

Impact of Training in Indian Banking Sector – An Empirical Investigation

Dr. K. Karthikeyan (Corresponding author)

Assistant Professor

Saranathan College of Engineering

Tiruchirappalli, Tamilnadu, Pin-620012, South India

E-mail: karthik1_77@yahoo.co.in

R.Karthi (Assistant Professor)

EGS pillay Engineering College

Nagapattinam, Tamilnadu, South India

E-mail: rkarthi_30@yahoo.co.in

D. Shyamala Graf

Lecturer

Kurinji College of Engineering & Technology

Mannapparai, Tiruchirappalli, Tamilnadu, South India

Abstract

Employee training is becoming a necessity to every organization now-a day. Employees are entrusted different roles and responsibilities in the banks. Training enables them to carryout these roles and responsibilities efficiently and also learn new things, which will prepare them to take up higher responsibilities in the future. In this study the researcher studies the existing practices of the various aspects of training program and its effectiveness in selected public and private sector banks in Tiruchirappalli District, South India. This is mainly to assess the present status of the employee effectiveness in discharging the roles and responsibilities in tune with the objectives of the bank. The aim is to assess the effectiveness of the various facets of training i.e. employee's attitude towards training inputs; quality of training programmes; training inputs and application of training inputs to the actual job.

Keywords: Training program, Employee attitude, Training input, Banks, Growth & Result, Training effectiveness, Quality

1. Introduction

The journey towards a knowledge economy demands the new additional type of competencies like team spirit, co-operation, etc. To reach the destination of knowledge economy in high productivity places like banks, the lifelong learning concept should be applied to its workforce. During the last ten years, "lifelong learning" has become one of the most frequently heard terms in training circles. This is perhaps an apt response to the increasingly rapid changes under-way in modern societies. As a sequel, every business entity worth its salt is placing utmost importance on the development of Human Capital - the knowledge, skills and motivation embodied in people. The growing share of economic output in the services sector, including that of banking is turning to be knowledge and information-intensive. This in itself is placing a high premium on the continued upgrading of skills and competencies of the workforce.

The growth of the knowledge economy that has, of course, partly been stimulated by demand for the new types of goods and services, increasing globalization of economic activities and technological changes, have only multiplied the need and urgency for new or additional type of competencies, such as team work, problem solving communication skills and capacity to see workplace development in a broader context, among the employees. With the kind of reforms and the resulting changes that are currently overawing the Indian banks, the urgency to

inculcate such competencies among the workforce is getting intensified in the banking sector.

The study is conducted mainly to find out the Effectiveness of Training in selected public and private sector banks in Tiruchirappalli District, Tamilnadu-South India. The present - day economy is very much dependent upon the various functions of banking practices; it is unthinkable for the country's economy for its growth, sustenance and development without the role of banks. The role of banks is essentially carried out by the people and therefore it is essential to have a well - trained and motivated staff to manage the banking operations. Success of the banking operations depend upon the people, the employee and the effectiveness of the employee is very much depending on the training input given to the employees. The effectiveness of training is not static, it has to be periodically reviewed, updated and upgraded in tune with demanding situation of the economy, government policy, advancements in Information Technology and expectations of customers. All the above-mentioned aspects impressed the researcher to study the existing Training Methods and their effectiveness in selected public and private sector banks and come out with recommendations for future.

