EVALUATION OF EMPLOYEE's PRODUCTIVITY IN ASSOCIATE BANKS OF STATE BANK GROUP

Abstract :

Measurement of Productivity is an important aspect when we try to analyse the performance of a unit or an organization. Simply, productivity is defined as the ratio of output to input. In the banking sector also, measurement of productivity becomes a useful tool for to analyse the performance of a particular branch or the bank as a whole. In this research work, the researcher has tried to measure the productivity of the employees of the Associate Banks of State Bank of India Group. For the Banking sector, employee productivity means, the volume of output achieved in a particular period in relation to the sum of direct and indirect efforts involved in the production of given output. According to the RBI guidelines, Business per Employee Ratio and Profit per Employee Ratio are the two ratios that can be used to measure the productivity of the employees of a bank. In this research work, the researcher has applied these ratios to measure the productivity of the employees of the Associate Banks of State Bank of India Group. Through the statistical analysis, it could be concluded that there is partial positive correlation between business and profit per employee, except in case of State Bank of Patiala; there is close relationship in case of SBT.

Key words: *Productivity, Performance, Ratio, Profit per Employee, Business per Employee*

INTRODUCTION:

Productivity is a technical term for the measurement of efficiency of the resources used for the accomplishment of certain task. When we want to measure whether the resources are utilized efficiently or not, we use the measurement of productivity. If the productivity can be increased, it will result into higher production of goods and services. This ultimately leads to the economic growth of a nation. It simply means that high rate of growth can be achieved only through the increment of productivity. The low level of development or under-development of countries like India is mainly caused by low productivity. Hence, the pressing need today is to increase productivity in all sectors of the national economy with a view to accelerating the economic growth, providing opportunities for more employment and improving standards of living of the people.

Concept of employee's productivity in banking sector:

The Term 'Productivity' has been in usage for many years and poorly understood by the users. Simply, productivity is defined as the ratio of output to input. Productivity in mathematical formulae defined as follows:

Productivity = $\dfrac{\text{Output}}{\text{Input}}$	**OR**	Productivity = $\dfrac{\text{Value of goods/services produced}}{\text{Resources consumed}}$

Productivity is commonly interpreted as output in terms of physical volume per employee or per man-hour. In other words, it is equated with, "productivity of labour".

In the banking sector, human skills are very important to achieve high productivity. Here employee productivity means, the volume of output achieved in a particular period in relation to the

sum of direct and indirect efforts involved in the production of a given output. The following selected ratios are used by RBI to measure the employee productivity of the bank:

1. Business per Employee = $\dfrac{\text{Business}}{\text{(No.of Employees)}}$

2. Profit per Employee = $\dfrac{\text{Profit}}{\text{(No.of Employees)}}$

The present study is focused on the "productivity of employees" working in 5 associates banks of State Bank of India viz. State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SBP) and State Bank of Travancore (SBT). In terms of banking sector employee productivity is focused on 'Advances per employee', Deposits per employee' 'Business per employee' and 'Profit per employee.

Review of Literature:

Jani, J. and Raval, M. (2012) analyzed productivity of employee in terms of business per employee and profit per employee in elected nationalized banks of India. Under the selected sample under the study, the researchers have found significant difference in the productivity. Pandit, F. and Raval, M. (2015) have compared the productivity of employee in selected nationalized banks and private sector banks and they have found statistically significant difference among sample.

As the previous studies were based on either nationalized banks or comparison is made between nationalized banks and private sector banks, the researcher has selected associate banks of SBI. The researcher also makes an attempt to check the relationship between both variables of productivity, suggested by Reserve Bank of India.

Objective of the Study:

1. To get the idea about the productivity of the employees in the banking sector.
2. To evaluate the productivity of associate banks of SBI in terms of business per employee and profit per employee.
3. To measure the relationship between business per employee and profit per employee.

Hypotheses:

1. H_0: There is no significant difference in business per employee of associate banks of SBI during the period of study.
   H_1: There is significant difference in business per employee of associate banks of SBI during the period of study.
2. H_0:There is no significant difference in profit per employee of associate banks of SBI during the period of study.
   H_1:There is significant difference in profit per employee of associate banks of SBI during the period of study.

