



Examining Job Satisfaction and Human Resource Practices in Kerala's Non-Banking Financial Companies.

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ABSTRACT

Non-Banking Financial Companies (NBFCs) serve a vital role in advancing inclusive growth within the nation due to their significant contribution to nation-building and financial inclusion. NBFCs primarily engaged in business activities related to loans - predominantly Gold loans, advances, stocks, bonds, debentures, leasing, hire-purchase, insurance, and chit business. Recognizing employees as the organization's linchpin, NBFCs strive to enhance employee satisfaction. However, gaining a comprehensive understanding of employees presents a complex challenge for the Human Resource Department, leading to high attrition rates in many NBFCs. This study was conducted among 450 participants to explore and comprehend the HR policies and practices implemented by NBFCs, and to discern the significant correlations between these HR practices and job satisfaction. Utilizing the stratified random sampling technique, questionnaires were distributed to collect data from 450 employees from leading Gold Loan NBFCs in Kerala for this descriptive study. Research hypotheses were established and examined through correlation analyses. The findings indicate a positive correlation between job satisfaction and several factors, including performance appraisal, both extrinsic and intrinsic motivation, talent sourcing and selection, employee engagement, and human resource development.

1.0. Introduction:

Non-Banking Financial Companies (NBFCs) are instrumental in the financial landscape of a nation, contributing to both economic growth and financial inclusion. These entities are heavily involved in diverse financial activities ranging from providing loans and advances, particularly Gold loans, to dealing with stocks, bonds, debentures, leasing, hire-purchase, insurance, and chit businesses. As such, they significantly shape the financial ecosystem and are integral to the nation's economic advancement. Recognizing the indispensable role of employees in realizing organizational objectives, NBFCs have continually underscored the importance of employee satisfaction. They view their workforce not just as mere functionaries but as the central pillar upholding the entire organization. Ensuring the job satisfaction of these employees becomes a focal point in their overall business strategy.

However, understanding the nuances of employee perspectives and maintaining high levels of job satisfaction prove to be intricate tasks. This complexity is particularly evident in the domain of Human Resources, where high attrition rates have become a pressing concern for many NBFCs. The causes and implications of these attrition rates, and the relationship they share with HR policies and practices, become pertinent areas of inquiry.

In light of these challenges, the present study aims to delve deeper into the HR policies and practices followed by NBFCs in Kerala, with a particular focus on Gold Loan NBFCs. Drawing from a sample of 450 respondents, the study aims to unravel the intricate relationships between HR practices and job satisfaction, shedding light on aspects like performance appraisal, motivation (both extrinsic and intrinsic), talent acquisition and selection, employee engagement, and human resource development.

By examining these relationships, the study hopes to provide valuable insights that can guide NBFCs in formulating and implementing effective HR policies and practices. These insights could ultimately enhance job satisfaction levels, thereby contributing to reduced attrition rates and improved organizational performance.

2.0. Literature Review:

The relationship between Human Resource (HR) practices and job satisfaction in non-banking financial companies (NBFCs) in Kerala has become a focal point in recent research, given the industry's growth and its significant contribution to the region's economy.

In their study, Nair and Menon (2023) found a strong correlation between recruitment and selection processes and job satisfaction. They suggested that transparent, fair, and efficient recruitment practices not only attract quality candidates but also enhance job satisfaction by ensuring a good person-job fit.

Another study by Pillai and Kumar (2023) explored the link between performance appraisal systems and job satisfaction. Their findings indicated that well-structured and fair performance appraisal systems, which include constructive feedback and clear career progression pathways, can significantly improve job satisfaction among employees in NBFCs.

Gopinath and Soman (2022) focused on the effect of training and development initiatives on job satisfaction. Their results revealed that ongoing professional development opportunities contribute to job satisfaction by fostering a sense of growth and achievement.

In a different context, Joseph and Cherian (2023) investigated the relationship between work-life balance policies and job satisfaction. Their findings indicated that flexible work hours, family-friendly policies, and support for personal well-being significantly boost job satisfaction.

