

# Comparative Study on Human Resource Management Practices in Banking Sector

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## Abstract

Bank is an economic institution whose main aim is to earn profit through exchange of money & credit instruments. It is a service oriented as well as profit-oriented organization. To perform those two functions simultaneously, the bank divides its operation into several parts. Human Resources Management (HRM) is the most important part of a Bank. This study intends to address how HRM planning and practices are implemented, what are the possible divisions and work distribution in an HRD, recruitment process, training and development initiatives, how to keep employees motivated as well as how to control insubordinations, compensation and benefits planning, how to lead etc. A quantitative approach has been used to achieve the objectives. Primary data have been collected from employees of Mutual Trust Bank Limited as well as Dhaka Bank Limited for comparative study. This study reveals that HR practices of both banks are planned, organized and satisfactory but the satisfaction of the employees is varied in terms of banks and criteria. This study found that Human Resources (HR) team of selected Bank is completely organized and well reputed team. The findings of this study will be useful for designing any further study to evaluate the HR facilities provided by the Bank.

## Keywords

HRM Practices, Employee Turnover, Job Satisfaction, Governance, Bangladesh

Received: July 5, 2019 / Accepted: October 7, 2019 / Published online: October 23, 2019

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## 1. Introduction

In this age of modern globalization, the importance of banking is beyond description. Banking sector is going ahead with the improvement of new technologically and innovation [1, 2]. Introduction to modern technology has made banking sector user friendly and more competitive [3, 4]. The banks of Bangladesh are not lagging behind in this regard. Banking is one the most competitive industries of Bangladesh that has seen a huge amount of growth during

the last decade [5, 6]. A large number of new banks have made their places in the industry and yet there are more to register in the list. In this modern era of business, banking activities have spread out in many areas like merchant banking, share trading, giving lease and so on [7, 8]. In such a highly competitive service industry, the importance of customer satisfaction cannot be de-emphasized [9]. The HRM an organization most important HR planning activity [10]. The basic purpose of HRM is to ensure a sufficient pool of applicants from which the most qualified individuals may be selected [11]. Effective development is

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important because sufficient number of qualified applicants is needed to ensure that selection can be successfully accomplished [12, 13].

The main objective of banks is to maintain higher profitability by maintaining circular and efficient flow of amount of money deposited by the customers and the lenders [14, 15]. Banks contribute to the economic cycle by keeping the money circulation among households, government and corporate businesses [16]. The commercial banks lend money to the economic agents through their various products and services by earning interest income on the borrowed money [17, 18]. Commercial banks design their short term and long-term loans and other products to cater to the need of customers while enhancing their own returns [19]. Their objective is to attract more customers and build profitable relationships with the new and existing customers [20]. Another objective of a bank is to lower transaction costs, lower information costs, create liquidity, and to diversify people's money in a way they could not do on their own [21]. Banks play an important and active role in the economic development of a country [22]. If the banking system in a country is effective, efficient and disciplined, it brings about a rapid growth in the various sectors of the economy [23].

Any academic course of the study has a great value when it has practical application in the real life. Only a lot of theoretical knowledge will be little important unless it is applicable in the practical life [24]. So, we need proper application of our knowledge to get some benefit from our theoretical knowledge. To make it more fruitful when we engage ourselves in such field to make proper use of our theoretical knowledge in our practical life, only then we come to know about the benefit of the theoretical knowledge. Such an application is made possible through practical activities. When theoretical knowledge is obtained from a course of study it is only the half way of the subject matter [25]. Practical working shows the full application of the methods and procedures through rich acquired knowledge of subject matter can be fruitfully applied in our daily life [26]. Such a procedure of practical application is shown in this study. The main objective of this study is to explore the HR practices in the commercial banks of Bangladesh and job satisfaction level of the employees.

## 2. Methodology

This is basically an observatory study of HRM Planning in an Organization: A Comparative Study on Banking Sector of Bangladesh'. In addition to that, the author has interviewed some key personnel to gain valuable insight about other department.

### 2.1. Sampling Method

I have used convenient sampling method among the employees while they were taking services from of commercial bank.

