



FACTORS INFLUENCING EMPLOYEE PERFORMANCE: A STUDY ON FEDERAL BANK IN ERNAKULAM DISTRICT

Raji Iype

Research Scholar in Commerce
CMS College, Kottayam, Kerala, India

Dr. Tomy Mathew

Associate Professor and Head of the Department
Department of Commerce
CMS College, Kottayam, Kerala, India.

ABSTRACT

This study aims to analyze the determinants for employee performance in federal bank Ernakulam district. Based on the literature discussed, there are various factors which influencing employee performance in banks. In this ground this study selected four variables i.e., job speed, innovative ideas, good decisions, and improved job performance are considered. The research question is to find out whether each of these variables has a significant effect on the employees' performance or not. This study conducted in federal bank Ernakulam district to identifying the performance level of employees, this study is mainly based on 60 employees of nine branches which includes 25 officers, 25 clerical staff and 10 subordinate staff. The primary data gathered in the form of questionnaires with a five point Likert scale and data were analyzed using confirmative factor analysis approach correlation and regression models and one sample t test was used.

Keywords: employee performance, federal bank, job speed, innovative ideas, good decisions, improved job performance.

1. Introduction

Human resources of an organization are considered as important resources especially in banking sector. To make use of people as a valuable resources attention must be given to the employees and to attain organizational based performance. Thus an organization is mainly depends upon the performance of its employees. The success of an organization can so rely on its ability to measure accurately the performance of its employees and use it effectively to achieve objectives. Within the present highly competitive world, organizations need to guarantee higher performance of their employees continuously and systematically so as to compete and survive at the business market effectively. Performance of an individual can be defined as the record of results produced in a specified job throughout a specified period. The evaluation of employee's performance reveals the contribution of an individual in the organization's to attain its objectives.

Today all the organizations are very competitive so there is cut-throat competition among different firms. For every organization it is difficult to start, exist and excel in the business. The firm gets the advantage over other competitors through their talented, skilled and dedicated employee's. The contribution of employees on the job is the most important factor that leads to development and growth of the business. The banking sector is the most important area where the economic activities are closely related to this sector. The contribution of employees on job is the most important factor that leads to development and growth of business. Banking sector is the most important area where the economic activities are closely related to this sector.

The performances of employees in banks are closely coordinated for the success of the organization. Employees are performing different activities depending upon the nature of the organization. All these activities are inter-related to attain the targets. These are to be performed by the employees properly in order that they will offer their best output on the job. This may have an excellent impact on the entire production, sales, profit, progress and market position of

the company within the market. Numerous factors like skills, motivation, dedication, promotion policies, welfare, management policies, salary and packages, promotion, communication etc. are accountable to encourage the people to work sincerely and provide their best output.

2. Review of literature

Lawler and Edward (1973) indicated that good job design will also result in good input for its employees, all employees will know exactly what and how their task should be performed so as to cause their morale as well as errors and misunderstandings can be minimized. Job design can influence satisfaction, motivation and finally leads to employee's job performance. It influences them effectively because it affects the relationship between the employee's expectancy and morale that increased performance level will lead to rewards and the preference of different rewards for the individual.

Richman (2008) stated that effectively and systematically implemented flexible work practices will improve organizational performance by increasing employee performance and talent retention. It should increase the performance standard of the organization and thereby improving the performance of the employees.

Vazirani (2007) indicated that an organization should have a proper pay system; provide equal opportunities for growth and advancement to all the employees. Only an employee can become a performed employee, organizations with high levels of performance standards provide employees with opportunities to develop their abilities, learn new skills, acquire new knowledge and realize their potential.

Glen (2006) pointed out that It is important for HR managers to better understand and implement the practices and policies which are effective predictors and promoters of employee performance, employee retention and employee productivity, organizational processes, values of the organization, management, challenges in employee role, employee work/life balance, information, compensation, workplace environment and their products and services.

Campbell (1990) stated that employee performance includes different factors such as oral or written communication between employees and supervisors, and customers mostly, leadership

and /or supervision, personal discipline, individual or team performance and job proficiency which can be demonstrated as the outcome of organizational works.

3. Research questions

All the employees working in an organization experience various level of performance. Employee performance is determined by various factors such as job speed, innovative ideas, good decision, and improved job performance. In this research, the main problem to be found out is to know the level of employee's performance in federal bank and to examine the factors which caused employee performance. In this ground the research can be given in the form of following research questions:

1. To what extent employee performance exist in federal bank?
2. What are the employee performance factors influence employees in Federal bank?

4. Objectives

The main objectives of the study are as follows:

1. To examine the level of performance of the employees in federal bank.
2. To examine factors influenced by employee performance in federal bank.

5. Hypothesis

H1: The level of Employee Performance in Federal bank is excellent.

H2: Constructjob speed, innovative ideas, good decision, and improved job performance (EP1-EP4)has significant effect on Employee Performance.

