

An empirical study of employee productivity of selected public & private sector banks in India

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Abstract

Today service sector is growing very fast in India. Banking is one of the major and important parts of Service Sector in India. In any service sector, employees and their higher efficiency is very important to achieve higher productivity. Therefore, it is very important to study the employee productivity of Banks. Productivity means the ratio of output to input. Productivity is the quantitative relationship between what is ultimately produced or outcome and what is used in the process. Employee's productivity means the capacity of employees to produce maximum output with the use of available input and efforts. There are numerous benefits of high employee's productivity like, Employees feel job satisfaction, increases of job involvement, development of sense of commitment and loyalty, increases in salaries, banks or business organizations also get good business & profit and that will ultimately increase the reputation of concerned banks or business organization in the Market.

Keywords: Employee Productivity, Business per employee, profit per employee

1. Introduction

Service sector is growing very fast in India. Banking is one of the major and important parts of Service Sector in India. Today, cut throat competition is prevailing in each and every sector of the economy and banking sector is not an exception in it. To survive and to remain competitive in this environment, it is very important to focus on the productivity and efficiency of employees. Higher productivity means getting more output or final outcome by using available or less input and low productivity means getting less output or final outcome by using more input. Low productivity is one of the big problems in most of the industry. If we keenly concentrate or focus to improve productivity, then it will increase national income, per capita income and improve overall living standard of public in general and employees in particular.

Productivity in the Banking sector can be measured or gauged in three major areas i.e. capital productivity, employee productivity and Branch Productivity. The present study has been focused on employee productivity. For the purpose of present study, following employee productivity criteria or ratios is considered for this parameter:

1. Business Per Employee
2. Profit Per Employee

2. Objectives

Following two objects are considered in the present study:

- Employee Productivity by Business by employee during research period of the selected public sector and selected private sector banks in India.

- Employee Productivity by Profit by employee during research period of the selected public sector and selected private sector banks in India.

3. Research Methodology

The present study is concerned with the Indian banking system. For this study, five public sector banks and five private sector banks have been selected. The study is based on secondary data for a period of five years, 2007-08 to 2011-12. The required data have been collected from the various issues of Banking Statistics, published by the Reserve Bank of India on RBI website.

To compare the performance of selected banks, ratio analysis as an accounting tool while F-Test ONE WAY ANOVA as a statistical tools is used.

The following ratios are analysed to examine the Employee Productivity or performance of the study:

- (1) Business Per Employee
- (2) Profit Per Employee

3.1 Business per Employee

Following table highlights the business per employee of selected banks, which depicts the capacity of employee to produce the business.

3.2 Formula

Business per employee = $\frac{\text{Business}}{\text{No of Employees}}$
(Business = Deposits + Advances)

Table 1: Business Per Employee Ratio (Rs. In Millions)

Name of Bank	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL	AVG.	RANK
SBI	53.24	62.39	71.69	75.84	88.7	351.86	70.37	8
PNB	51.04	66.53	76.34	104.49	108.38	406.78	81.36	7
BOB	69.44	92.11	109.12	135.61	162.19	568.47	113.69	2
BOI	64.97	82.83	100.38	128.68	136.52	513.38	102.68	4
UNION BANK	65.56	81.08	98.36	127.39	129.95	502.34	100.47	5

ICICI	115.53	126.21	108.7	164.12	87.38	601.94	120.39	1
HDFC	43.92	45.87	56.51	66.11	66.91	279.32	55.86	9
AXIS	99.93	96.46	113.51	125.9	122.83	558.63	111.73	3
KOTAK	35.3	39.22	50.73	56.34	61.89	243.48	48.70	10
INDUSIND	110.95	89.11	87.8	86.37	82.36	456.59	91.32	6

Source: www.RBI.org.in.

3.3 Analysis

Highest Business per Employee is generated by ICICI BANK which is 120.39 million Rs. which is followed by BOB with Rs. 113.69 Million Rs., five out of ten banks is having more than 100 millions of Rs. Business per Employee during

research period. HDFC and KOTAK MAHINDRA Bank are having lowest Business per Employee which is nearer to 50 Million Rs. during Research period. Higher business shows higher employee productivity & efficiency.