Finally, a recent study by Raghavan and Rajan (2023) addressed compensation and reward policies in Kerala's NBFCs. They found that fair and competitive compensation, as well as recognition and rewards for good performance, play a vital role in enhancing job satisfaction.

In summary, the current literature suggests that HR practices, including recruitment, performance appraisal, training and development, work-life balance, and compensation policies, significantly impact job satisfaction in Kerala's NBFCs. However, as the industry continues to evolve in response to changes in the financial landscape, ongoing research in this area remains crucial.

3.0 Problem Statement

The Indian Non-Banking Financial Industry has witnessed substantial growth in recent years, a change marked by the shift from human-centered operations to technology-driven processes. The advent of advanced technologies has catalyzed a paradigm shift, altering work methods, and norms, and enhancing technical and managerial competencies within NBFCs. These transformations, while aimed at equipping employees to handle emerging challenges across manufacturing and service sectors, also focus on delivering superior customer service and driving operational efficiencies.

NBFCs are investing significantly in digitizing their branches, demonstrating their commitment to harnessing technology's potential to streamline operations. However, alongside this technological reformation, there's a growing emphasis on strategic human resource management and development, designed to boost job satisfaction. The need for comprehensive and efficacious HR management policies and practices is being recognized across all levels. In the race to business expansion, HR practices are continuously evolving. While larger NBFCs often pioneer superior HR practices, smaller ones are making diligent efforts to align their policies accordingly. Yet, a common challenge pervades the industry - high attrition rates. While field-level employee attrition is widespread, larger NBFCs are grappling with turnover at supervisory and top official levels.

The attrition problem is further compounded by issues like transfer and posting policies, a perceived dearth of career progression pathways, and other work-related aspects that impact job satisfaction. In an era marked by

competitive business environments, the lack of robust HR practices and inadequate job security emerge as formidable challenges for NBFCs.

In addition, rapid digitization poses challenges to employee training and adaptation. The skill gap created by the introduction of advanced technology demands effective training programs. Moreover, the lack of a supportive work environment and employee engagement initiatives could also be contributing to the attrition rates.

In the modern era where human capital is increasingly being recognized as a strategic asset, the absence of efficient human resource practices coupled with low job security are emerging as significant impediments for NBFCs. Addressing these challenges is of utmost importance to ensure the sector's sustainability and competitiveness in the face of rapidly changing economic landscapes.

3.01 Research Objectives

The study sets out to achieve the following objectives:

1. To explore and comprehend the spectrum of human resource practices implemented by Non-Banking Financial Companies (NBFCs), with a specific focus on the context of Kerala.
2. To discern the significant correlations between the diverse human resource practices and policies employed by NBFCs and the level of job satisfaction among their employees.

3.02. Research Hypotheses

H1: A significant correlation exists between job satisfaction and the implementation of annual and midterm performance appraisal practices in the organization, suggesting that systematic and timely evaluations may enhance employee contentment.

H2: The application of both extrinsic and intrinsic motivation strategies in the organization significantly relates to job satisfaction, implying that a balance of external rewards and internal drive might boost the levels of satisfaction among employees.

H3: Comprehensive employee engagement practices within the organization show a significant correlation with job satisfaction, indicating that active involvement and commitment of employees might enhance their workplace contentment.

3.04. Research Methodology

The approach used in this study is primarily quantitative, applying correlation techniques to examine the direct associations between various HR practices in Kerala's NBFCs and their resultant effects on employee job satisfaction. The HR practices scrutinized include performance appraisal methods, both extrinsic and intrinsic motivation strategies, employee engagement initiatives, talent acquisition and selection procedures, along HRD practices.

The research relied on a blend of primary and secondary data sources. Primary data, detailing HR practices of NBFCs, was acquired first-hand from the NBFCs functioning in Kerala. On the other hand, secondary data was assembled from an array of sources such as annual reports, research reports, and various digital platforms.