6. Research Methodology

6.1 Data Source

This study used primary data which were collected with the help of questionnaire.

6.2 Instrumentation

The questionnaire was administered to employees of Federal bank Ernakulam district in Kerala. A five-point Likert scale from strongly disagree, Disagree, Neutral, Agree, and strongly agree was adopted to identify variables of employee performance.

6.3 Sample Design Method

For the purpose of the study, the researcher selected the nine branches of Federal bank Ernakulam district on the basis of convenient sampling method.

6.4 Sample size

Sample size of the study is restricted with 60 employees of nine Federal bank branches in Ernakulam District, Kerala. The sample includes 25 officers, 25 clerical staff and 10 subordinate staff.

6.5 Data Analysis

The present study used Confirmatory Factor Analysis approach, correlation and regression models and one sample t-test to analyze the established objectives. One sample t-test used to identify the level of employee performance in Federal bank. Structural equation model used to identify the most influencing factors that responsible for employee performance.

7. Level of Employee Performance in Federal Bank

One of the major objectives is to find the level of Employee performance in Federal bank, Ernakulam district. For this, the respondents are asked 6 questions on a five-point Likert scale. The responses are scored as 1 for 'Strongly disagree', 2 for 'Disagree', 3 for 'Neutral', 4 for 'Agree' 5 for 'Strongly agree'. The total score of the four questions for all 60 respondents is found out, based on which we calculate the mean % score of level of employee performance in banks , $[MPS=(MeanScore \times 100)/Maximum\ possible\ score]$. This score is classified into one of the four groups as poor or low if the mean % score is less than 35%, average if the mean % score is between 35 to 50 percent, good or medium if the mean % score lies in the interval 50 to 75% and excellent or high if the mean % score is above 75%. A one sample Z test is carried out

to test the significance. The following table gives the Mean, SD, Mean % Score and Z value of the variable considered. (Loyd, B. H., & R. R. Abidin. R. R.)

To know the effect of employee performance in Federal bank, the total of responses towards employee performance is expressed in different scales like Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree are shown in table 1.1.

Table 1.1

Employee Performance: Responses of Employees

Employee Performance		SD	D	N	A	SA	Total
EP1	Job speed has increased considerably over the past 5 years.	0	1	12	32	15	60
EP2	Innovative ideas are encouraged in our Bank.	0	1	6	42	11	60
EP3	Our bank considers good ideas to take decisions.	1	3	8	32	16	60
EP4	My performance in job has improved after joining here.	0	1	4	35	20	60

Source: Primary data

From the above table, Employee performance is measured through four variables that is job speed (EP1), innovative ideas (EP2), good decisions (EP3) and improved job performance (EP4).

Out of 60 respondents, 32 agreed, 15 strongly agreed 12 were in neutral and 1 disagreed that job speed has increased considerably over the past two years. Out of 60 respondents, 42 agreed, 11 strongly agreed, 6 were in neutral and 1 disagreed that innovative ideas are encouraged in their bank. Out of 60 respondents, 32 agreed, 16 strongly agreed, 8 were in neutral, 3 disagreed and 1 strongly disagreed that their bank accepts good decisions. Out of 60 respondents, 42 agreed, 11 strongly agreed, 6 were in neutral and 1 disagreed that innovative ideas are encouraged in their bank. Out of 60 respondents, 35 agreed, 20 strongly agreed, 4 were in neutral and 1 disagreed that their performance in job has improved after joining in the bank.

Next to measure employee performance level in Federal bank, statistical analysis is required. For analyzing employee performance, t-test is used. The result is shown in table 1.2.

Table 1.2

Employee performance: Mean, Standard deviation and z value

Variable	N	Mean	Std. Deviation	Mean % score	CV	t	p value
Employee Performance	60	12.27	1.75	81.78	14.23	4.512	<0.001

Source: SPSS 20.0

The mean percentage score Employee Performance in Federal Bank is 81.78% which indicate that level of Performance of bank employees in Federal bank is high or excellent. The CV= indicate that this score is stable as the value is less than 20%. To test whether the sample information that we observe exists in the population or to verify that the Employee Performance in Federal Bank is excellent or not, we formulate the hypothesis.

H0: The level of Employee Performance in Federal Bank is good.

H1: The level of Employee Performance in Federal Bank is excellent.

To test the above hypothesis we use one sample t test and the result is exhibited in Table 1.1. From the table the p value is less than 0.05 which indicates that the test is significant. So we conclude that the level of Employee Performance in Federal Bank is excellent. Next hypothesis testing is to know the influence of variables on employee performance.

H0: Construct job speed, innovative ideas, good decision, and improved job performance (EP1-EP4)has no effect on Employee Performance.

H1: Construct job speed, innovative ideas, good decision, and improved job performance (EP1-EP4)has significant effect on Employee Performance.

