

THE IMPACT OF HUMAN RESOURCE MANAGEMENT FUNCTION ON EMPLOYEE PERFORMANCE IN THE BANKING SECTOR, A STUDY OF NIGERIA

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Abstract: Lack of employee performance lead to failures of organizations (Cho and Pucik, 2015). The study is fruitful as it can successfully gain the attention of those employees in banking sector towards the importance and influence of HRM on their level of performance. The findings will suggest that a combination of inclusive training and development policies and a comprehensive performance appraisal system will have improved the employee performance. The survey should be conducted among the employees from time to time to evaluate their level of performance with the current practices and line managers should be involved in the process of designing or modifying the HRM practices.

Keywords: employee performance, banking sector, HRM practices.

1. INTRODUCTION

1.1 INTRODUCTION

Chapter one starts with the background of the study, problem statement, hypothesis development and framework. Later on it also discusses the significance and limitations. The major purpose of the study is to find the impact of compensation and benefit, work-life policies, performance appraisal, training and development on the employee performance.

1.2 BACKGROUND OF THE STUDY

Business world is becoming more competitive with rapid change over the years; it is more unstable and unpredictable. Nevertheless, manufacturing sector has to discover and maintain its competitive advantage besides transform into creative and innovative. This can be done by focusing on HRM practices which deals with human resource capital (Sparrow, Schuler, & Jackson, 2016). Human resource is recognized as the most important element in running a business as organizational performance including profitability is heavily dependent on employee performance (Mello, 2015). Apart from the size and nature of business, the behavior and decision of the employee was reported as the deciding factor for the success in running an organization. Hence, many successful organizations acknowledge the urgency to employ human resource practices in performance evaluation since the employee performance is improved eventually if the HR practices were improved. Caliskan (2016) suggested that HR practices of an organization can be its competitive advantage. This is because the human capital can be used to improve 4M which are material, machine, money and methods and the most critical reason is that human resources vary among organizations; it is unique and inimitable (Shaukat, Ashraf, & Ghafoor, 2018).

According to Zheng and Lamond (2018), inefficiency of Human Resource Management Practices is the most significant determinant of employee performance. Besides that, HR practices are also concluded to have positive correlation with employee's performance (Qureshi et.al. 2017). There are many researchers conducted systematic studies to investigate the relationship between HRM practices and employee's performance and most of them found out that the impact of HRM practices on employee's performance is remarkable (Arthur 2014). According to Boselie et.al. (2015), there were 104 research studies considered HRM as a set of employee management practices. However, many of the previous studies examined the impacts of HRM practices on employee performance among teachers and those who work in banking industry.

1.3 PROBLEM STATEMENT

The study is fruitful as it can successfully gain the attention of those employees in banking sector towards the importance and influence of HRM on their level of performance. The findings will suggest that a combination of inclusive training and development policies and a comprehensive performance appraisal system will have improved the employee performance. The survey should be conducted among the employees from time to time to evaluate their level of performance with the current practices and line managers should be involved in the process of designing or modifying the HRM practices. In addition, government should enforce standardized, consistent and uniform policies in all business sectors, agencies or subsidiaries in practicing HRM policies. Government agencies like Small and Medium Industries Development Corporation, and other government agencies should create better awareness of the benefits of HRM practices to encourage higher level of employee performance in the business organization (Qureshi et.al. 2017).

1.4 OBJECTIVES OF THE STUDY

RO1: To determine the impact of compensation and benefit on the employee performance.

RO2: To determine the impact of work-life policies on the employee performance.

RO3: To determine the impact of performance appraisal on the employee performance.

RO4: To determine the impact of training and development on the employee performance.

1.5 RESEARCH QUESTIONS

RQ1: Does compensation and benefit affect the employee performance?

RQ2: Does work-life policies affect the employee performance?

RQ3: Does performance appraisal affect the employee performance?

RQ4: Does training and development affect the employee performance?