Period of the Study:

The present research is focused on productivity of employees in the associate banks of SBI for the period of 7 years from 2008-09 to 2014-15. There is no special reason to consider this period as the period of study. But to derive perfect conclusion of the study and to cover all aspects of changes in productivity in commercial banks, this period is quite fit. So, to make the present study fruitful, the researcher has selected the above mentioned period.

Sample Selection:

To justify the research title, the researchers have selected a sample of approximately 20% from public sector banks. The researchers have used convenient sampling method and selected all 5 associate banks of State Bank Group viz. State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SBP) and State Bank of Travancore (SBT).

Sources of Data Collection:

For the present study, the data are collected from the secondary sources only. The data is collected

and compiled by the researcher from the IBA websites, RBI websites and Performance highlights of public sector banks and private sector banks published by IBA.

Tools and Techniques:

To arrive at a concrete solution for the research hypothesis, the researchers have used various accounting and statistical techniques. For the purpose of the present research, the researcher has taken into consideration the Profit per Employee and Business per employee. The ratios, representing the productivity, are tested through F-test ANOVA. To measure the relationship between business per employee and profit per employee, correlation has been used by the researcher.

Limitation of the Study:

1. As the research is based on secondary sources of the data, the limitations of secondary sources of data automatically applicable to this research.
2. The present study is focused on the period of 7 years from 2008-09 to 2014-15, which does not reveal the effect of the other period of time measured.
3. The study is based on 5 associates of State Bank Group; hence the generalization of the result of the study and universal application is not possible.
4. There are other measures of Productivity too. The measurement of productivity may be different, if any, other measures or methods are applied.

Analysis and Interpretation:

Table - 1
A Table Showing Business per Employee (Rs. In Crores)

Year	Associate Banks of State Bank of India (SBI)				
	SBBJ	SBH	SBM	SBP	SBT
2008-09	5.55	8.40	6.02	9.10	6.58
2009-10	6.28	7.56	6.72	8.95	6.96
2010-11	7.51	10.38	7.95	9.56	8.88
2011-12	8.27	11.69	8.81	10.56	10.66
2012-13	9.00	13.38	9.55	11.35	12.59
2013-14	9.77	13.14	10.37	11.13	11.54
2014-15	11.00	15.16	11.71	11.90	12.22

Table - 2
A Table Showing Profit per Employee(Rs. In Lacs)

Year	Associate Banks of State Bank of India (SBI)				
	SBBJ	SBH	SBM	SBP	SBT
2008-09	3.55	4.87	0.03	4.68	0.05
2009-10	0.04	5.58	0.04	4.45	0.06
2010-11	0.05	7.89	0.05	5.20	0.08
2011-12	5.00	8.63	4.00	5.87	4.20
2012-13	6.00	8.29	4.00	5.00	5.00
2013-14	6.00	6.10	2.00	3.00	2.00
2014-15	6.00	8.29	4.00	2.00	3.00

Table - 3
Table Showing Statistical Summary of Business per Employee and Profit per Employee

Particular	Count	BUSINESS PER EMPLOYEE			PROFIT PER EMPLOYEE		
		Sum	Average	Variance	Sum	Average	Variance
2008-09	5	35.65	7.13	2.38	13.18	2.64	5.87
2009-10	5	36.47	7.29	1.07	10.17	2.03	7.56
2010-11	5	44.28	8.86	1.36	13.27	2.65	13.52
2011-12	5	49.99	10.00	2.00	27.70	5.54	3.53
2012-13	5	55.87	11.17	3.57	28.29	5.66	2.66
2013-14	5	55.95	11.19	1.65	19.10	3.82	4.31
2014-15	5	61.99	12.40	2.58	23.29	4.66	6.31
SBBH	7	57.38	8.20	3.69	26.64	3.81	7.37
SBH	7	79.71	11.39	7.66	49.65	7.09	2.35
SBM	7	61.13	8.73	4.04	14.12	2.02	3.92
SBP	7	72.55	10.36	1.37	30.20	4.31	1.82
SBT	7	69.43	9.92	6.10	14.39	2.06	4.35