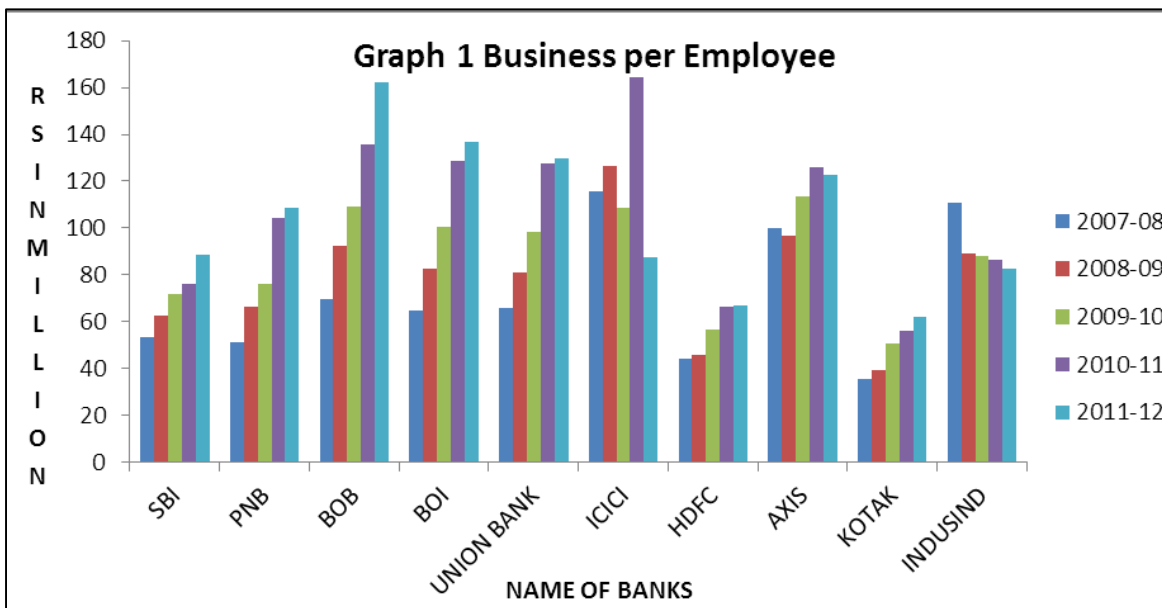


Fig 1

By observation of the graph of selected banks it shows business per employee for five years. Out of ten Banks five banks is having average business per employee above 100 million Rs. while only HDFC and KOTAK Bank shows lowest Business per employee during research period. Highest business per employee is generated by ICICI BANK which is 120.39 (Average) million Rs. which is followed by BOB with Rs.

113.69 (Average) Million.

3.4 Statistical Analysis

H₀: All the selected Banks have equal Business per employee in Millions Rs.

H₁: All the selected Banks have unequal Business per employee in Millions Rs.

Table 2: "F"-Test One Way Anova For Business Per Employee In Millions Rs.

Source of Variation	Sum of Square	Degree of Freedom	Mean Sum of Square	F _c	F _t
B.S.S.	27794.65838	9	3088.295375	5.98333083	2.124029
W.S.S.	20645.99444	40	516.149861		
T.S.S.	48440.65282	49			

F" test indicates that the Calculated value of F = 5.98333083 and tabular value of F = 2.124029 at 5 % level of significance. The Calculated value of F is greater or more than table value of F (F_c > F_t). So, the null hypothesis has been rejected and alternative hypothesis has been accepted. It means all the selected banks have unequal or different Business per Employee.

(1) Profit per Employee

As a gauge of personnel productivity, this indicator simply

measures the amount of profit generated per employee. The higher the profit figures, the better is the productivity & efficiency of employees and management. Here again, labour-intensive businesses (ex. mass market retailers) will be less productive in this metric than a high-tech, high product-value manufacturer.

