

**HUMAN RESOURCE PRACTICES AND PERCEIVED
PERFORMANCE OF BANKS IN MONARAGALA DISTRICT
THE MEDIATION ROLE OF HUMAN CAPITAL**



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ABSTRACT

Increased organizational dependence on HR practices drives management attention towards improving human capital and overall performance of the organizations. The aim of this study is to find out “How do human resource practices impact on perceived performance of banks and does human capital mediate the relationship between human resource practice and perceived performance of selected bank in Monaragala District”. Human capital serves as mediation mechanisms that explain the relationship between human resource practices and perceived organizational performance. Conceptual model is developed based on the existing literature. Primary data that has been used for the study were obtained from 200 bank employees who are working in branches of banks in Monaragala District. The collected data has been analyzed by using descriptive statistics, correlation analysis and regression analysis.

According to the descriptive analysis results, mean values of study variables, based on the decision rule, indicates there are medium levels of human resource practices, human capital and perceived performance of bank branches in Monaragala. Human resource practices has a strong positive relationship with the perceived performance. And also it has a moderate positive relationship with human capital. Between the human capital and perceived organizational performance, there is a moderate positive relationship exist. The mediation effects observed suggests that human capital is playing a partial mediating role in the relationship in between human resource practices and perceived performance of bank branches.

Key words: *Human Resources Practices, Human Capital, Perceived Organizational Performance.*

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