

Human Resource Practices in Pakistan Banking Sector: A Conceptual Framework Including Personality Traits, Emotional Intelligence and Employee Performance

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Abstract- Measuring the employee performance in the bank sector has become a vital policy tool for all bankers since it enhances the overall performance through applying different human resource practices. Recently, personality traits and emotional intelligence have become more accepted at the level of human resource researches especially in the growing banking sectors. However, the nature of relationship among these variables and other human resource practices is still under study especially in relation to the employee's performance. This paper presents a conceptual framework including the human resource practices and its effect on the employee performance. It also suggests studying the mediating effect of personality traits as well as the moderating effect of emotional intelligence on this relationship.

Index Terms- HR practices, Personality Traits, Emotional Intelligence, and Employee Performance.

I. INTRODUCTION

The Pakistani banking sector has witnessed critical financial crises throughout the 2000 decade and especially the time horizon between 2005 and 2008 (Aizenman & Hutchison, 2012). This deterioration has been observed among the Pakistani banks such as the National Bank of Pakistan and NIB which have disclosed the losses and downsize its performance in a way that has affected the employee performance of the banking sector (Akhtar & Nishat, 2002). In Pakistan banking sector, the bank management has been adopting different techniques for examining the employee performance as the main organizational indicator of success. There is a common phrase which states that employees are the main asset of any organization. If this asset performs tremendous, the organization will also perform outward. Such scenario has affected the employee's behaviour of banking sector in Pakistan because previously, organizations have tried to survive and sustain their rank by focusing on restructuring, re-engineering, downsizing and implementing new technologies. The objective of this research is to find out the direct and indirect factors affecting employee performance through developing a theoretical framework which consists of tangible and intangible factors such as reward, training and employee engagement. In addition, the personality traits and emotional intelligence are suggested to affect the influence of human resource -HR practices on employee performance.

II. BACKGROUND OF THE STUDY

Over the years, employee performance has been the central issue in the field of human resource and organizational behaviour, in which researchers are constantly trying to search for the best reliable variables that can accurately explain and forecast future employee performance in the organization (Gerber et al., 1995; Huselid, 1995).

A substantial series of researches on employee performance has been contemplated not only by scholars in the human resource and organizational behaviour field, but also in the applied psychology, management and education areas as well. Although performance related research has been extensively covered, performance is proven to be dynamic in nature (Kanawattanachai & Yoo, 2002). Thus; there are always meaningful variations or diversification that can trigger the new research question pertaining to the employee performance.

Research concerning the workplace behaviours such as employee performance in an organization is theoretically essential for the field of human resource and practically meaningful for producing collective outcome. Due to the relentless effort in research work on employee performance predictors, the incorporation and administration of an organization is becoming more and more common in the human resource procedure.

These alternative attempts of organization caused change in employee personal behaviour. Thus, the research dealing with behavioural changes has mainly focused on the factors which influence the individual satisfaction and performance at work place. If the individual feels satisfied with his/her job, the level of employee performance leads to an increase in the organizational performance.

Moreover, the previous researchers suggested that individual differences on the reward system, organization environment, openness to experience and emotional stability play an important role in employees' attitude which affects the employee performance. Consequently, this research confines to those factors in the banking sector of Pakistan which helps to resolve the enigma behind that.

Pakistani banking sector has undergone a systematic transition in the last decade by the introduction and extensive use of Information Technology (IT) for the automation and efficiency of operations. Network and profitability of banks have increased

to a greater extent despite the overall economic instability and global financial crisis of 2007 (Ahmad & Arif, 2007).

In banking sector, the employees' performance directly affects the overall banking performance due to its sensitive nature of direct interaction with customers. In the current competitive market, success is less dependent on capital and more on innovation, speed and acceptability. The effect of human resource management on organization performance has received considerable importance in the last 25 years showing effective connection between HR practices and organization performance (Qureshi et al., 2010).