2. Literature Review

Donald L. Kirkpatrick (1997), Evaluation, Training and Development Handbook approached its, evaluation process in a more logical way. The author emphasized that while evaluating training, instead of just studying the reactions of the trainees, the study could be carried out in four different levels viz., i.e., reaction, learning, behaviour and results. The author's guidelines and discussions on each level of evaluation of training are worth mentioning. **Jane Richards (1997)**, Management Training-the Real Objectives views that while embarking upon a management programme, the real objective must be to focus on the individual manager, not the position in the company. The author's discussion on training needs analysis i.e., about core competencies, job profiling and identification of competencies gaps-either against core competencies for individuals or against job profiles for generic roles is worth mentioning. **Niki Glaveli; Stella Kufidu (2005)**, in their paper analyzed the changes that took place in the Greek banking industry in the last years, their impact on the role of employees training and development for strategy implementation and success, using four case studies to investigate the effect of the environmental changes on these particular banks and the role of their training and development strategies in adjusting themselves to the changing industry environment. **Riyaz Rainaye (2004)**, in their study empirically examined the training policy in two commercial banks, namely, State Bank of India and Jammu & Kashmir Bank Limited. The focus is on the various facets of training including Management's attitude towards training, training inputs, quality of training programmes and transfer of training to the job. Whereas it records that the training scenario is to a large extent satisfactory. it evaluates the opinions of the employees of two cadres of both banks: in particular that it can be made fully effective only when the training needs assessment and transfer of training to the job are considerably improved, besides bringing in finer improvements in other dimensions. **Shishupal Singh Badhu and Karunesh Saxena (1999)**, Role of Training in Developing Human Resources is another work of relevance. In this, the authors concluded that an organization should have well-defined training policy as well as training manual and training should be made an ongoing process. Regarding the executive development programmes the authors have concluded that, these programmes have been found to be useful in improving the productivity, efficiency and effectiveness of managers. The authors have suggested that these programmes should be included as an integral part of the training programme.

The current research study differs from the studies reviewed in the past, in this study the researcher evaluated the effectiveness of training in six banks and how training contributes for growth of the banks is clearly examined. It consists of three public sector banks and three private sector banks. Most of the studies focused on either one sector of banks. In this study, researcher dealt with both public and private sector banks

3. Objectives

- 1). To analyze the effectiveness of Training in selected banks in Tiruchirappalli District, South India.
- 2). To find the association between effectiveness of training and growth and result of banks.

3.1 Hypotheses

- 1). Training Programme gives positive impact on the growth of the banks.
- 2). There is no significant difference between training programmes in banks.

4. Methodology

A well-structured questionnaire was used to collect the primary data. For designing an effective questionnaire for the study, it was felt necessary to test the validity of the questionnaire. This was done by a pilot study consisting of visits to different branches of the selected six banks for this study developing a draft questionnaire and getting

opinion of the bank employees on the draft questionnaire. The questionnaire was finalized based on the comments and suggestions of the bank employees and also the enhanced exposure of the researcher based on the field visits to various banks. Secondary data for the study were collected from reputed journals, magazines, websites and bank records. Total sample size for this study is 512 respondents. It consists of 454 respondents of clerical cadre and 58 respondents of managerial cadre in banks.

In Tiruchirappalli district 46 banks are ensuring their presence and providing their services to public. Out of them three public sector banks and three private sector banks have been selected for this study, such as State bank of India (SBI), Indian overseas Bank (IOB), Indian Bank, Industrial Credit and Investment Corporation of India Bank (ICICI), Housing Development Finance Corporation Bank (HDFC), and City Union Bank.

4.1 Statistical Tools used

Using Statistical Package for Social Sciences (SPSS) analysis was made and following tools were used for the study 1. Multiple Regression 2. Reliability Test 3. Path Analysis using AMOS package.

Insert Table 1 here

Cronbach's alpha is the most common form of internal consistency reliability coefficient. An examination had been made from the reliability of the data to check whether random error causing inconsistency and in turn lower reliability is at a manageable level or not, by running reliability test. From table 1 it is clear that values of Coefficient alpha (Cronbach's Alpha) have been obtained, the minimum value of Coefficient alpha obtained was .899. This shows data has satisfactory internal consistency reliability.

4.2 H1 There is no significant difference between training programmes in banks.

Insert Table 2 here

To determine if one or more of the independent variables are significant predictors of Effectiveness of Training, the information provided in the coefficient table is examined. All the above seven independent statements are statistically significant.

The standardized coefficient beta column reveals that Learning Objectives Met have beta coefficient .210 which is statistically significantly at 0.000. Training Programme have beta coefficient .036 which is not statistically significantly at 0.000. Training Input & Facilities have beta coefficient .161 which is statistically significantly at 0.000. Job Effectiveness have beta coefficient .181 which is statistically significantly at 0.000. Growth & Result have beta coefficient .491 which is statistically significantly at 0.000. Behaviour & Relations have beta coefficient .123 which is statistically significantly at 0.000. Attitude towards Training have beta coefficient .128 which is statistically significantly at 0.000.

