis is accepted. From the results it may be concluded that private bank employees are satisfied with the work environment and feedback of customers. It may also be understood that there is a contrary opinion and they showed their satisfaction level differently in case of organisational design, co-worker relations, senior management, communication and technology.

It may be concluded that the management of private sector banks should pay more attention on organisational goals, responsibilities and performance appraisal system, treatment by senior management, effective communication system and upgradation of technology. It may also be understood that employees suggestions also to be considered in these above aspects.

SUGGESTIONS

- Superiors at the various levels of management need to be fair and consistent while implementing policy decisions relating to promotion and transfer.
- The essential imperative for enhancing work climate is that the senior managers must personally initiate transformational practices to reinforce a new work climate.
- Completion of work must be done at regular intervals which will help superiors have a check over the subordinates and maintain a healthy atmosphere in the organisation.
- Private sector banks must take measures to improve the interpersonal communication to receive needed information to perform the getting suggestions from peers and effective face to face meetings.
- Banks must focus on up gradation of technology and provide opportunities to employees to learn new skills for improving their knowledge.
- Private sector banks pay more attention on compensation training recognition and performance feedback.

CONCLUSION

A sound climate is a long-run scheme. Corporate climate is becoming more important than ever before because organizations need to ensure that those individuals who add value should stay in the

organization and continue pouring their efforts into their work to benefit the organizations. Access to banking system has also improved over the years due to persistent government efforts to promote banking-technology and promote expansion in unbanked and non-metropolitan regions. At the same time India's banking sector has remained stable despite global upheavals, thereby retaining public confidence over the years. In 2016-17, the aggregate total income of the 68 profiled banks stood at Rs 11.5 trillion, reflecting a 6.7 per cent growth. The total income of private sector banks grew by a healthy 15.8 per cent during the year, as against a modest growth in public sector banks (3 per cent) and foreign banks (5.8 per cent). At present the organisational climate is at satisfactory level, which is an appreciable factor in Private sector banks. The determinants 'co-worker relationship', 'treatment by senior management' and 'technology' are the areas to be focused upon immediately to improve the level of organisational climate. Thus providing a favourable organisational climate for the employees helps to produce their very best which will improve efficiency in the organisation.

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