

A STUDY ON LEVELS OF EMPLOYEE PARTICIPATION WITH THE HIERARCHY IN BANKING SECTOR : A COMPARATIVE STUDY OF SBI & HDFC BANK

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ABSTRACT

After 1991, the banking scenario has been changed completely, the impact of globalization and privatization has affected work culture of both public and private sector banks. The need for some form of employee or worker involvement was felt in the mid-1950s and 1960s, well after independence, and more by the government than by the employers because of the need of rapid industrialization. The greatest and widely accepted benefit of participation is the increased work ownership of employee. An employee is better able to relate himself/herself with his or her work and this improves performance and efficiency at work. This paper study the levels of employees participation at different hierarchical level in both public (SBI) and private (HDFC) sector banks in east region of Uttar Pradesh. To measure the participation level of employees, Psychological Participation Index (PPI) was used which was developed by A.P Singh and D.M Pestonjee. Further t-test, Chi-square test and ANOVA were applied and it emerged from the study that with the increase in hierarchical level the participation increases in SBI where as no such relationship was found in HDFC bank.

Keywords : Participative Management, Decision making, autonomy, opinion seeking, involvement, Psychological Participative Index (PPI).

INTRODUCTION

Among the various service sector activities, the banking industry in India has received high priority. This is due to the reason that the banking sector is considered to be the lifeline of any economic activity as the contribution of this industry to the economy's growth is direct, considerable and commendable. The history of Indian Banking shows a metamorphosis in the growth of banks. The liberalization process has compelled to bring about a considerable change in the services and activities of commercial banks which is due to increased competition faced by the domestic public sector and private sector banks from the foreign banks. After 1991, the banking

scenario has been changed completely, the impact of globalization and privatization has affected work culture of both public and private sector banks. The above discussion clearly indicates that globalization has brought about not only a paradigm shift in the functions and operations of Indian commercial banks which took them apart from the traditional banking activities, but also it has bearing on the psychology of the employees to adopt to the changing needs of the business and satisfying the expectations of the customers. Thus employees' participation has a unique motivational power and a great psychological value. Participation makes employees more responsible, they are willing to take initiative and

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contribute cost-saving suggestions and growth oriented ideas. It is widely believed that employee's participation affect employee's productivity and they all can create competitive advantage for the organization. The objective of participation for management was initially limited to attaining higher productivity through a more committed workforce; later, as behavioral theories evolved, participation was thought and expected to achieve more elaborate organizational ends, such as improvement in employee morale, improved industrial relations, motivation and commitment and quality of work life or even what Abraham Maslow termed self-actualization.

REVIEW OF LITERATURE

Survey of the literature on participation of employees builds on the idea of reasonable autonomy. It is a mechanism for maximizing flexibility and avoiding bureaucratic rigidity Drucker (1993). Employee participation has been emphasized in relation to job satisfaction as well Cotton et al., (1988). When workers are given opportunities to participate in decision making processes there are positive gains for organizational effectiveness and morale of employees'. It has its strong influence on job satisfaction. Monappa and Saiyadain (2005) view that almost all forms of participation can be considered as instruments for employee development, because, when workers' help is sought in solving work problems it tends to increase their job satisfaction. Morse and Reimer (1956) have shown that greater participation leads to productivity. Vroom (1960) found that participation in decision-making has positive effect on attitude and motivation. Kim, Soonhee (2002) has published that, Researchers and practitioners in both the public and private sectors agree that participative management improves employees' job satisfaction. Public agencies have also turned to strategic planning to enhance government performance and accountability. Evangeline Caridas (2004) has written paper which attempts to illustrate the effectiveness and importance of participative management in a brokerage firm. Ruth Alas

(2007) in his research paper on "Impact of Employee Participation on Job Satisfaction during Change Process" explored that Estonian companies have been in a continuing change process during past decades. Ardekani and Jahromi (2011) have conducted a research on "Relationship between Participative Management and Personnel Productivity: A Survey in Gachsaran Gas and Oil Company". This survey explores the relationship between participative management and productivity of the employees in 2010 in Iran. Srinivas Subba Rao, P. Suseela Rani (2012) published research paper on titled "Participative Management in Post Liberalization- A case study of Indian Jute industry" in this the researcher studied the importance and application of participative management in post liberalization in this industry.

OBJECTIVES OF THE STUDY

- To assess and compare the levels of participation among the employees of public (SBI) and private sector (HDFC) banks.
- To highlight the difference in levels of participation and hierarchical level (scale) among the employees of public (SBI) and private sector (HDFC) banks.

