

MANAGING HUMAN RESOURCE PRACTICES IN NBFC SECTOR: A CASE STUDY

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ABSTRACT

NBFCs play salient role in converting scarce financial resources in capital formation. They supplement the role of traditional banks by meeting the financial needs of organized and unorganized sector. They fill the credit gaps where the reach of banks is minimal. In this paper, the human resource practices for NBFC sector is undertaken for research analysis. They have a cutting edge over banks in serving MSMEs and unorganized sector because of customized product offerings. Digital technology has created a new arena of growth. The degrading assets quality, decreased profitability and managing human resources still remain challenge for the sector. The study is concluded by giving recommendation on how the efficiency of NBFCs can be increased by optimal utilisation of human resources.

Keywords: NBFCs, Online Lending, Inclusive Growth, Retail Credit.

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1.0 INTRODUCTION

Non-banking financial companies (NBFCs) play a vital role in promoting inclusive growth in country by serving diverse financial needs and catering to the customers which are excluded from the conventional banking system. NBFC's provide innovative services to MSME sector suiting their specific requirements which do not fit into rigid credit rating system of banks. The financial services provided to the MSMEs from NBFC's include financing infrastructure loans, commercial vehicle financing and financing of physical assets. They channelize scarce financial resources by acting as intermediaries. NBFC's therefore have a critical role in the economy of the country by providing impetus to wealth creation, employment generation in under-served areas, providing credit facilities in rural areas and financial weaker sections of society and supplement banks by meeting needs of corporate sector and unorganized sector.

2.0 STATEMENT OF THE PROBLEM

The vast growth of Indian Non-Banking Financial Industry has changed its face with a decreasing emphasis on human involvement and significant addition of technology. Now days, technologies are being utilized by the NBFCs for upgrading their work methods, work norms, technical and managerial skills. Towards this end, NBFC's have been investing in computerizing their branches to make it convenient for the customers to utilize the services in an effective manner. In addition, NBFC's are also emphasizing on the management of human resources which includes training on customer support, financial handlings etc. These management etiquettes ultimately lead to higher level of job satisfaction. The strategies for human resource management are evolving with business expansion. Despite this the NBFC's face significantly higher attrition rate at field level. This is majorly due to factors like posting and transfer policies, lack of career progression which ultimately minimizes the level of job satisfaction. Hence, one of the major challenges faced by this financial sector has been to develop the best human resource practices which will increase retention.

3.0 LITERATURE REVIEW

The following presents the literature on the human resource practices followed by the NBFCs;

Training in which an individual is placed on a specific job and taught the skills, attitudes and knowledge necessary to perform it (Armstrong, 2001), similarly Rizvi (2011) defined that the greater priority is given to training for human development theory. so it is said that training is an important part of investment in human capital.

The term recruitment refers to discovering the source from where potential employees may be selected Costello (2006)

According (Guay et al. 2010), motivation is described as process of stimulating people to actions to accomplish the goals. In order to improve employee satisfaction. Susi and Jawaharrani (2011) pointed out that work-life balance plays a critical role.

A performance appraisal is a systematic, general and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives (Armstrong, 2012).

Carda, et al. (2014) pointed that HR practices such as autonomy, participation, training, career plans and organized recruitment processes are vital link between creativity and innovation

Renjith PR and Dr.Devaraj Badugu.(2017)state that performance appraisal,motivation, employee engagement, recruitment and selection, training and development are positively related to *job satisfaction. Finally, it is recommended that these human resource practices should be viewed as strategic functions of any organization.*

4.0 RESEARCH GAP

The above review shows the human resources practices in NBFFC Sector changing over the period across the globe with changing in development of economy and easy accessibility of information. The present study undertaken to find the HRM practices as regards Performance Appraisal, Motivation Practices, Employee Engagement, Recruitment and Selection practices, Training and Development practices of Muthoot Finance for the current period restricted to the sample location.