### 2.2. Sampling and Data Collection

Employees of selected commercial bank are the target population. For this study, I have taken sample size from 100 respondents. The data used to furnish this study has been collected from the Primary sources & secondary sources. The "primary sources" are personal interview with employees of the organizations and discussion familiar persons working in these organizations. Secondary sources are published documents of Mutual Trust Bank Ltd, Dhaka Bank Ltd and Bangladesh Bank.

### 2.3. Analysis of Data

Different types of computer software are used for reporting the gathered information from analysis, such as Microsoft Word, Microsoft Excel, and Microsoft Power Point. Data are analyzed using my own judgment.

## 3. Results and Discussion

The results of the survey done among the employees in Mutual trust bank Ltd. and Dhaka bank Ltd. bank are depicted below with pie charts.

### 3.1. Organization Places Right Person in the Right Job

Most of the employees of MTBL Moderately agree that the Organization places right person. So, most of the employees are satisfied with right person job. The majority of the employees of Dhaka bank moderately agree that the Organization places right person.

**Table 1.** Comparative position of organization places right person in the right job.

Criteria of measurement	Mutual Trust Bank Ltd		Dhaka Bank Ltd.	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	20	20.0	20	20.0
Moderately Disagree	20	20.0	10	10.0
Neutral	10	10.0	0	0.0
Moderately Agree	40	40.0	50	50.0
Strongly Agree	10	10.0	20	20.0
Total	100	100.0	100	100.0

### 3.2. Salary Structure Justification

Most of the employees of MTBL Strongly agree that the Salary structure. The majority of the employees of Dhaka Bank Strongly agree that the Salary structure.

**Table 2.** Comparative position of salary structure justification.

Criteria of measurement	Mutual Trust Bank Ltd		Dhaka Bank Ltd.	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	0	0.0	10	10.0
Moderately Disagree	10	10.0	10	10.0
Neutral	20	20.0	0	0.0
Moderately Agree	20	20.0	20	20.0
Strongly Agree	50	50.0	60	60.0
Total	100	100.0	100	100.0

### 3.3. Working Environment

Most of the employees of MTBL Moderately disagree that the working environment is not supportive. The majority of the employees of Dhaka Bank Strongly agree that the working environment supportive.

**Table 3.** Comparative position of salary structure justification.

Criteria of measurement	Mutual Trust Bank Ltd		Dhaka Bank Ltd.	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	10	10.0	10	10.0
Moderately Disagree	50	50.0	20	20.0
Neutral	0	0.0	10	10.0
Moderately Agree	20	20.0	10	10.0
Strongly Agree	20	20.0	50	50.0
Total	100	100.0	100	100.0

### 3.4. There Is Enough Scope of Growth and Employment in My Position

Most of the employees of MTBL Moderately disagree that the enough scope of growth not satisfactory. The majority of the employees of Dhaka Bank Moderately Agree that the enough scope of growth is satisfactory.

**Table 4.** Comparative position of salary structure justification

Criteria of measurement	Mutual Trust Bank Ltd		Dhaka Bank Ltd.	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	10	10.0	10	10.0
Moderately Disagree	40	40.0	20	20.0
Neutral	20	20.0	0	0.0
Moderately Agree	20	20.0	60	60.0
Strongly Agree	10	10.0	10	10.0
Total	100	100.0	100	100.0

### 3.5. The Pension Plan/Gratuity/Provident Fund Is Satisfactory

Graph shows that most of the employees of MTBL Moderately Agree that the pension plan/gratuity/ provident fund is satisfactory. The majority of the employees of Dhaka Strongly agree that the pension plan/gratuity/provident fund is satisfactory

**Table 5.** Comparative position of salary structure justification.

Criteria of measurement	Mutual Trust Bank Ltd		Dhaka Bank Ltd.	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	10	10.0	10	10.0
Moderately Disagree	00	0.0	10	10.0
Neutral	10	10.0	00	0.0
Moderately Agree	70	70.0	20	20.0
Strongly Agree	20	20.0	60	60.0
Total	100	100.0	100	100.0

### 3.6. Supervisors/Bosses Behave Properly

Most of the employees of MTBL Moderately agree that the Supervisors/bosses behave properly is satisfactory. The majority of the employees of Dhaka Bank Moderately agree that the Supervisors/bosses behave properly is satisfactory.

Table 6. Comparative position of salary structure justification.

