



# An empirical study on the Impact of training on the Banking Sector's performance and productivity

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## Abstract :

*The Indian banking sector underwent a fundamental change in the early 1990s following the emergence of liberalization, privatization and globalization policies of the Indian government. This led to reforms in the banking sector that streamlined the banking system through the opening of a new generation of commercial banks, the entry of foreign banks, prudential standards of asset quality, deregulation of interest rates and the establishment of an ombudsman for Banking & Finance. Over the past two decades, Indian private banks have played a key role in the banking sector in terms of business, profits, networks, channels and digital banking. To leverage technology to improve customer service, banks implemented CBS. Banking reforms, competition, growing NPAs due to economic slowdown, heavy investment in technology and Basel risk management are impacting the profitability of all Indian banks. But the private sector continues to perform well. This study is conducted to analyse the impact of Training in the bank's profitability.*

**Key Words:** Training, Banking Sector, Human Resource Development, Learning & Development, Training Needs Analysis, Evaluation of Training

## I. INTRODUCTION

In the field of human resource management, training and development are areas concerned with organizational activities aimed at improving the performance of individuals and groups in an organizational environment. It is known by many names like, HRM (Human Resources Management), including, Human resource development, learning and development, etc. Basically, training is formulated with a framework and syllabus. It can vary from employee to employee, group to group, and even between groups in the same class. The reason for this is that people have different ways of thinking and have different skills. Training is an important part of human resource management. This is the fastest growing segment of HR activity

## II. CONCEPTS AND DEFINITIONS OF TRAINING

According to Van (1962), "Education is the preparation of people so that they may be qualified for their jobs and qualified for more difficult and responsible positions. The Manpower Services Commission (1981) defined training as "the process of imparting attitudes, knowledge and A planned process of changing skills". According to Edwin B. Flippo, "Training is the process by which an employee improves their knowledge and skills in a particular job."

## III. IMPORTANCE OF TRAINING

Training is the process of obtaining the necessary qualifications for the task. Therefore, training is the process by which a person acquires job-related skills and knowledge. It is about learning and improving attitudes towards work-related tasks. This is one of the most important underlying motivations that can bring short-term and long-term benefits to individuals and organizations.

## IV. ADVANTAGES OF TRAINING

There are many benefits associated with exercise. Cole (2001) summarizes these advantages as follows:

### 4.1 REDUCED PRODUCTION COSTS

Training eliminates risks and reduces and eliminates waste as trained personnel can use materials/resources and equipment more appropriately and economically.

### 4.2 LOWER STAFF TURNOVER (LOW ATTRITION RATE)

Training creates a sense of security in the workplace, reduces turnover and reduces absenteeism.

### 4.3 CHANGE MANAGEMENT

Training helps manage change by increasing employee understanding and involvement in the change process and providing the necessary skills and competencies to adapt to new situations.

### 4.4 SALARY INCREASES AND PROMOTIONS

### 4.5 HELPS IMPROVE STAFF AVAILABILITY AND QUALITY.

## V. STAFF TRAINING NEEDS

According to Wognum (2001), training and development needs he can arise at three organizational levels. Strategic Level. Needs are determined by top management, taking into account the organization's goals, mission, strategy, and problems that need to be solved or addressed. collaboration between organizational units and operational levels, while operational issues such as performance issues of individual employees and affected departments are taken into account;

According to Wognum (2001) and Torrington et al. (2005) are his three categories for identifying training and development needs. These include: problem solving focused on worker performance, improvement of specific work practices focused on improvement independent of performance issues, resulting from innovation or change in strategy

## VI. TRAINING AND DEVELOPMENT METHODS

Nadler (1984) stated that all human resource development activities consist of improving an individual's performance in his or her current job, training in new skills for a new job or position in the future, and for both personal and holistic growth. To enable the organization to achieve its current and future goals.

There are two broad ways an organization can choose to train and develop the skills of its employees. This includes OJT (on-the-job Training), which an organization's employees receive while performing their normal duties in the same workplace, and Off-the-job training, which allows employees to be fully immersed in their abilities away from the normal working environment. Focus on training. Examples of on-the-job training include, but are not limited to, job rotations and transfers, coaching and/or mentoring. Examples of off-the-job training, on the other hand, include meetings, role-plays, etc. detailed below. Armstrong (1995) argues that on-the-job training can consist of teaching or coaching from an experienced individual or trainer at a desk or bench.

Different organizations are motivated to take on different training methods for a number of reasons for example;

- (1) depending on the organization's strategy, goals and resources available,
- (2) depending on the needs identified at that time, and
- (3) the target group to be trained which may include among others individual workers, groups, teams, department or the entire organization.

A multitude of methods of training is used to train employees.