3.5 Formula

Profit per Employee= Net Profit/No. Of Employees

Table 3: Profit Per Employee Ratio (Rs. In Cr)

Name of Bank	2007-08	2008-09	2009-10	2010-11	2011-12	Total	Avg.	Rank
SBI	0.04	0.04	0.05	0.04	0.05	0.22	0.044	10
PNB	0.04	0.06	0.07	0.08	0.08	0.33	0.066	4
BOB	0.04	0.06	0.08	0.11	0.12	0.41	0.082	3
BOI	0.05	0.07	0.04	0.06	0.06	0.28	0.056	9
UNION BANK	0.05	0.06	0.07	0.08	0.06	0.32	0.064	5
ICICI	0.1	0.11	0.11	0.19	0.11	0.62	0.124	1
HDFC	0.04	0.04	0.06	0.07	0.08	0.29	0.058	7.5
AXIS	0.07	0.09	0.12	0.13	0.13	0.54	0.108	2
KOTAK	0.03	0.03	0.06	0.08	0.09	0.29	0.058	7.5
INDUSIND	0.03	0.03	0.07	0.08	0.09	0.3	0.06	6

Source: www.RBI.org. in.

3.6 Analysis

The above table shows that highest profit per employee is shown by ICICI Bank which is followed by AXIS Bank and three public sector banks BOB, PNB & UNION BANK, while SBI shows lowest average during the research period. Higher profit show higher employee productivity & efficiency.

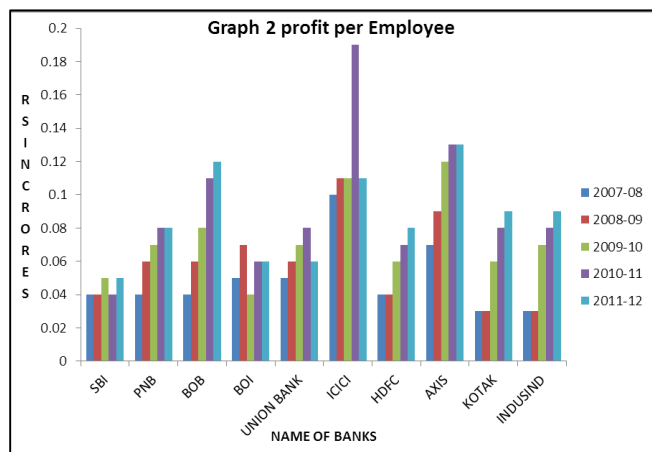


Fig 2

By observation of the graph of selected banks it shows profit per employee for five years. it shows that ICICI Bank is showing high profit per employee during research period in compare to other banks. AXIS, BOB, PNB & UNION BANK followed to ICICI while SBI stood at last position during research period with an average of 0.044. Higher the profit better is the performance from the view point of employee productivity.

3.7 Statistical Analysis

H₀: All the selected Banks have equal Profit per Employee in Cr. Rs.

H₁: All the selected Banks have unequal Profit per Employee in Cr. Rs.

Table 4: “F”-Test One Way Anova For Profit Per Employee In Cr. Rs.

Source of Variation	Sum of Square	Degree of Freedom	Mean Sum of Square	F _c	F _t
B.S.S.	0.02888	9	0.003209	5.649452	2.124029
W.S.S.	0.02272	40	0.000568		
T.S.S.	0.0516	49			

“F” test indicates that the Calculated value of F = 5.649452 and tabular value of F = 2.124029 at 5 % level of significance. The

Calculated value of F is greater or more than table value of F (F_c > F_t). So, the null hypothesis has been rejected and alternative hypothesis has been accepted. It means all the selected banks have unequal or different Profit per Employee in Cr. Rs.

4. Conclusion

From this study it is concluded that employee of each selected banks is having an unequal business as well as an unequal profit during research period, that may due to place of the branch as well as establishment period is affecting on the productivity of the respective employee. Hence, it is concluded that business & profit per employee are variable factor.

5. References

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