Table - 4
Table Showing Analysis of Variances

Source of Variation	Degree of Freedom	BUSINESS PER EMPLOYEE			PROFIT PER EMPLOYEE			
		SS	MSS	F-Cal	SS	MSS	F-Cal	F-Tab
Years	6	124.32	20.72	38.85	64.90	10.82	4.82	2.51
Banks	4	45.69	11.42	21.42	121.19	30.30	13.49	2.78
Error	24	12.80	0.53		53.90	2.25		
Total	34	182.81			239.99			

Result of ANOVA

To justify the research objectives and hypotheses framed for the said research, the researcher has used two-way Analysis of Variances. From the statistical analysis, mentioned above, it is clear that the Null Hypothesis (H_0) is rejected (as F-cal. (38.85 and 21.42 for years and banks respectively) > F-tab. (2.51) in case of business per employee. The same result obtained for profit per employee, the Null Hypothesis (H_0) is rejected (as F-cal. (4.82 and 13.49 for years and banks respectively) > F-tab. (2.51) among the associate banks of SBI during the period of study.

So, the researcher may state that, there is statistically significant difference found in the employee's productivity among the sampled units.

Relationship between Business per Employee and Profit per Employee:

To measure the relationship between both variables, selected to measure employee's productivity, the researcher has used correlation analysis, and collected the following results:

Table - 5
A Table Showing Correlation between Business per Employee and Profit per Employee

Bank	Correlation
SBBJ	0.70
SBH	0.68
SBM	0.78
SBP	-0.52

SBT	0.85

There is partial positive correlation between business and profit per employee, except in case of State Bank of Patiala; there is close relationship in case of SBT.

Findings:

1. The researcher has found significant difference in Profit per Employee and Business per Employee among selected samples.
2. The table showing correlation between Business per Employee and Profit per employee reflects that this there is no perfect positive correlation between them.
3. In SBBJ this correlation is 0.70, in SBH it is 0.68, in SBM it is 0.78, in SBT it is 0. 85.
4. In case of SBP, this correlation is (-0.52).
5. In reality, the correlation between business per employee and profit per employee should be perfect positive, because when the business per employee increases, it should increase the profit per employee. But this does not seem to happen in the sampled banks.
6. In case of SBP, this correlation is negative. It means that the business per employee increases but it does not result in the increase in profit per employee.

Implications of the Study:

The researcher has found that there are significant implications of this study in various decisions related to the banking sector. Some of them can be listed as follows:

1. The study will be useful while taking decision for recruiting the employees.
2. This study is also useful for organizing training programmes for employees, so as to increase the productivity of the employees.
3. This study is useful for the other researchers also for conducting productivity analysis of the employees of other banks or other sectors.

Conclusion:

From the above given statistical analysis, it can be concluded that the correlation between business per employee and profit per employee is partial positive in four sampled banks and in one case it is negative. It means that when the business per employee increases, it does not result into the increase in profit per employee. This is an adverse condition for this bank.

REFERENCES :

1. Jani, J. and Raval, M. (2012), "An Analytical Study of Employee's Productivity in Some Selected Nationalized Banks of India", Indian Journal of Applied Research, Vol. 1, Issue 9, June, 2012, pp. 19-20
2. Kothari, C.R. (2006), Research Methodology, New Age International Publishers, New Delhi.
3. Krishnamurthy, N.S. (1994), "Financial Disintermediation", IBA Bulletin, Vol. XIV, no. 3, March, 1994, pp. 12-14
4. Pal, V. and Malik, N.S. (2007), "A Multivariate Analysis of the Financial Characteristics of Commercial Banks in India", The ICFAI Journal of Bank Management, Vol. VI, no.3
5. Pandit, F. and Raval, M. (2015), "An Analytical Study of Productivity in Some Selected Public Sector and Private Sector Banks in India", Quest International Multidisciplinary Journal of Research, Vol. IV, Issue IV, April, 2015, pp.1-5

****

Dr. Manish B. Raval
Assistant Professor
Lt. M.J.Kundaliya English Medium Mahila Commerce and B.B.A. College,
Rajkot