



IMPACT OF TRAINING AND DEVELOPMENT ON EMPLOYEE PERFORMANCE IN THE INDIAN PUBLIC SECTOR BANKS – A STUDY ON THE SELECT BRANCHES OF SBI

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Abstract

The purpose of the study is to determine the impact of training and development programs on employee performance in the banking organizations. Training and Development are closely related and claimed statistical significance in relation with employee performance and effectiveness. The fundamental objective of this paper is to test the effect of training and development programs on employee performance in the banking organizations. The study is designed on descriptive research pattern involving both primary and secondary data. The study comprises a sample size of 100 employees of managerial cadre in the select banking organization. Statistical tests like standard deviation, variance and z-test were applied for testing the proposed alternate hypotheses. The findings of the study show that there exists a strong positive relationship among training and development program on employee performance in the select banking organization.

Key Words: Training and Development, Employee Performance, Effectiveness.

Introduction

The process of financial development in India has hinged effectively on the development of banking system. The Indian banking industry is continuously going through a process of transformation since nineties, due to the introduction of Liberalization, Privatization and Globalization (LPG), Information and Communication Technology (ICT). The aim of any training programme is to provide instruction and experience to new employees to help them reach the required level of performance in their jobs quickly and economically. For the existing staff, training will help develop capabilities to improve their performance in their present jobs, to learn new technologies or procedures, and to prepare them to take on increased and higher responsibilities in the future.

Employee Development Programs are designed to meet specific objectives, which contribute to both employee and organizational effectiveness. There are several steps in the process of management development. These includes reviewing organizational objectives, evaluating the organization's current management resources, determining individual needs, designing and implementing development programs and evaluating the effectiveness of these programs and measuring the impact of training on participants quality of work life.

Review of the Literature

Jadhav (2013) studied the training and development programmes undertaken by banks for their employees. The main objectives of the present study were to analyze effectiveness of training and development programmes for employees to discharge their duties and to study how training and development programmes helps to achieve customer satisfaction. For this study primary data was collected through questionnaire filled by the bank employees. A sample of 40 employees is selected by the use of random sampling from different banks like HDFC, ICICI, Vijaya bank, Bank of Baroda, and Dena Bank located in suburban area of Mumbai. It is concluded that private and public Indian banks undertake training and development programmes for their employees to increase their efficiency. Banks provide training programmes to enhance their knowledge and skills to satisfy the customers. Growth of banking sector in India is the result of skilled manpower which is the outcome of training and development.

Ramakrishna et al. (2012) have studied that Human Resource Development department has to play a more proactive role in shaping the employees to fight out the challenges. The banks not only have to make plans and policies and devise strategies, the actual functionaries have to show competence and effectiveness in executing the said policies and strategies. A sample of 85 employees covering all Canara bank branches in Kurnool District has been considered for the study at random. The study revealed that the employees have attended more training and development programmes, employees strongly agreed about the necessity of training and development programmes, majority of the employees rated trainer's preparation as good, employees rated trainers creating learning atmosphere and employees given overall rating for training and development programmes.

Sthapit (2012) pointed out that the strategic human resource development factors affecting the evaluation of induction training effectiveness in Nepali banks. The study was based on the survey which was conducted during Feb-March 2012 on 104 low and middle level managers of Nepali development banks established from June 2001 to June 2010. The study revealed that induction training as most effective in terms of learning and least effective on the behavior change criterion.

Purohit (2012) studied the existing policies practiced in co-operative banks to appraise the level of HRD practices, to assess the satisfaction level of employees about HRD practices particularly Training and development & Reward and recognition of employees. In the present study structured questionnaire via in-depth personal interviews is used to collect primary data. From large number of banks in Pune region 16 are selected for the study. Information was collected from 30 employees of different level. The study adopted random sampling with regard to the selection of cooperative banks. The study revealed that training helps employees to gain better understanding in the area of Job and this will enhance their stock of knowledge. Extensive training providing the continuous development, such as on -the -job training, training programmes and workshops can be a driving factor for the activities in the firm. The present paper also suggests the ways & means by which the selected co -operative banks can improve their high performances of work practices.

Srimannarayana. M. (2011) in his study found that Training and Development is very important component in the modern Human Resource Management and the scope of training and development vary from one organization to another. The present study is based on primary data. Data is collected from 105 HR/Training professionals working in manufacturing, IT/ITES and service sector with a minimum experience of three year in their respective organization in the functional area of training and development. The study revealed that more than 75% of respondents have believed that performance improvements made because of training is an extremely valuable measure and 70.48% have believed that transfer of learning is extremely important. Almost (95.24%) respondents have mentioned that they collect feedback of the participants after completion of the training programme routinely. There is a gap between the measures that that are used actually in assessing training and development and HR/Training professionals do not have control over data that is required for measuring training and development.