To assess multicollinearity one looks at the size of Tolerance and VIF. For the tolerance small value indicate the absence of collinearity. The VIF is the inverse of tolerance, one looks for large values. If the tolerance value is smaller than .10, it is concluded that multicollinearity is a problem. Similarly, if the VIF is 5 or larger, then multicollinearity is a problem.

Since the tolerance value is substantially above .10 and the VIF is smaller than 5, it is concluded that multicollinearity among the independent variable is not a problem.

Predicted Value of

$$\begin{aligned} \text{Effectiveness of Training} &= -.812 + 180 (\text{Learning Objectives Met}) \\ &+ .001 (\text{Training Programme}) \\ &+ .193 (\text{Training Input \& Facilities}) \\ &+ .201 (\text{Job Effectiveness}) \\ &+ .482 (\text{Growth \& Result}) \\ &+ .120 (\text{Behaviour \& Relations}) \\ &+ .137 (\text{Attitude Towards Training}) \\ &+ .271 (\text{Ave. Error in Prediction}) \end{aligned}$$

4.3 H2 Training Programme gives positive impact on the growth of the banks

MODELLING OF OVERALL EFFECTIVENESS OF TRAINING AND GROWTH & RESULT

The various relationships between attributes of the training programme have been studied by using Conventional Linear Regression which is also known as path analysis.

Path analysis is an extension of the regression model, used to test the fit of the correlation matrix against two or more causal models which are being compared by the researcher. The model is usually depicted in a circle-and-arrow figure in which single-headed arrows indicate causation. A regression is done for each variable in the model as a dependent on others which the model indicates are causes. The regression weights predicted by the model are compared with the observed correlation matrix for the variables, and a goodness-of-fit statistic is calculated. The best-fitting of two or more models is selected by the researcher as the best model for advancement of theory.

Insert Figure 1 & Table 3 here

a. Estimate of regression weight

1. When **Learning Objectives Met** goes up by 1, **Overall effectiveness of training** goes up by 0.297.
2. When **Training Programme** goes up by 1, **Overall effectiveness of training** goes up by 0.242.
3. When **Training Input and Facility** goes up by 1, **Overall effectiveness of training** goes up by 0.329.
4. When **Job Effectiveness** goes up by 1, **Overall effectiveness of training** goes up by 0.242.
5. When **Behavior / Relationships** goes up by 1, **Overall effectiveness of training** goes up by 0.176.
6. When **Overall effectiveness of training** goes up by 1, **Growth / Result** goes up by 0.814. It is clear that training contributes for growth and result of the banks.

Insert Table 4 here

a. Estimate of squared multiple correlation

1. It is estimated that the predictors of **Overall Effectiveness of Training** explain 68.2 percent of its variance. In other words, the error variance of **Overall Effectiveness of Training** is approximately 31.8 percent of the variance of **Overall Effectiveness of Training** itself.
2. It is estimated that the predictors of **Growth / Result** explain 63.8 percent of its variance. In other words, the error variance of **Growth / Result** is approximately 36.2 percent of the variance of **Growth / Result** itself

5. Conclusion

Human Resource Management is meant “to integrate all personal activities with each other and strategically with organizational objectives”. Essentially, it first serves the organizational interest and in that context, “It’s an Investment rather than a cost to the organization”. The utilization of all other resources directly depends on efficient utilization of human resources. Every organization needs to have well-trained and experienced people to perform the activities that have to be done. As jobs have become more complex in the banking sector, the importance of employee training has increased. In a rapidly changing society, employee training is not only an activity that is desirable but also an activity that an organization must commit resources to, if it is to maintain a viable and knowledgeable workforce. Owing to the changing banking environment, HR department should care for appropriate response in equipping people who have to perform in the new environment. In this study, when effectiveness of training increases it directly has a positive influence on growth & result of the banks. So training is really effective in all the banks that are taken for this study. In the banking sector, employee’s behavior plays a vital role in improving the productivity of an organization. By incorporating personality development programmes such as role play, group discussion and business games the superior and subordinate relationship can be strengthened. Banks should take necessary steps in such away that employees should feel training is essential to enhance the productivity and customer satisfaction to meet the present business challenges in India.