Hypotheses

- H₀₁ There is no significant difference between the levels of participation of the employees belonging to public and private sector banks.
- H₀₂ There is no significant difference between the levels of participation of the employees belonging to different hierarchical level (scale) in public sector bank (SBI).
- H₀₃ There is no significant difference between the levels of participation of the employees belonging to different hierarchical level (scale) in private sector bank (HDFC).

RESEARCH DESIGN

The research designed to be descriptive as well as exploratory one, the present research aimed at studying the levels of participation at different hierarchical level among the employees of HDFC and SBI.

DATA COLLECTION

The data collected for the purpose of the study was primary and secondary both. The primary data used for the study was collected through standard questionnaire Psychological Participation Index (Singh & Pestonjee, 1978): The Psychological participation index was used to assess the level of employee's participation in managerial decisions. This Index (PPI) has been developed by Singh and Pestonjee (1978). The Psychological Participation index comprises of 15 items which are in the form of positively (true) and negatively (false) worded statements in both Hindi and English Languages. Each Statement has five response alternatives, namely, definitely true, mostly true, sometimes true, mostly false and definitely false. This index covers four areas of the psychological participation, namely, Decision- Making, Autonomy, Opinion-Seeking, and Involvement.

SAMPLE SIZE

The sample size considered for the study was 600 and the data was collected from the various branches of SBI (300) and HDFC (300) Bank in four cities Lucknow, Kanpur, Allahabad and Varanasi (Lucknow Region) i.e. total of 600 employees from Uttar Pradesh. This is further raven as in Table 1.

Table 1 Distribution of Employees based on Scale (Hierarchical Levels) in Banks.

| | UPTO SCALE 3 | ABOVE SCALE 3 | TOTAL |
|---------------------|--------------|---------------|-------|
| PUBLIC BANK (SBI) | 200 | 100 | 300 |
| PRIVATE BANK (HDFC) | 200 | 100 | 300 |
| TOTAL | 400 | 200 | 600 |

300 white collared employees from public sector bank (SBI).

300 white collared employees from private sector bank (HDFC).

ANALYSIS OF DATA

Null Hypothesis H_{01} : There is no significant difference between the levels of participation of the employees belonging to public and private sector banks.

To test the our first null hypothesis H_{01} that there is no significant difference between the levels of participation of the employees belonging to public and private sector banks, descriptive statistics and independent sample t-test have been performed as given in Table 2 presents the mean, standard deviation, significant p-value for public and private sector banks.

Table 2: Independent Sample t- test for Level of Participation of the Employees in Public and Private sector banks.

| Sum of all PPI scores | N | MEAN | STANDARD DEVIATION | p- VALUE | t- VALUE | DECISION MADE |
|-----------------------|-----|-------|--------------------|------------|----------|---------------|
| Public Bank | 300 | 45.68 | 7.23131 | .000 (Sig) | 18.518 | REJECTED |
| Private Bank | 300 | 34.90 | 7.02623 | | | |

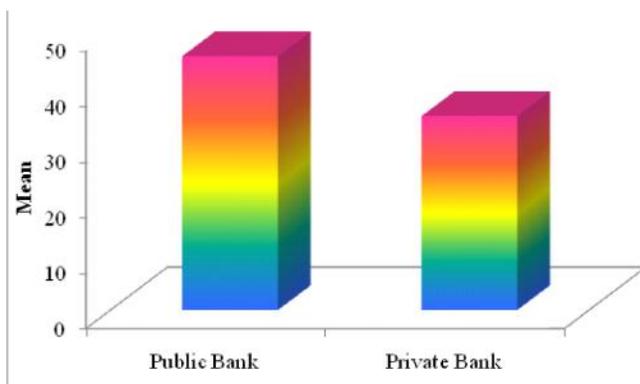
Table 2 and Figure 1 contains mean participation scores for the employees belonging to Public and Private sector banks. It can be inferred from the Figure that mean sum of Psychological Participation Index (PPI) scores is much higher for Public sector bank (45.68) as compared to Private sector bank (34.90), thus

employees in Public sector bank are much more involved in decision making process as compared to Private sector bank.

Further, the test of significance was conducted to evaluate the null hypothesis. The independent samples t-test was computed to test the significant difference between mean PPI

scores belonging to public and private banks and value of static was found to be 18.518 with p-value (.000) which is less than 0.05 and thus, proves to be significant. It shows that the differences among the groups were real and not due to chance.

Figure 1: Mean Scores for Levels of Participation of the Employees in Public and Private Sector Banks.