Mohanty (2011) explained how Liberalization, Privatization and Globalization have changed the scenario of corporate world and holds for us many challenges. In this connection, the development of human resources is putting newer challenges in business world. New skills and abilities are needed to face these challenges and it is possible by providing “Training”. Training is the strong foundation of highly skilled and motivated human resource. So, training is one of the most important tools in Human Resource Development effort to improve overall performance of an organization. Effective and suitable training interventions can bring improvements and impact in the working of organization significantly which help employees to adopt new work practices for the success of business. Through training an organization go green by making employees more effective and productive.

Nagar (2009) study the effectiveness of training programmes being conducted by the commercial banks in public as well as in the private sector. The area of study is limited to the staff training centers of State Bank of Bikaner & Jaipur and The Bank of Rajasthan Ltd. The data is collected through a structured questionnaire containing several questions relating to various aspects of training programme. The focus of the study is mainly the opinions of the trainees regarding various aspects of training like course duration, library facilities, trainer, teaching & computer aided programme and other infrastructural facilities and the calculated t values are less than table value of t, hence null hypothesis is accepted or hence there is no significant difference in the opinion of respondent at the two staff training centers.

Onattu (2005) explored that the need for qualified and trainable employee is recognized as an important factor to compete in the global market. This study was conducted to generate information that can be used by industry, policy maker and the consultants to develop appropriate training initiatives. The present study was based on primary data which collected with help of questionnaire filled by 50 respondents. Raju (2005) conducted an opinion survey on the various aspects of training like management’s attitude, selection process, quality of training, impact of training on productivity & individual and post -training assessment in different categories of banks in Coimbatore. A questionnaire was formulated comprising various aspects of training and opinion on the statements was sought from 154 employees of 24 banks in Coimbatore.

Statement of the Problem

In Banks, there is a need for the continuous training and development of the staff in the areas of customer care services on operational aspects and behavioral aspects of the business. How are the needs identified? The training needs are assessed through task analysis and performance analysis, which can be conducted through surveys, or from the information furnished by the heads of the departments, customer complaints, even from the reports on 360 degree feedback systems. In case of a large banks, there are two ways of conducting training programmes – through an established department having a full time HRD functionary who oversees all the training and development functions of the Banks or through an external trainers coordinated by the HRD department These days Banks have recognized the need for training and re-training their staff, in order to develop a competitive edge over their competitors in delivering high quality services to the customers.

Traditionally, banks have recruited young school leavers, and their initial training was either long apprenticeship or on-the-job or formal training in basic routine operations. Aspirants to management position were encouraged to qualify professionally by reading for associate -ship of the Institute of Bankers or an equivalent qualification. It was argued that banking requires exercise of sound training and development programmes for their employees.

Objectives of the Study

1. To study the impact of training programs on the employee performance in the select branches of SBI.
2. To examine the synergistic effect of both Training and Development Programs on the overall Employee Performance in the select branches of SBI,
3. To put forth certain suggest based on the findings that have been arrived.

Hypotheses (Alternate)

H₁: Training programs have a significant effect on the employee performance

H₂: Development Programs have a significant effect on the employee performance.

H₃: Training and Development programs have a synergistic effect on the overall employee performance.

Research Methodology

The present study imbibes the descriptive research design. Both Primary and Secondary data were utilized for conducting the study. For conducting the present study on public sector banking organizations, State Bank of India was selected and two main branches located at Vijayawada and Guntur Cities were identified and equal number of sample respondents was drawn from the said branches. The sample size was 100 and comprised only the middle and top level managerial executives of the banking organization involving both the genders.

Convenience Sampling technique was applied to extract the data from the sample respondents involving a structured questionnaire consisting 12 closed ended questions covering wide areas in relation to the subject in issue with the use of a 5-point Likert scale consisting of strongly disagree, disagree, neutral, agree and strongly agree. The questionnaire was personally collected by hand from the sample respondents in the above said organizations. The present study examined the effect of independent variables (Training and Development) on dependent variable (Employee Performance) and their relation was statistically tested by using tools like Mean, Standard Deviation, Variance and Z-test.

Scope of the Study

This paper examines the concept of training and development programmes that exists in the SBI with a particular reference to select branches of State Bank of India. This study brings out the findings on the impact of training and development programmes on the performance of the bank employees and their productive levels at the organizational level.