References

- Al-Lamki & Salma Mohammed. (2000). Omanization: A Three Tier strategy Framework for Human resource management and Training in the sultanate of Oman. *Journal of Comparative International Management*, Vol.7 No5, pp. 112-116
- Andrew Crosby. (2000). Training is Changing Call Centre Perception. *Training Journal*, Vol.13 No.4, pp. 18-21
- Atul Gupta & Susan T.Sadowski. (1998). End-User Training in the Service Industry. *Managing Service Quality*, Vol.8 No.3; pg 212
- B. R. Virmani and Premila Seth. (1985). Evaluation Management. *Training and Development*, Vision Books Pvt. Ltd, New Delhi, pp. 1 – 409
- Bajpai, Naval & Srivastava, Deepak. (2004). Sectorial comparison of factors influencing job satisfaction in

Indian banking sector. *Singapore Management Review*, Vol.7 No.6, pp. 118-122

Bakken, D., & Bernstein, A. (1982). A Systematic Approach to Evaluation. *Training and Development Journal*, Vol. 36 No.8, pp. 4-51

Brethower, G and Rummmler. (1979). Evaluating Training. *Training and Development Journal*, Vol.33, No.5, pp.14-22.

Brinkerhoff R. (1981). Making Evaluation More Useful. *Training and Development Journal*, Vol.35 No.12, pp.66 –70.

Brmely, P and Newby, A.C. (1984). Evaluation of Training Part I: Classifying the Concept. *Journal of European and Industrial Training*, Vol.8 No.6, pp. 10-16

Brmely, P and Newby, A.C. (1984). Evaluation of Training Part II: The Organizational Context. *Journal of European and Industrial Training*, Vol.8, No.6, pp. 17-21

Brow M.G. Evaluating Training via Multiple Baseline Designs. Training via multiple Baseline Designs. *Training and Development Journal*, Vol. 34 No.15, pp.11-16.

Clement, RW. of Aranda, E.K. (1982). Evaluating Management Training: A Contingency Approach. *Training and Development Journal*, Vol. 36 No. 8, pp.39-43.

Jane Richards. (1997). Management Training-the Real Objectives. *Training Officer*, September 1997 Vol .33, No.7, pp. 216 – 217.

Niki Glaveli & Stella Kufidu. (2005). The old, the young and the restless: A comparative analysis of the impact of environmental change on training in four Greek banks. *European Business Review*, Vol.17, No. 5, pp. 441

P V Anantha Bhaskar. (2004). Human Resource Management in Banks: Past and Present Scenario. *HRM Review*, Vol.4, No.3, pp 41-47.

Riyaz Rainaye. (2004). Training Effectiveness in Public Sector and Private Sector Commercial Banks A Micro-Level Comparative Study. *Management & Change*, Vol 8, No 1 & 2, pp. 49-67

Shishupal Singh Badhu and Karunesh Saxena. (1999). Role of Training in Developing Human Resources: Study of Selected Industrial Organizations of Rajasthan. *The Indian Journal of Commerce*, Vol.52 No.1, January – March 1999, pp.57-56.

Udayam Ray. (1996). How to Retrain Middle Managers. *Business Today*, 1996 January 7-21, pp.210-215.

Ulrich, D. (1998). A New Mandate for Human Resources. *Harvard Business Review*, Jan-Feb, pp. 124-134.

Ulrich, D. (1998). A New Mandate for Human Resources. *Harvard Business Review*, Jan-Feb, pp. 124-134.

Vivek Bhatia and Vikram Chhachhi. (1996). How to Train for Total quality. *Business Today*, Jan 1996 Vol.7 No.21, pp. 204-209.

Watad, Mahmoud. (1999). Integrated Managerial Training: A Program for Strategic Management Development. *Public Personnel Management*: Summer. 1999 issue.

Williams, G. (1976). The Validity of Methods of Evaluating Learning. *Journal of European Industrial Training*, Vol. 5 No.1, pp. 12-20.

Zenger, J. H., & Hargis K (1982). Assessing Training Results: Its Time to take the plunge, *Training & Development Journal*, Vol. 36 No.1, pp. 11-16.