5.0 RESEARCH OBJECTIVES

Objectives of the present research include the following:

1. To study the Performance Appraisal practices.
2. To study the Motivation Practices
3. To study the: Employee Engagement Practices
4. To study the Recruitment and Selection Practices
5. To study the Training and Development practices

6.0 HYPOTHESES

1. There is no significant difference in Performance Appraisal practices in the NBFC sector.
2. There is no significant difference in Motivation practices in the NBFC sector.
3. There is no significant difference in Employee Engagement practices in the NBFC sector.
4. There is no significant difference in Recruitment and Selection practices in the NBFC sector.
5. There is no significant difference in Training and Development practices in the NBFC sector.

7.0 RESEARCH METHODS

A quantitative approach is adopted in this research. The research study was conducted by using correlations to determine the direct relationships of the various HR practices followed by the NBFCs such as performance appraisal, motivation, employee engagement, recruitment and selection, training and development and their effects on HR Practices. Descriptive research design was adopted for this study. The primary data were collected with help of a structured questionnaire which was framed with open-ended and closed-ended questions to gather the information from the respondents. Each respondent was asked to rate each item on some responses on the Likert scale. Secondary data of HR practices of NBFC's were collected from various research reports, annual reports, internet etc. The proposed sample size for the present research is 100 employees of NBFC's, but the actual respondent were 91.

8.0 ANALYSIS OF DEMOGRAPHIC PROFILE OF SAMPLE

1. AGE PROFILE

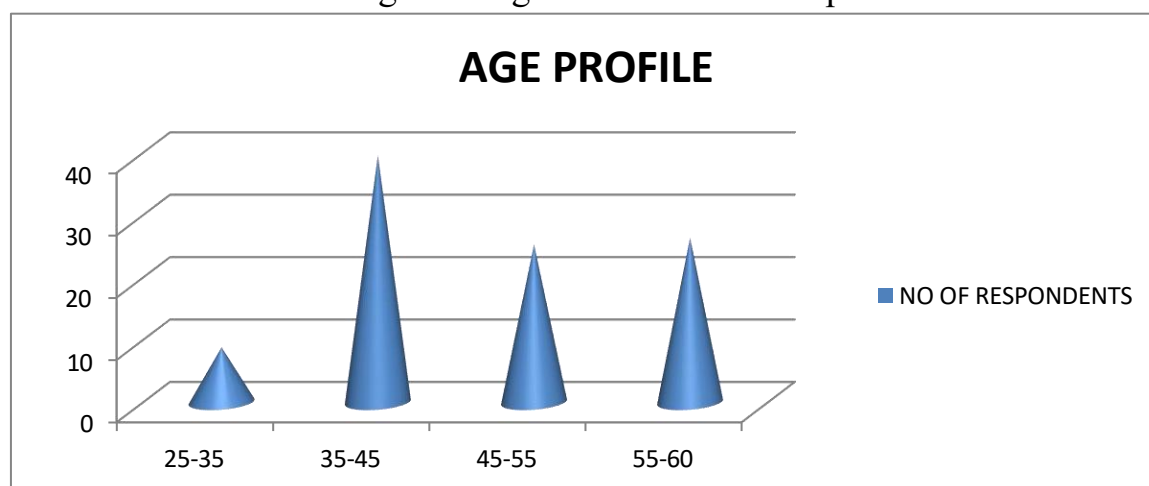
The sample profile is 91 with different backgrounds. They are belongs to different age group and their age profile as follows:

Table-1 Age Profile of the Sample

AGE GROUP	NO. OF RESPONDENTS	PROPORTION OF TOTAL SAMPLE
25-35	8	8.79
35-45	36	39.56
45-55	23	25.28
55-60	24	26.37
TOTAL	91	100.00

Sources: compiled from the collected data

Figure -1 Age Profile of the Sample



Sources: compiled from the collected data

The above table-1 and figure-1 shows that the maximum respondents belongs to the age Group of 35-45(39.56 %) followed by the age group of 55-60 (26.37%). The lowest Respondents belong to the age group of below 25-35. And this shows the perception towards Investment is at the pick in the age group of 25-35 but it slows down with increase in the age.