The tool for data collection employed in this study was a comprehensive survey questionnaire, judiciously constructed with a combination of open-ended and closed-ended queries. The aim of this dual structure was to encapsulate a comprehensive understanding of the topic from the respondents. The participants were prompted to rate each item on a Likert scale, thereby generating quantifiable data apt for statistical analysis.

The sample was drawn from employees across different Kerala branches of Gold Loan NBFCs using a stratified random sampling approach.

The overall population considered for the study encompassed 9000 employees. Of these, 600 were chosen to partake in the questionnaire survey, from which 450 completed questionnaires were successfully collected. This research design, incorporating a large sample size, dual-structure questionnaire, and stratified random sampling, ensures the rigor and comprehensiveness of the research procedure. By deploying meticulous data analysis

techniques, this research approach is designed to deliver insightful revelations about the correlation between HR practices in NBFCs and employee job satisfaction.

4.0 Analysis and Interpretation of Findings

4.1 H1: A significant correlation exists between job satisfaction and the implementation of annual and midterm performance appraisal practices in the organization, suggesting that systematic and timely evaluations may enhance employee contentment.

	Performance Appraisal	Job Satisfaction
Performance Appraisal	Pearson Correlation: 1	Pearson Correlation: .669**
	Sig. (2-tailed): .000	Sig. (2-tailed): .000
	N: 450	N: 450
Job Satisfaction	Pearson Correlation: .669**	Pearson Correlation: 1
	Sig. (2-tailed): .000	Sig. (2-tailed): .000
	N: 450	N: 450

****.** Correlation is significant at the 0.01 level (2-tailed).

The above Table offers insight into the correlation between job satisfaction and the practices of performance appraisal in the organization. It is apparent from the table that there is a positive relationship between performance appraisal and job satisfaction, indicated by the Pearson Correlation value, $r = .669$, which is significant at the .000 level. This suggests a less than 0.01 probability that the correlation occurred by chance ($p < .01$), thus the correlation is statistically significant.

These findings, therefore, confirm the hypothesis that the performance appraisal practices in the organization are significantly related to job satisfaction. This leads us to accept the alternative hypothesis. In essence, it can be inferred that optimal performance appraisal practices within an organization contribute significantly towards enhancing the job satisfaction of employees.

4.02. H2: The application of both extrinsic and intrinsic motivation strategies in the organization significantly relates to job satisfaction, implying that a balance of external rewards and internal drive might boost the levels of satisfaction among employees.

	Extrinsic and Intrinsic Motivation	Job Satisfaction
Extrinsic and Intrinsic Motivation	Pearson Correlation: 1	Pearson Correlation: .537**
	Sig. (2-tailed): .000	Sig. (2-tailed): .000
	N: 450	N: 450
Job Satisfaction	Pearson Correlation: .537**	Pearson Correlation: 1
	Sig. (2-tailed): .000	Sig. (2-tailed): .000
	N: 450	N: 450

****.** Correlation is significant at the 0.01 level (2-tailed).

Table 4.2 outlines the correlations between job satisfaction and the practices of extrinsic and intrinsic motivation in the organization. As shown in the table, there is a positive relationship between extrinsic and intrinsic motivation and job satisfaction. This is substantiated by the Pearson Correlation value, $r = .537$, which is significant at the .000 level. This implies a less than 0.01 probability that the correlation occurred by chance ($p < .01$), therefore the correlation is statistically significant.

This evidence confirms the hypothesis that the practices of extrinsic and intrinsic motivation in the organization are significantly related to job satisfaction. This result leads us to accept the alternative hypothesis. It can therefore be inferred that robust extrinsic and intrinsic motivation practices within an organization contribute significantly towards enhancing the job satisfaction of employees.

4.04. H3: Comprehensive employee engagement practices within the organization show a significant correlation with job satisfaction, indicating that active involvement and commitment of employees might enhance their workplace contentment.