Data Analysis and Interpretation

Table-1: Impact of Training and Development on Employee Performance

Variable	N	Mean	S.D	Variance
Training Program-Q1 (Question-1)	100	4.3674	.7624	.635
Training Program-Q2	100	4.6314	.7235	.532
Training Program-Q3	100	3.6215	1.1324	1.286
Training Program-Q4	100	3.5213	1.1274	1.274
Development Program- Q1	100	3.2735	1.4652	1.856
Development Program- Q2	100	4.2618	1.1796	1.428
Development Program- Q3	100	4.2419	1.1532	1.226
Development Program- Q4	100	3.8614	1.1354	1.184
Training and Development Programs (Combined)-Q1	100	4.6238	.7372	.638

Training and Development Programs (Combined)-Q2	100	4.7192	.6469	.459
Training and Development Programs (Combined)-Q3	100	4.6425	.5384	.264
Training and Development Programs (Combined)-Q4	100	4.5326	.5146	.256
Valid N (List wise)	100			

Source: Primary Data

The above results shows that majority of the mean values are in between the bracket of 4 - 3 and it shows that most of our respondents opined that training and development programs has significant influence on employee performance.

Table -2: Hypothesis Testing – H1

Z-test		
	Variable -1	Variable-2
Mean	4.3625	4.3856
Observations	100	100
Hypothesized mean Difference	0	0
Z	-0.3126	
P(Z<=z) one-tail	0.5237	
z Critical one-tail	1.5326	
P(Z<=z) two-tail	0.7284	
z Critical two-tail	1.8532	

The above test result shows that the z-test value lies in the critical region and it infers that the data and the results are significant of our first hypothesis (H_1) and it shows that training programs have a significant effect on the employee performance and it is having a positive effect on employee performance.

Table -3: Hypothesis Testing – H2

Z-test		
	Variable -1	Variable-2
Mean	4.2624	4.2496
Observations	100	100
Hypothesized mean Difference	0	
Z	0.0542	
P(Z<=z) one-tail	0.5824	
z Critical one-tail	1.5346	
P(Z<=z) two-tail	0.7638	
z Critical two-tail	1.7215	

The above test result shows that the z-test value lies in the critical region and it infers that the data and the results are significant of our second hypothesis (H_2) and it shows that Development Programs have a significant effect on the employee performance and it is having a positive effect on employee performance.

Table- 4: Hypothesis Testing – H3

Z-test		
	Variable -1	Variable-2
Mean	4.6248	4.5366
Observations	100	100
Hypothesized mean Difference	0	
Z	0.8527	
P(Z<=z) one-tail	0.1634	
z Critical one-tail	1.5862	
P(Z<=z) two-tail	0.3286	
z Critical two-tail	1.7382	

The above test result shows that the z-test value lies in the critical region and it infers that the data and the results are significant of our third hypothesis (H_3) and it shows that Training and Development programs have a synergistic effect on the overall employee performance and it is having a positive effect on employee performance.

Findings of the Study

1. It was found from the above study that training programmes had certainly increased the performance levels of the select bank employees.
2. It was observed from the above study that development programmes had significantly increased the performance levels of the select bank employees embroiling the elements of job satisfaction and other psychological aspects.
3. Training and Development programmes in combination had a synergistic effect on the overall performance of the bank employees and overall productivity of the organization.
4. Training and Development programmes slam the major chunk of the HRD practices and they have a striking and significant impact on the performance levels of the employees and productivity level of the organization.

Suggestions

1. Systematic review of training programs in order to re-orient them towards organizational goals.
2. Training programs should be directed towards the promotion of Customer Relationship Management in the banking organizations.
3. Training programs are to be based on market driven philosophies.
4. Revitalizing the development programs in order to promote managerial behavioral skills and knowledge
5. Career advancement schemes are to be provided to the managerial executives in the banking organizations.
6. Development of effective feedback mechanism in order to restructure and to re-align the training and development programs in the banking organizations.

Conclusion

The above analytical results statistically verifies the validity of the proposed alternate hypotheses and all the three hypotheses were found statistically significant and they are having a positive effect on the employee performance in the select public sector banking organization. Training and development is very important for an organization to compete with this challenging and changing world. Training and development is basically directly related to employee but its ultimate effect goes to organization because the end user is organization itself. This study will help organization to understand the importance of Training and Development. It will also help organization to understand which factors are important to keep in mind during the training and how a good training can be delivered to their employees. It will help them to understand that it is very necessary for them to give training to their employees so that they could perform the assign task in a better way.

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