Thus, our first null hypothesis H₀₁, i.e., "There is no significant difference between the levels of participation of the employees belonging to public and private sector banks" is rejected and reveals that there is a significant difference between the levels of participation among the employees of public and private sector banks. The main cause of lower levels of participation in private sector banks is due to poor communication, improper structure of employees association, and less involvement of employees in decision- making process related to targets, promotions, and various financial and non-financial policies in private banks.

Null Hypothesis H₀₂: There is no significant difference between the levels of participation of the employees belonging to different hierarchical levels (scale) in public sector bank.

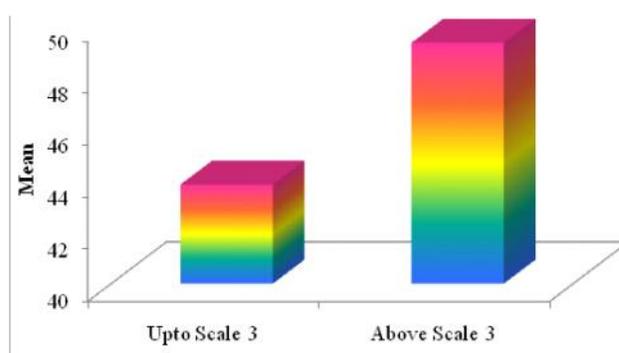
To test the null hypothesis H₀₄ that there is no significant difference between the levels of participation of the employees belonging to different hierarchical levels (scale) in public sector bank, descriptive statistics, chi-square, and ANOVA have been performed as given in Tables 3 & 4.

Table 3 presents the descriptive statistics, mean and standard deviation for employees having different hierarchical levels.

Table 3: Mean Participation Score & Standard Deviation of Employees belonging to different Hierarchical Level (Scale) in Public Sector Bank.

| Scale of Employees DEVIATION | N | MEAN | STANDARD |
|------------------------------|-----|-------|----------|
| Upto Scale 3 | 200 | 43.82 | 7.527 |
| Above Scale 3 | 100 | 49.28 | 4.942 |
| TOTAL | 300 | 45.68 | 7.231 |

Figure 2: Mean Participation Scores of Employees belonging to different Hierarchical Level (Scale) in Public Sector Bank.



Mean scores for participation level and standard deviation were computed for the employees belonging to different hierarchical level in public sector bank. It is discernible from Figure 2 that mean participation scores of employees in terms of mean for public sector bank was higher in employees belonged to Above Scale 3 in comparison to employees belonged to group of Upto Scale 3. Mean participation score and standard deviation of employees up to scale 3 was found to be 43.82 & 7.527 whereas, for above scale 3 mean score and standard deviation was found to be 49.28 & 4.942.

Further, to test dependency of participation level on hierarchical level chi-square test was computed and ANOVA was applied to test the significant difference between the scale (hierarchical level) and impact of participation level. The values of Chi-square test and ANOVA have been given in Table 4.

Table 4: Chi-square & ANOVA for Hierarchical Level (Scale) and Level of Participation in Public Sector Bank.

| Test | Value of the Static | p-value | made Decision |
|------------|---------------------|------------|---------------|
| Chi-square | 22.868 | .000(sig.) | Rejected |
| ANOVA | 43.904 | | |

In chi-square the value of static computed was found to be 22.868 and p-value was found to be (.000) which is less than 0.05 and was found to be significant. Thus it can be inferred from the result there is a significant difference between the hierarchical level (scale) and levels of participation in public sector bank or in other words it can be said employees with higher position in the hierarchy are more involved in decision making process as compared to employees with lower position in the hierarchy.

Further, ANOVA was applied and the F value calculated was found to be 43.904 and was found also significant thus the null hypothesis formulated was rejected. The results revealed that there is a significant difference between the levels of participation and the hierarchical level of the employees in public sector bank i.e. there is an impact of increase in hierarchical level of employees on participation level in public sector bank.

Thus, our fourth null hypothesis H_{04} , i.e., "There is no significant difference between the levels of participation of the employees belonging to different hierarchical levels (scale) in public sector bank" is rejected and reveals that there is a significant difference between levels of participation and employees belonging to different hierarchical level in public sector bank.

Null Hypothesis H_{03} : There is no significant difference between the levels of participation of the employees belonging to different hierarchical levels (scale) in private sector bank.