2. GENDER PROFILE

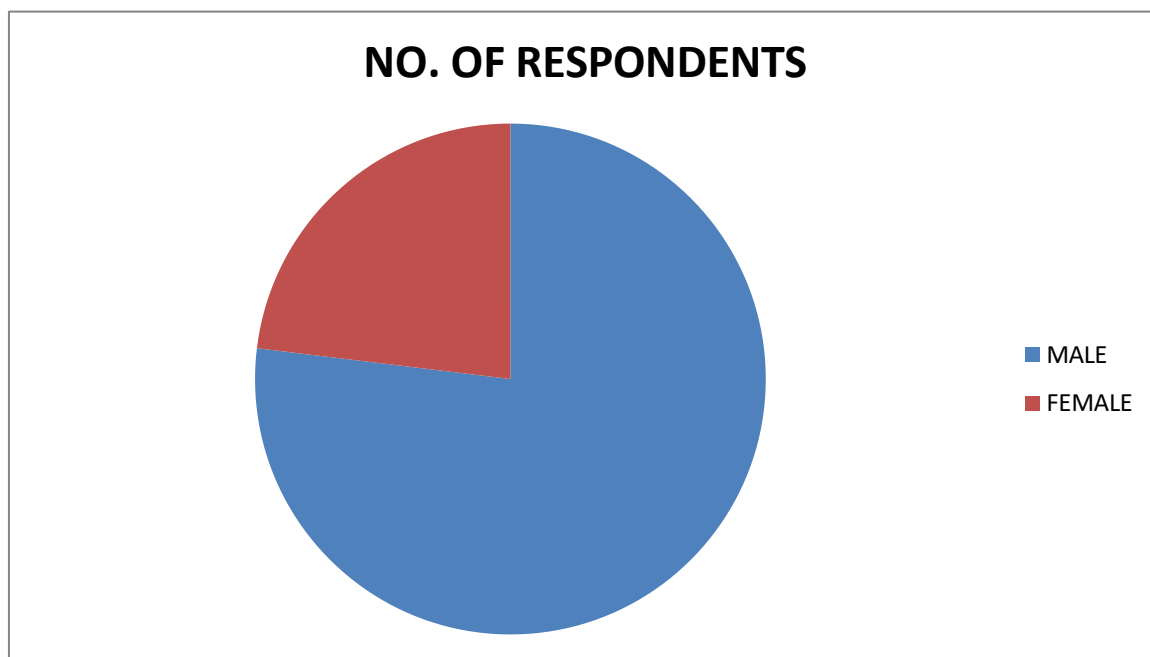
The gender profiles of the total samples are as follows:

Table-2 Gender Profile of the sample

GENDER	NO. OF RESPONDENTS	PROPORTION OF TOTAL SAMPLE
MALE	70	76.92
FEMALE	21	23.08
TOTAL	91	100.00

Sources: compiled from the collected data

Figure -2 Gender Profile of the sample



Sources: compiled from the collected data

From the total respondents 76.92% are belongs to male and 23.08% are belongs to female.

3. EDUCATION PROFILE

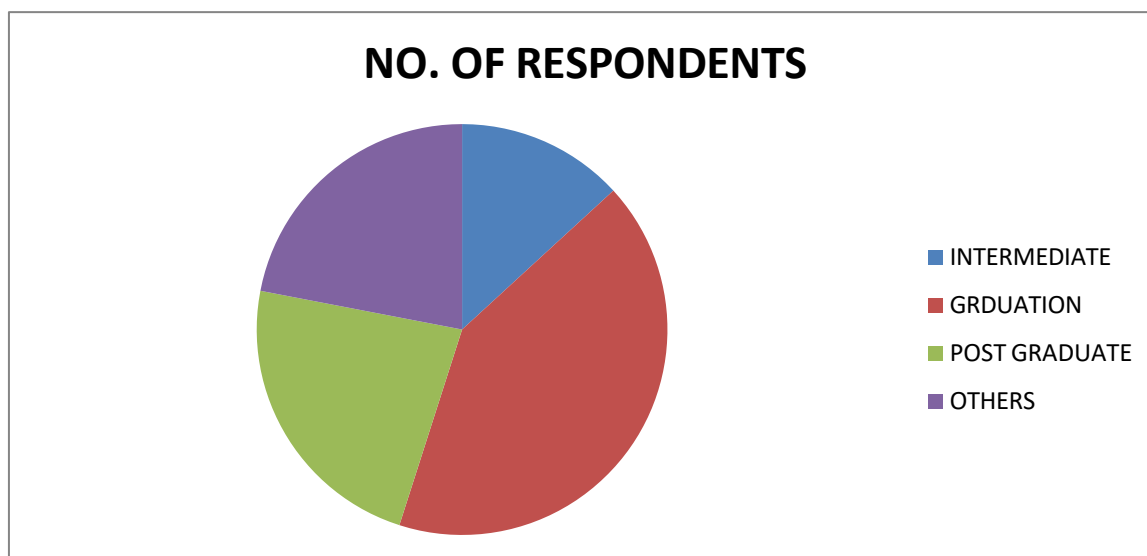
The respondents of the total sample have different education back ground like intermediate, graduation, post graduation and others. Their compositions are as follows:

Table-3 Education Profile of the Sample

LEVEL OF POSITION	NO. OF RESPONDENTS	PROPORTION OF TOTAL SAMPLE
INTERMEDIATE	12	13.18
GRADUATION	38	41.76
POST GRADUATION	21	23.08
OTHERS	20	21.98
TOTAL	91	100.0

Sources: compiled from the collected data

Figure-3 Education Profile of the Sample



Sources: compiled from the collected data

The above table -3 and figure-3 shows the majority of the respondents belong to graduation category which is 41.76% whereas intermediate is 13.8% and 21.98% are belongs to others category

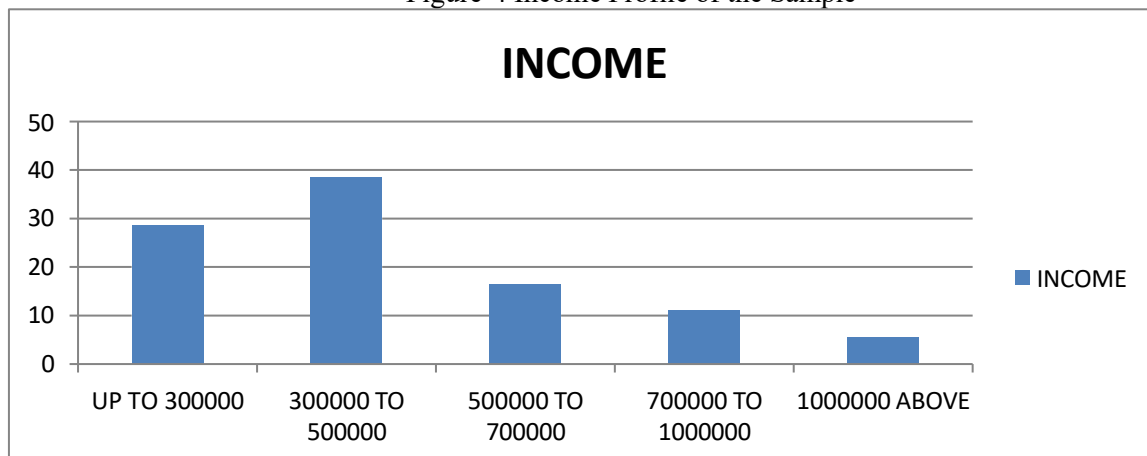
4. INCOME PROFILE

Table-4 Income Profile of the Sample

INCOME	NO. OF RESPONDENTS	PROPORTION OF TOTL SAMPLE
UP TO 300000	26	28.57
300000 TO 500000	35	38.46
500000 TO 700000	15	16.48
700000 TO 1000000	10	10.99
1000000 ABOVE	5	5.50
TOTAL	91	100.00

Sources: compiled from the collected data

Figure-4 Income Profile of the Sample



Sources: compiled from the collected data

The income profile of the respondents shows that maximum respondents are from Rs 300000 to Rs 500000 income group which is 38.46% and minimum are from Rs 1000000 and above group which is 5.50%.

10. CONCLUSION

In conclusion, this study has added to literature by revealing through the results that performance appraisal, motivation, employee engagement, recruitment and selection, training and development are positively related to HR Practices in the organization using Non-Banking Finance Companies (NBFCs). This shows the vital roles of human resource practices play in the success of the organization. As the success of any organization largely depends on the quality of its human resources and the degree to which they are satisfied, there is the need for the effective management of human resources regardless of the size and or the nature of the organization.

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