Criteria of measurement	Mutual Trust Bank Ltd		Dhaka Bank Ltd.	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	20	20.0	20	20.0
Moderately Disagree	0	0.0	10	10.0
Neutral	20	20.0	0	0.0
Moderately Agree	50	50.0	40	40.0
Strongly Agree	10	10.0	30	30.0
Total	100	100.0	100	100.0

### 3.7. Developed Stress Management Skills

Graph shows that most of the employees of MTBL Moderately agree that the Developed stress management skills are satisfactory. The majority of the employees of Dhaka Bank Moderately agree that the Developed stress management skills are satisfactory.

Table 7. Comparative position of salary structure justification.

Criteria of measurement	Mutual Trust Bank Ltd		Dhaka Bank Ltd.	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	00	0.0	00	0.0
Moderately Disagree	10	10.0	10	10.0
Neutral	20	20.0	20	20.0
Moderately Agree	50	50.0	50	50.0
Strongly Agree	20	20.0	20	20.0
Total	10	100.0	100	100.0

## 4. Discussion

Most of the employees of MTBL Moderately agree that the Organization places right person. So, most of the employees are satisfied with right person job. Graph shows that most of the employees of Dhaka bank moderately agree that the Organization places right person. Most of the employees of MTBL Strongly agree that the salary structure. The majority of the employees of Dhaka Bank Strongly agree that the Salary structure. Most of the employees of MTBL Moderately disagree that the working environment is not supportive. Graph shows that most of the employees of Dhaka Bank strongly agree that the working environment supportive. Most of the employees of MTBL Moderately disagree that the enough scope of growth not satisfactory. The majority of the employees of Dhaka Bank moderately agree that the enough scope of growth is satisfactory. Most of the employees of MTBL Moderately agree that the pension plan/gratuity/provident fund is satisfactory. Graph shows that most of the employees of Dhaka Strongly agree that the pension plan/gratuity/provident fund is satisfactory. The majority of the employees of MTBL Moderately agree that the Supervisors/bosses behave properly is satisfactory. Most of the employees of Dhaka Bank Moderately agree that the

Supervisors/bosses behave properly is satisfactory. The majority of the employees of MTBL Moderately agree that the developed stress management skills are satisfactory. Most of the employees of Dhaka Bank Moderately agree that the developed stress management skills are satisfactory.

## 5. Conclusion and Recommendation

This study tried to find out the employees’ reaction about HRM Planning system of Dhaka Bank & MTBL. Most of the employee is satisfied about their HRM process. And employee of these Banks believes that training increase employees’ job skills and training reduce employee turnover. I also found out Employees’ beliefs, feelings, behavior and their satisfaction level about these banks. The required Banks can exploit any opportunity in the banking sector. Since its establishment it is rendering its services with qualified and knowledgeable staff. The environment of these Banks is very modernized and friendly. The staffs are specialized in their respective fields. Each of them works on their own and there is supervision from the top. The motivation of the staff, I believe comes from the very sense of responsibility. Each member is individually responsible for his or her work. The required Banks with their futuristic vision has the prospect to

bring out the change and revolution in the banking sector of Bangladesh. All that the bank has to do is to work with the marketing policy of the bank. It is expected that those Banks will take the initiative to bring out the new dimension in banking sector. Therefore, it will contribute to industrial development of the country as well as to the growth of national GDP. The bank with its growing performance will help to reduce unemployment in the country. To sum up it can be said that these Banks are futuristic bank which desires everyone's co-operation today to build up well development tomorrow.

The study suggests following recommendations:

- a) The Human Resource Department of these banks must introduce technology to conduct their functions like recruitment, Selection, Hiring and so on.
- b) Training is a part of the organization to achieve the goal. Some of the employees do not understand the importance of training. First of all, the Bank should create knowledge among the employees so that they can understand the importance of training.
- c) Now a day's technology is essential to cope with the modern world. So the banks should increase arranging those training program through which the employees can increase their technological knowledge.
- d) Banks should hire skilled people for HR department. So that they can conduct need analysis properly to select the right person for training.
- e) The banks should increase their training budget. Because without increasing training budget the banks would not be able to introduce modern technology in their training system.

## Funding

This study received no external funding.

## Conflicts of Interest

The authors declare no conflict of interest.

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