1.6 Scope of the Study

The scope of the study is to assess the adoption of human resource management frameworks in both employee performance, it will also be opened to all banking sector. The researcher will limit the scope of the research by selecting particular human resource management, employee performance and banking sector theory. This is because the researcher believes that human resource management, human resource management and employee performance are functional in banking sector. So, concentrating on the banking sector bring some sought of employee performance, the population of respondents was from the Performance appraisal, perceived learning and Employee performance

1.7 SIGNIFICANCE OF THE RESEARCH

The study will enhance the fact that HRM practices generate positive impact on employee performance in the organization. Based on the findings of this empirical research, training and development has the strongest impact on employee performance, followed by performance appraisal. The current study will provide employer sufficient evidence for the human resource department of the organization in designing the best suitable solutions for improving the employee performance. Nevertheless, the immediate solutions might not applicable for long term objective in talent management because the employees' performance is heavily influenced by ability, motivation and opportunity which are changing rapidly with development of technology.

On top of that, the direction of organization, the internal policy and external competitive environment of the business also influence the expectation of employees. It is very important for the organization to take note that enhancing employee performance using HRM process is a big issue for the development of an organization especially it might bring destructive effects to the organizational efficiency if it was not properly designed and implemented.

2. LITERATURE REVIEW

2.1 INTRODUCTION

Chapter two starts with the hypothesis development and discusses the relationship of independent variables with the dependent variable. The independent variables are compensation and benefit, work-life policies, performance appraisal and training and development activities. Further it discusses the literature review related to all the variables.

2.2 Compensation and benefit with Employee Performance

The achievement and the survival of any association are dictated by the manner in which the laborers are redressed. The reward framework and spurring motivations will decide the dimension of employees' commitment and their mentality to work (Fareed et al.,2018). Incidental advantages are types of backhanded remuneration given to a worker or gathering of representatives as a piece of hierarchical enrollment. Farooqui and Nagendra (2015) characterized them as that piece of the absolute reward bundle gave to workers notwithstanding base or execution pay. Incidental advantages center around keeping up (or improving) the personal satisfaction for representatives and giving a dimension of assurance and money related security for laborers and for their relatives. Like base pay designs, the significant target for most authoritative periphery pay programs is to draw in, hold and spur qualified, equipped representatives (Kabak et al.,2016). The undeniable reward practice ought to be done by the disentanglement of the association between the given reward and the extra exertion (Farooqui and Nagendra, 2014). There likewise have been alerts about the rewards_ ways oversaw inside the reward framework. In such manner, Kabak et al. (2016) also recommended that to accomplish positive persuasive properties, the associations circulated motivating force rewards must be execution subordinate. To be sure, supervisors who endeavor to run a reasonable remunerating framework appear to be more prosperous in execution as opposed to the individuals who compensate in an out of line way (Bernal, 2018).

2.3 Work-life policies with Employee Performance

Work and family are most important parts in human life that are not easily separated. When trying to balance between the work and family, the employees often end with conflict and dilemma in giving priority to both career and family. The incompatible of demand between career and family seem to create a personal pressure to the employees. More often than not, conflict tends to create pressure to the employees as they try to balance the two roles that need to be performed simultaneously (Gornick & Meyers, 2018). Work-family conflicts are a common source of stress and have been linked to employees' health and family functioning, as well as labor market decisions and fertility decisions (Gornick & Meyers, 2018). Stress has the implications for the individual as well as the organization and it can no longer be considered merely as the individual manager's problem (Menon and Akhilesh, 2017). It is now generally accepted that prolonged or intense stress can have a negative impact on an individual's mental and physical health. When trying to balance work and family responsibilities, many workers experience conflict between these two roles (Day and Chamberlain, 2016).

2.4 Performance Appraisal with Employee Performance

Managers use the performance appraisal system to enable employees to reach their organizational goals efficiently and effectively and thus maximize their potential. Performance assessment is the key tool through which staff performance can be successfully monitored. The research reveals a correlation between performance appraisal, employee wages and compensation and employee performance where these factors (favourable wages and compensation) strengthen the employee's commitment to the organization. (Gingrico et al. 2017). Foot and Hook (2018) argue that employees must be involved in assessments, be in agreement with organizational goals, identification and integration of organizational goals with individual goals. The researcher considers performance management processes as an ongoing process of negotiation between management and staff that calls for effective communication between them to achieve organizational goals (Acuff, 2018).