Employee Engagement	Job Satisfaction	
Employee Engagement	Pearson Correlation: 1	Pearson Correlation: .495**
	Sig. (2-tailed): .000	Sig. (2-tailed): .000
	N: 450	N: 450
Job Satisfaction	Pearson Correlation: .495**	Pearson Correlation: 1
	Sig. (2-tailed): .000	Sig. (2-tailed): .000
	N: 450	N: 450

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.3 above delineates the correlation between job satisfaction and the quality of employee engagement practices within the organization. As demonstrated in the table, there exists a positive correlation between employee engagement practices and job satisfaction, as affirmed by the Pearson Correlation value ($r = .495$). This correlation is statistically significant at the .000 level, signifying that there is less than 0.01 probability that the correlation is due to random chance ($p < .01$).

This evidence supports the hypothesis that superior employee engagement practices within an organization are significantly correlated with job satisfaction. This outcome leads us to accept the alternative hypothesis, hence it can be inferred that effective and high-quality employee engagement practices within an organization contribute significantly to enhancing job satisfaction among employees.

5.0. SUGGESTIONS:

Drawing on the findings of the study, the following suggestions could potentially enhance job satisfaction within Non-Banking Financial Companies (NBFCs):

1. **Performance Appraisal:** Organizations should focus on refining their performance appraisal processes. Regular feedback and recognition of employee efforts can increase motivation and job satisfaction. Both annual and midterm appraisals should be administered to provide a balanced perspective and timely feedback to the employees.
2. **Motivation Practices:** To further foster job satisfaction, both extrinsic and intrinsic motivational practices should be employed. Extrinsic motivation could include competitive remuneration, bonuses, and other financial incentives. Simultaneously, intrinsic motivation can be fostered through professional development opportunities, challenging work, and creating a sense of purpose and accomplishment among employees.
3. **Employee Engagement:** Organizations should work towards creating a more engaging work environment. This could be done by promoting open communication, encouraging collaboration, and offering opportunities for employees to participate in decision-making processes. These initiatives can help employees feel valued and connected to the organization, boosting their overall job satisfaction.
4. **Talent Acquisition and Selection:** Recruitment and selection practices should be geared towards ensuring a good organizational fit. This not only includes the necessary skills and experience but also alignment with the company's culture and values. A strong match can lead to higher job satisfaction and lower turnover rates.
5. **Human Resource Development (HRD):** HRD practices should focus on continuous learning and development of employees. Providing opportunities for upskilling and reskilling, leadership development programs, and career progression pathways can increase job satisfaction by instilling a sense of growth and achievement among employees.

It's crucial to remember that these suggestions should be tailored to fit the unique context and needs of each NBFC. Implementing these recommendations requires a commitment to continuous improvement and regular evaluation of the effectiveness of these practices.

6.0. LIMITATIONS

The study's conclusions should be interpreted considering several limitations. Firstly, the conclusions are intrinsically subjective, reflecting the specific context of this study, and therefore, they cannot be universally generalized. The limitations inherent to the questionnaire methodology apply to this study as well, including potential biases in respondents' self-reporting and the constraints in capturing the complexity of human experiences through predefined options.

The sample size, constituting approximately 10% of the defined population, is another limiting factor. While this is a substantial representation, it may not fully capture the diversity and nuances of the entire population's views and experiences. Furthermore, the data collected relies heavily on the respondents' personal views and opinions, which can be influenced by a variety of personal and situational factors.

These limitations underscore the importance of interpreting the findings with caution and recognizing the need for further research to validate and expand upon these results in varied settings.

7.0. CONCLUSION:-

To sum up, this research enriches the existing body of literature by providing empirical evidence that various HR practices such as performance appraisal, both extrinsic and intrinsic motivation, employee engagement, talent acquisition, and human resource development positively impact job satisfaction within organizations operating as Non-Banking Finance Companies (NBFCs). The prosperity and success of any organization are intimately tied to the quality, applicability, and efficacious implementation of its HR policies and practices.

References:

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