

Staff Productivity, Cost Average Net Portfolio and Portfolio Yield:

A case Study Analysis of Rural Banks in Jaffna District

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Abstract

Most of the organizations including service organizations carry out the business activities through achieve profit. The profit can be enjoyed through maximizing revenues or minimizing expenses .This is depending upon the staff productivity. In a way, we analyze the impact of the staff productivity and cost – average net portfolio on portfolio yield in rural banks located in Jaffna district. Number of active loan clients to number of staff members, number of active loan clients to number of loan officers and gross portfolio outstanding per loan officers are used to measure the staff productivity. Operating expenses to average net portfolio and revenue from loan portfolio were computed to measure the cost – average net portfolio and portfolio yield respectively. Out of thirty four co-operative rural banks in Jaffna district, twenty branches were selected for the study with the period of 2002 – 2006. The study concluded that there is no association between cost – average net portfolio and portfolio yield. Further, there is no association between staff productivity such as clients to staff members, clients to loan officers, gross portfolio outstanding and portfolio yield. However the impact of staff productivity shows a lesser impact on portfolio yield. Out of above three staff productivity ratios gross portfolio outstanding per loan officer is show the considerable contribution to portfolio yield.