To test the null hypothesis H_{05} that there is no significant difference between the levels of participation of the employees belonging to different hierarchical levels (scale) in private

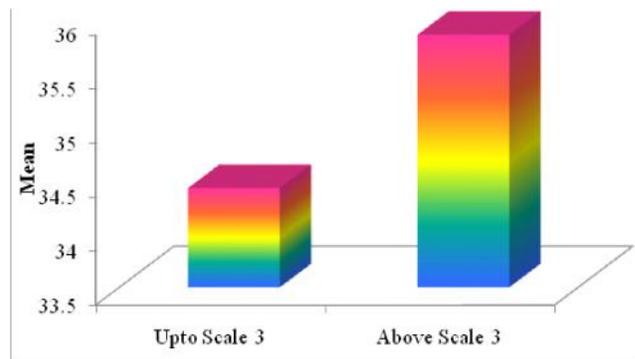
sector bank, descriptive statistics, chi-square, and ANOVA have been performed as given in Tables 5&6.

Table 5 presents the descriptive statistics, mean and standard deviation for employees having different hierarchical levels.

Table 5: Mean Participation Score & Standard Deviation of Employees belonging to different Hierarchical Level (Scale) in Private Sector Bank.

| Scale of Employees | N | MEAN | STANDARD DEVIATION |
|--------------------|-----|-------|--------------------|
| Upto Scale 3 | 200 | 34.42 | 6.555 |
| Above Scale 3 | 100 | 35.84 | 7.821 |
| TOTAL | 300 | 34.90 | 7.026 |

Figure 3: Mean Participation Score of Employees belonging to different Hierarchical Level (Scale) in Private Sector Bank.



Mean scores for participation level and standard deviation was computed for the employees belonging to different hierarchical level in private sector bank. According to Figure 3, there was a very little difference in the mean participation score for the employees belonging to different hierarchical groups. Mean participation score and standard deviation of employees up to scale 3 was found to be 34.42 & 6.555 whereas, for above scale 3 it was found to be 35.84 & 7.821.

Chi-square test was applied to find out whether participation level of employees is dependent on hierarchical level (scale) in private

sector bank. ANOVA test was applied in order to find out that the difference between the participation level and impact of hierarchical level is significant or insignificant. The values of Chi-square test and ANOVA have been given in Table 6.

Table 6: Chi- square & ANOVA for Hierarchical Level (Scale) and Level of Participation in Private Sector Bank.

| Test | Value of | p-value | Decision made |
|------------|----------|----------------|------------------|
| Chi-square | 1.791 | .181(not sig.) | Not- Rejected |
| ANOVA | 2.750 | .098(not sig.) | |

In chi-square test computed value of static was found to be very less i.e. 1.791 and the p-value was (0.181) which is more than 0.05 which is not significant. Hence, the null hypothesis formulated was not rejected i.e. there is no significant difference between the hierarchical level of the employees and levels of participation in private sector bank.

Further, the value of F was also calculated to analyze the significant difference between different hierarchical level (scale) and levels of participation, which was also found to be very low i.e. 2.750 and p-value was found to be 0.98 which is also more than 0.05 and not significant, thus it can be inferred that there is no significant difference between the levels of participation and the employees belonging to different hierarchical level (scale) in private sector bank.

Thus our fifth null hypothesis H05 i.e., "There is no significant difference between the levels of participation of the employees belonging to different hierarchical levels (scale) in private sector bank" is not rejected, hence there is no significant difference between the levels of participation of the employees belonging to different hierarchical levels in private sector bank this may be due hierarchical structure in private sector bank (HDFC) is not well defined.

CONCLUSIONS

- The study reveals that there is a significant

difference between the level of participation of the employees belonging to public & private sector bank on the basis of their mean scores obtained i.e. 45.68 for public sector bank and 34.90 for private sector bank. It can also be interpreted from the results obtained that level of participation is much higher for the employees in public sector bank as compared to private sector bank thus employees in Public sector bank are much more involved in decision making process as compared to Private sector bank and the main reasons for lower levels of participation in private sector banks is due to poor communication, improper structure of employees association, and less involvement of employees in decision-making process related to targets, working hours, and various financial and non-financial policies in private banks.

- It has been also found from the study that there is a significant difference between the participation levels of the employees belonging to different hierarchical level (scale) in public sector bank i.e. participation levels of employees in public sector bank is affected by different hierarchical level in public sector bank thus, making us to conclude that employees with higher position in hierarchy are more involved in decision making in public sector bank. It has been also found from the study that no relationship exists between the level of participation and hierarchical level among the employees of private sector bank. The insignificant value for chi-square and ANOVA also show that there is no significant difference between the levels of participation and the employees belonging to different hierarchical level (scale) in private sector bank.

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