The process of assessing the performance of employees is an important process because it helps management understand employees within the complex organization. Furthermore, non-practical assessment structures tend to lead to frustration, discomfort and non-use. Similarly, systems that are not specifically related to the employee tasks have wasted resources and time. In fact, most successful evaluation mechanisms identify and evaluate only critical behaviors that contribute to job success (Mwema & Gachunga, 2016).

2.5 Training and Development with Employee Performance

Quick worldwide and innovative improvement are now the source of confronting new changes for firms and creating difficulties which formed capacities and capabilities required to play out specific errands. All firms independent of size and market, endeavor to improve the performance of the workers through various techniques among others off the activity & on the activity training and development (Landa, 2018). Training is done when there are pointers for preparing need as shown by creation records, number of mishaps, extension of activities, reversal of new innovation and advancements (Dabale et. al, 2014).

The requirement for staff training is quickened by the hole between the genuine training of the worker with the ideal execution required by the firms. So as to get ready specialists to carry out their responsibility as wanted, associations give training as to enhance their employees’ potential (Nassazi, 2018). The majority of the organizations, by applying long haul arranging, put resources into structure new abilities of their representatives, empowering them to adapt to the unsure conditions that they may look in future subsequently for improving their execution (Nassazi, 2018).

2.6 CONCEPTUAL FRAMEWORK

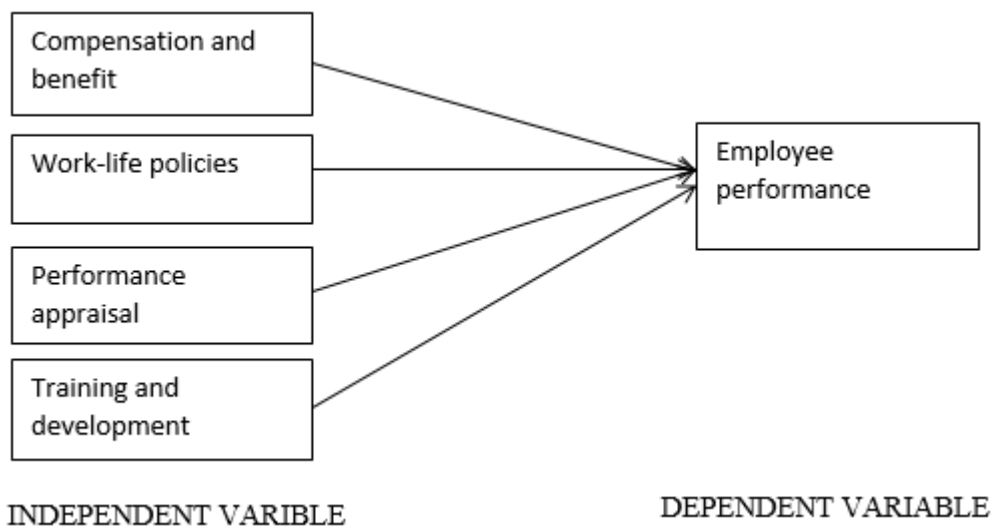


Figure 1

2.7 HYPOTHESES

- H1: There is a positive relationship between compensation and benefit and employee performance.**
- H2: There is a positive relationship between work-life policies and employee performance.**
- H3: There is a positive relationship between performance appraisal and employee performance.**
- H4: There is a positive relationship between training and development and employee performance.**

3. METHODOLOGY

3.1 Introduction

Chapter three discusses the research process in detail and discusses the type of philosophy used in this study. Further it discusses the research type and choice. This study is quantitative and based on primary data. This study uses the 5-point likert scale questionnaire to collect the data.

3.2 Research Design

The research methodology chapter explains that was used to assembler/collect data for this study. Research design is an important step to complete research. Quantitative research design is used in this current study and method used for data collection was survey questionnaire.

3.3 Realism

Realism research philosophy relies on the idea of independence of reality from the human mind. This philosophy is based on the assumption of a scientific approach to the development of knowledge. Realism can be divided into two groups: direct and critical. Direct realism, also known as naive realism, can be described as “what you see is what you get”. In other words, direct realism portrays the world through personal human senses. Critical realism, on the other hand, argues that humans do experience the sensations and images of the real world. According to critical realism, sensations and images of the real world can be deceptive and they usually do not portray the real world.