Employee performance has received an important status in the field of organizational behaviour during the past decade (Wright et al., 2005). Since many years and particularly in banking industry, the research on human resource practices has played a significant and important role in management and organization performance. Therefore, this study aims to determine the effect of HR practices including reward, training and employee engagement on employee performance. In addition, it expands the research to incorporate the mediating role of personality traits between these HR practices and employee performance. Moreover, it suggests the most dynamic part of employee's performance which is the emotional intelligence as a moderator between the HR practices and employee's performance.

III. IMPORTANCE OF E-READINESS

Many studies have been conducted within the Pakistan's banking sector to evaluate the employee performance at different banks (Sabir et al., 2012; Rashid et al., 2011). Employee engagement is becoming an interesting topic among business organizations and decision making bodies (Rasheed et al., 2013) in which it is considered as a key to achieve the employee performance and indirectly affects the organizational performance in banking sector of Pakistan (Gruman & Saks, 2011; Markos & Sridevi, 2010; Macleod & Clarke, 2010). Markos and Sridevi (2010) suggested that there is a significant relationship between such schemata and he noted that employees with more work engagement are emotionally attached to their organization and highly involved in their job with a great enthusiasm for the success of their employer, thus going an extra mile beyond the employment contractual agreement.

However, Sardar et al. (2011) studied the mediating role of employee engagement among HR Practices and found that they are significantly related. Actually, employee engagement is a vast construct that touches almost all parts of human resource management sides we know up till now (Markos & Sridevi, 2010). However, these studies did not include individual factors like personality traits, making them with no value in predicting job.

The positive relationship has been observed between reward and human behaviour and which ultimately effect the satisfaction and performance of employees (Pinar, 2009; Bishop, 1987). Same phenomena have been observed at the Pakistan context (Sardar et al., 2011; Danish & Usman, 2010). Several studies reported significant relationship between the reward and the employee performance in Pakistani bank sector (Sardar et al., 2011; Danish & Usman, 2010) and education sector (Shahzad et al., 2008) and telecommunication sector (Afshan, 2012). However, personality trait is not a part of any of these researches.

Training of employees is pivotal for the success of any organization and the results of several studies concluded that the training of employee have stronger effect on the employees' performance and organizational performance (Brown & Sitzmann, 2011; Tan et al., 2011). Understanding the environmental factors may lead to training effectiveness and improve the employee's performance (Bhatti & Hoe, 2012). The attempt to solve the myth between the relationship of training and employee performance is still smear in the Pakistani context but some research has shown that training effects are positively associated with the performance of the employees (Afshan, 2012; Sardar et al., 2011; Rashid et al., 2011).

Leadership has certain influence on the performance of employees (Shalley & Gilson, 2004), although transformational leadership is thought to increase followers' performance by motivating them to transcend self-interest (Grant, 2012). Moreover, Liaw et al. (2010) examined the relationship between the transformational leadership and employee performance and showed that transformational leadership can enhance employees' performance. Also, the supervisor's support may serve as the dominant mediator for the relationship between transformational leadership and employee performance.

The previous research has proven that good service probably comes from employees with good personality and has stronger emotional intelligence. The growing impact of personality traits and way of dealing with employees also counted in the performance of the employee. The personality of high dimension can adopt the environment of organization easily and perform the job as required. Hence, the employee's personality in any sector is the essential requirement to measure the performance as it influences the choice of the career (Hogan & Holland, 2003).

Therefore, personality traits are of the main factors affecting the performance in banks and its most important element in the career selection. In addition, the management has the criteria for the strict assessment of the personality of the potential employee for the organization. Ashton (1998) recommended that the existence of a general, integrity-related personality factor shows two narrow measures namely the responsibility and risk taking scales of the Jackson Personality Inventory. This is essential to have higher validities than the big five dimensions with respect to job performance.

Emotional intelligence of the employees has also played an important role in the job satisfaction of the employees. Employees recognizing and appreciating other colleague have used emotions as well. Emotionally intelligent people get more satisfaction from their jobs (Shadahat et al., 2011). Job satisfaction is an approach that employees know about their work and it refers to their combination. Afolabi et al. (2010) examined the influence of Emotional intelligence and gender on both job performance and job satisfaction of the Nigerian police officers which ultimately affects the employee performance.