Next a confirmatory factor analysis was performed to identify which among the factors determined by employee performance, the selected variables are job output, innovative ideas,

decision making and, improved standard. Structural equation modeling (SEM) using AMOS 18.0 was used to perform the confirmatory factor analysis which is shown in table 1.2.

Table 1.3
Model fit Indices for CFA –Employee Performance

Variable	χ^2	DF	P	Normed χ^2	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
Employee performance	1.927	2	.382	.963	.984	.919	.969	1.004	1.000	.025	.000

Source: AMOS 18.0

From the above table, Confirmatory factor analysis revealed that the attributes loaded in accordance with the value more than 0.4. Also the value of the fit indices indicates a reasonable fit of the measurement model with data. So it is concluded that these factors are job output, innovative ideas, decision making and, improved standard leads to employee performance.

8. Influence of Variables on Employee performance

Regression coefficient from CFA analysis is used to know the level of influence of variables on employee satisfaction. The regression coefficients are shown in table 1.3

Table 1.4
The regression Coefficients –Employee Performance

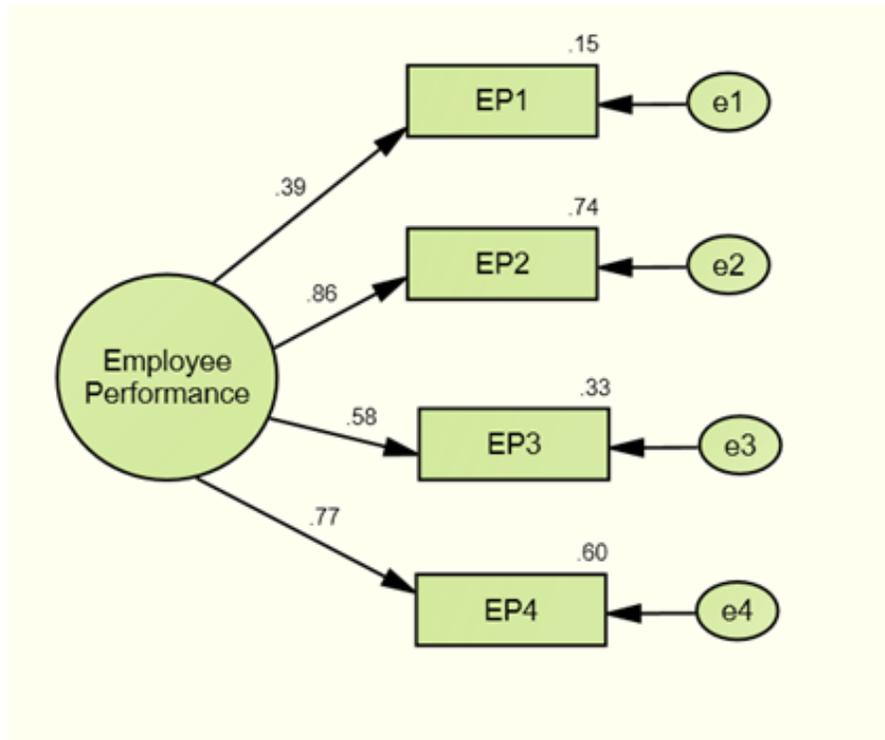
Path	Regression Coefficient	Critical Ratio (CR)	P	Variance explained	Rank
Job Speed→ Employee Performance	0.664	6.039	<0.001	44.1	3
Innovative Ideas→ Employee Performance	0.153	1.164	0.249	2.3	4
Good Decisions→ Employee Performance	0.821	8.757	<0.001	67.4	1
Improved Job Performance→ Employee Performance	0.722	6.884	<0.001	52.2	2

Source: SPSS 20.0

It is obvious from the above table that the most influencing factor of employee performance is decision making authority (0.821) followed by performance standard improvements(0.722), improvement in job output (6.039and the least influencing factor is innovative ideas(0.153). Diagram of the model tested is shown in the figure 1.1.

Figure 1.1

Employee performance model



9. Findings of the Study

This study was mainly conducted to know the level of performance of employees in Federal bank and to determine the factors responsible for employee performance. For this purpose, the researcher considered four variables for the study and the result reveals that the mean percentage score employee performance in Federal Bank is 81.78%. So, the level of employee performance in Federal Bank is excellent. That is the most influencing factor of employee performance is good decisions (0.821) followed by improved job performance(0.722), job speed (6.039) and the least influencing factor is innovative ideas (0.153).

10. Conclusion

Based on the findings, the following conclusions are drawn: The objectives of the study were to find out the level of performance of employees in Federal Bank and to examine the factors responsible for employee performance. It is concluded that there is a positive relationship towards all the variables of employee performance. The variable selected for the study was job speed, innovative ideas, good decision, and improved job performance. So it is concluded that these factors lead to employee performance. The banks have to take necessary steps for improving the performance of the employees by encouraging and accepting good decisions, improving the standards and job speeds of employees by giving them proper training and development. The employee performance will lead to bank performance.

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