3.4 Interpretivism

Interpretivism, also known as interpretivist involves researchers to interpret elements of the study, thus interpretivism integrates human interest into a study. Accordingly, “interpretive researchers assume that access to reality (given or socially constructed) is only through social constructions such as language, consciousness, shared meanings, and instruments”. Development of interpretivist philosophy is based on the critique of positivism in social sciences. Accordingly, this philosophy emphasizes qualitative analysis over quantitative analysis.

Interpretivism is “associated with the philosophical position of idealism, and is used to group together diverse approaches, including social constructivism, phenomenology and hermeneutics; approaches that reject the objectivist view that meaning resides within the world independently of consciousness”. According to interpretivist approach, it is important for the researcher as a social actor to appreciate differences between people. Moreover, interpretivism studies usually focus on meaning and may employ multiple methods in order to reflect different aspects of the issue.

3.5 Positivism (Philosophy of This Study)

It has to be acknowledged that the positivism research philosophy is difficult to be explained in a precise and succinct manner. This is because there are vast differences between settings in which positivism is used by researchers. The number variations in explaining positivism may be equal to the number of authors who addressed the area of research philosophy. Nevertheless, in its essence, positivism is based on the idea that science is the only way to learn about the truth. The text below explains positivism with the focus on business studies in particular.

As a philosophy, positivism adheres to the view that only “factual” knowledge gained through observation (the senses), including measurement, is trustworthy. In positivism studies the role of the researcher is limited to data collection and interpretation in an objective way. In these types of studies research findings are usually observable and quantifiable.

Positivism depends on quantifiable observations that lead to statistical analyses. It has been noted that “as a philosophy, positivism is in accordance with the empiricist view that knowledge stems from human experience. It has an atomistic, ontological view of the world as comprising discrete, observable elements and events that interact in an observable, determined and regular manner”.

3.6 POPULATION OF THE STUDY

Population is the group of people, events or things of interest that researcher want to investigate. Each person of the population is known as element. Population size is the total number of this element and denoted by “N”. In this study I selected 250 respondents from some banks from Nigeria. There are total 700 banking staff from different banks. Morgan’s table shows that if population is 700 then reasonable sample size is 248, so I took 250 respondents. Each of the person in the sample is known as subject and the total of this subject is call sample size and denoted by “n”. In this study, the sample size is identified by using convenient sampling where by 250 out of 700 population were determined. Sampling is the process choosing a number of elements (depend on the population size) in order to understand the characteristics of the population. Sampling method is divided into two types, which are probability sampling and nonprobability sampling. Non-Probability sampling will be used in this study.

3.7 SAMPLE OF THE STUDY

A convenience sample is simply one where the units that are selected for inclusion in the sample are the easiest to access. I selected some banks from Nigeria. There are total 700 Banking Staff in different banks. Morgan’s table shows that if population is 700 then reasonable sample size is 248, so I took 250 respondents.

3.8 Data Collection Techniques

Data collection and analysis is dependent on the methodological approach used. The process used at this stage of the research contributes significantly to the study overall reliability and validity. Regardless of the approach used in the project, the type of data collected can be separated into two types: primary and secondary.

3.9 The Primary Data Collected in the Study

Primary data is that which is derived from first-hand sources. This can be historical first-hand sources, or the data derived from the respondents in survey or interview data (Bryman, 2012). However, it is not necessarily data that has been produced by the research being undertaken. For example, data derived from statistical collections such as the census can constitute primary data. Likewise, data that is derived from other researchers may also be used as primary data, or it may be represented by a text being analyzed (Flick, 2011). The primary data is therefore best understood as the data that is being analyzed as itself, rather than through the prism of another analysis.

3.10 Secondary Data

Secondary data is that which is derived from the work or opinions of other researchers (Newman, 1998). For example, the conclusions of a research article can constitute secondary data because it is information that has already been processed by another. Likewise, analyses conducted on statistical surveys can constitute secondary data (Kothari, 2004). However, there is an extent to which the data is defined by its use, rather than its inherent nature (Flick, 2011). Newspapers may prove both a primary and secondary source for data, depending on whether the reporter was actually present. For a study of social attitudes in the Eighteenth Century, or for a study of the causes of fear of crime in present day UK, newspapers may constitute primary data. Therefore, the most effective distinction of the two types of data is perhaps established by the use to which it is put in a study, rather than to an inherent characteristic of the data itself.