Simply, quality wise and high performing employees are considered the most important assets of any organization (Cascio, 2003). Thus, studying the individual and organizational factors which contributes toward the employee performance is considered theoretically significant and practically in line with the current national aspiration to upgrade employee quality performance, where there is a must for improvement to be made to the human resource practices (Henneman et al., 2007).

Researches on personality factors for improving the selection and recruitment process have focused on continuous learning and increased efforts on employee to upgrade their knowledge. Also, the organizational culture as intangible factor supports advancing employee performance as well. To further enhance the need for such study, the researcher will now address the gap in the literature regarding the constructs of interest.

Studies focusing on determining the predictors of employee performance have not included factors such as the personality extensively. Meta analysis of big five or five factor model of personality (Hogan & Holland, 2003; Bariick et al., 2001; Salagado, 2002) proved the predictive validity of personality construct.

Among the prediction of employee performance, measures of personality stand out from the crowd and most intensively research areas and practical applications because personality test has really reliable resource of examining the personality of employee which is proven by the empirical evidence and economically feasible (Bariick et al, 2001).

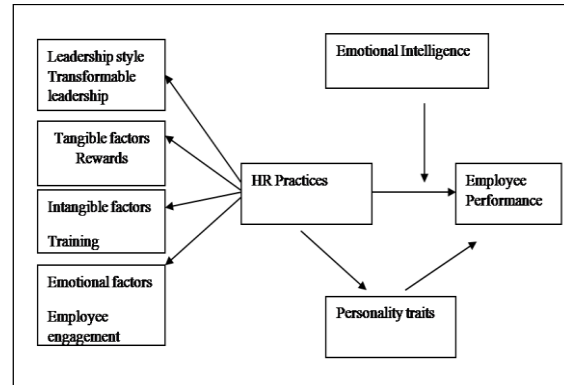
IV. THEORETICAL BACKGROUND AND RESEARCH FRAMEWORK

To provide a practical model for studying the mediating effect of personality traits and the moderating effect of emotional intelligence between HR practices and employee performance, different theoretical perspectives were deployed as a foundation for this research. One of the main underpinning theories of this research is the theory of task and contextual performance. This theory suggests that an employee's job performance is composed of two features. The first one is task performance which is based on competence in activities and constitutes the primary job duties of the employee. The second one is contextual performance which is based on competence in maintaining the social environment of the workplace. Task performance includes ability on missions directly related to individual efficiency and it is suggested to be expressed in task knowledge and skills. While contextual performance is related to organizational citizenship and pro-social behaviours that would do extremely well at socially-oriented tasks. This model has pointed out that greater job performance needs performance on both task and contextual reasons in order for the current to achieve better performance (Konkin, 2013).

According to the above debate and ideas of some researchers (Tett& Burnett, 2003; Hattrup& Jackson, 1996), effects of situational factors on personality traits should be taken into account for gaining additional insight into the complex relationship of personality-job performance. Therefore, it is essential to use the interactions' approach since most of researchers have examined the interaction between the situational and personality factors (Colbert et al., 2006; Raja et al., 2004).

Colbert et al. (2006) suggested that future research have to investigate the significant effect of mediating variables, where the inconsistency in research outcomes pertaining the relationship between the personality and employee performance in the Pakistani sector perspective. Accordingly it is assumed that mediating and even moderating effects are important factors that should be overlooked in analyzing the relationship between HR

practices and employee performance as illustrated in figure 1 below.



V. CONCLUSION

Accordingly, this study has proposed a conceptual framework for measuring the relationship among different variables in the field of human resource management. An empirical study has to be conducted among the banking sector of Pakistan in order to test the validity of this framework through conducting a survey among the employees. Further studies are also recommended to expand this research empirically to enrich the literature from the geographical and methodological perspectives as well.

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