Table 1. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.899	.899	30

Table 2. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.812	.074		-10.964	.000		
	Learning Objectives Met	.180	.021	.210	8.629	.000	.720	1.388
	Training Programme	.001	.029	.001	.036	.971	.521	1.918
	Training Input & Facilities	.193	.032	.161	5.985	.000	.585	1.709
	Job Effectiveness	.201	.026	.181	7.614	.000	.751	1.332
	Growth & Result	.482	.030	.491	16.078	.000	.455	2.196
	Behaviour & Relations	.120	.023	.123	5.321	.000	.794	1.259
	Attitude Towards Training	.137	.025	.128	5.402	.000	.761	1.313

Dependent Variable: Overall Effectiveness of Training

Table 3. Regression Weights: (Group number 1 - Default model)

Hypothesis Statements		Estimate	S.E.	C.R.	P
Overall effectiveness of training	<--- Learning Objectives Met	.297	.025	11.722	***
Overall effectiveness of training	<--- Training Programme	.242	.032	7.506	***
Overall effectiveness of training	<--- Training Input & Facility	.329	.039	8.489	***
Overall effectiveness of training	<--- Job Effectiveness	.242	.034	7.186	***
Overall effectiveness of training	<--- Behavior / Relationships	.176	.029	6.174	***
Growth / Result	<--- Overall effectiveness of training	.814	.029	28.279	***

Table 4. Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
Overall effectiveness of training	.682
Growth / result	.638

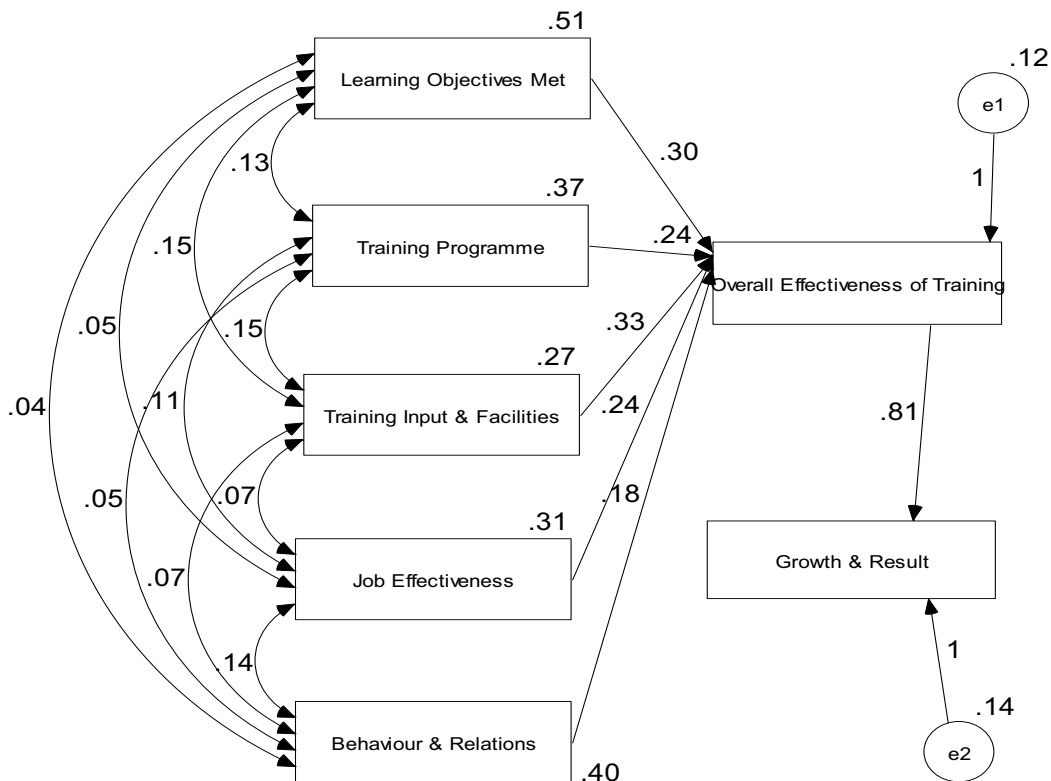


Figure 1.