4. RESULTS AND DISCUSSION

4.1 INTRODUCTION

Chapter four discusses the results of cronbach alpha, descriptive statistics, correlation and regression. Results show that compensation, work life policies, performance appraisal and training and development are positively and significantly affecting the dependent variable. All the hypothesis is supported.

4.2 Descriptive Statistics

We have given simple descriptive statistics of Independent variables below.

Table 4.1 Impact of Compensation and benefits on employee performance.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. The most important factor that makes me perform well at my job is when my salary and other financial benefits are paid regularly.	3	9	22	145(58)	71
2. I will be encouraged to perform even better if I am given a cash award/or salary increase as a rewards for outstanding performance.	13	58	34	122(48.8)	23
3. My most important goal as an employee is having financial security.	3	9	30	147(58.8)	61

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58% respondents are agreed that the most important factor that makes them perform well at their job is when their salary and other financial benefits are paid regularly. 48.8% are agreed that they will be encouraged to perform even better if they are given a cash award/or salary increase as a reward for outstanding performance.58.8% are agreed that their most important goal as an employee is having financial security.

Table 4.2 Impact of Work-life Policies on Employee Performance

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Employees with good work life balance are more productive in my bank.	7	6	20	196(78.4)	21
2. Management encourages employees to proceed on leave as and when due to aid productivity.	2	12	8	51	177(70.8)
3. Productivity will increase when employees are permitted to share jobs among themselves.	3	12	8	71	156(62.4)
4. There is high rate of employees productivity in my bank.	7	35	39	152(60.8)	17
5. The strategy of Job sharing is capable of retaining employees in my bank.	7	25	8	167(66.8)	43

78.4% employees are agreed that employees with good work life balance are more productive in bank. 70.8% employees are strongly agreed that management encourages employees to proceed on leave as and when due to aid productivity.62.4 % are strongly agreed that productivity will increase when employees are permitted to share jobs among themselves. 60.8 % are agreed that there is high rate of employees productivity in our bank.66.8% are agreed that the strategy of Job sharing is capable of retaining employees in my bank.

Table 4.3 Impact of performance appraisal on employee performance.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Performance appraisal makes me better understand what I should be doing.	4	13	58	160(64)	15
2. Performance appraisal in my company is fair.	3	9	30	147(58.8)	61
3. Performance Review improves job performance.	11	31	37	149(59.6)	22
4. Performance Goals are clearly defined in the appraisal process.	3	6	29	152(60.8)	60
5. The Performance Appraisal System helps identify areas for development.	7	6	28	188(75.2)	21

The above table shows that 64% employees are agreed that Performance appraisal makes me better understand what I should be doing.58.8% are agreed that Performance appraisal in my company is fair.59.6% are agreed that Performance Review improves job performance.In question four, 60.8% are agreed that Performance Goals are clearly defined in the appraisal process. In question five, 75.2% are agreed that The Performance Appraisal System helps identify areas for development.

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Table 4.4 Impact of training and development on employee performance.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. My supervisor gives more freedom and authority which can makes my job easier, faster and effective.	2	12	8	51	177(70.8)
2. The great autonomy and ability to make decision can make my job more convenient especially for clients.	11	31	28	149(59.6)	31
3. The power sharing among employee will help to reduces work related stress.	3	9	22	145(58)	71
4. Lack of top management support will handicap to give more power and authority for the employee.	4	13	58	160(64)	15
5. Mutual trust among employees will enhance the power and authority toward the decision making.	3	9	30	147(58.8)	61

In the above table 70.8% are agreed that my supervisor gives more freedom and authority which can makes my job easier, faster and effective. 59.6% respondents are agreed that the great autonomy and ability to make decision can make my job more convenient especially for clients. 58 % are agreed that the power sharing among employee will help to reduces work related stress. 64% are agreed that Lack of top management support will handicap to give more power and authority for the employee. 58.8% are agreed that mutual trust among employees will enhance the power and authority toward the decision making.

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