DeCouza et al (1996) categorized training methods into two groups

- (i) on the job training and
  - (ii) off-the job training methods there are a variety of training approaches that managers can use.
- These may include the following:

### 6.1 ON-JOB TRAINING

It is a training that is planned and structured that takes place mainly at the normal workstation of the trainee- although some instruction may be provided in a special training area on site – and where a manager, supervisor, trainer or peer colleague spends significant time with a trainee to instruct a set of skills that have been specified in advance.”

On the job training looks at methods that are applied in the workplace, while the employees are actually working. On-the-job training is the most common and popular training employees get when they first join an organization and in some cases that is the only training available.

### 6.2 OFF-JOB TRAINING

This is a form of employee training away from the actual work environment. Lectures, presentations, case studies, role-plays and simulations are often used. Looking at the differences in definitions of these researchers, we can see that both OJT and OFF-JT are very important for employee education.

### 6.3 CONDUCTING TRAINING

All persons involved in training must be notified well in advance of the training session. It is equally important that the person providing the training, whether on-the-job or off-the-job, is well aware of what needs to be achieved and the most appropriate techniques to use.

## VII. ON THE JOB TRAINING:

This form of training according to DeCouza et al. (1996) includes:

### 7.1 ORIENTATION TRAINING:

This is the means by which basic information about the employer/organization is provided to the new employee, and this training program provides the basic knowledge necessary to perform the job satisfactorily. is used to ensure that the Orientation programs not only improve the speed at which employees perform their jobs, but also help satisfy their personal desire to feel part of the social fabric of the organization. HR typically guides new hires through general organizational issues and benefits, and supervisors complete the orientation process by introducing new hires to their peers and others associated with the position.

**7.2 APPRENTICESHIP:**

According to (Dessler, 2008), apprenticeship is “a structured process by which people become skilled workers through a combination of instruction and on-the-job training, usually under the guidance of a skilled craftsman. This type of training is typically in manual, commercial, and technical areas. This is the oldest and most widely used method when training takes a relatively long time. Here, most of the training is spent on productive work at work. This is because each trainee is given a program of tasks according to a fixed schedule so that they can train their manual skills efficiently. Most companies take an apprenticeship approach to training, which consists of giving employees the opportunity to understand and identify problems and provide efficient and effective solutions to them.

**7.3 COACHING OR UNDERSTUDY METHOD:**

The most common method of on-the-job training.

The problem here is "that experienced workers train workers and learn by observation, or that trainers show workers the basic procedures of what is done in an organization" (Dessler, 2005). In some organizations, all managers are given the opportunity to receive face-to-face or telephone coaching from a qualified life coach.

**7.4 MENTORING:**

Experienced employees provide help and support to improve job performance of less experienced colleagues (Landale, 2000). Coaching and mentoring provide an internal response to employee and individual training needs. This is because it can be personalized, and there is more validation if the coach or mentor is the employee's direct supervisor or supervisor (Laird et al, 2003). Also, Johnson et al (2005) state that coaching and mentoring are “supporting self-development and are important skills for individuals when organizational strategies are constantly changing and evolving.”.

**7.5 JOB ROTATION:**

Also a form of OJT, moving from one job to another at planned intervals (Dessler, 2008). Job rotation helps employees develop, acquire multi-skills, and be ready for any job in the workplace (Rae, 2000). Organizations should therefore rotate employees to different departments and areas, giving them the opportunity to perform a variety of skills and tasks, typically for about seven to eight months. This is especially useful if an employee is being promoted or is standing in for an absent or sick colleague. Job rotation encourages teamwork and attitudes and gains support from other colleagues because they know what is going on in other departments and what problems are occurring in that department. make it easier.

**7.6 SPECIAL ASSIGNMENT:**

On the other hand, it gives Associates first-hand experience and the opportunity to tackle real problems and find solutions to those problems.

It also helps individuals acquire necessary skills and knowledge. According to Laird et al, (2003), middle managers or staff managers may A dedicated assignment is essential if you need insight into how your department works. This is usually true for lower level executives. In some multinational companies, an employee is given the opportunity to work in a specific situation and she is transferred from one region to another, typically for 5-6 months. This allows employees to share their talents and skills. As a source of motivation for employers because they believe they know they are capable of performing the tasks assigned to them.

**7.7 DISTANCE AND WEB-BASED TRAINING:**

Includes various forms of training such as teletraining, video conferencing, and web-based courses. (Landale, 2000) states that access to her web-based communications, either through the company's intranet or the Internet, makes training available to employees at their workplaces. Specific programs have been developed for employees to hone their skills in their chosen profession. The program is designed to allow students to learn at their own pace and time and to be in control of their own development. In addition, employees are given the opportunity to acquire professional qualifications over time and further develop their leadership skills. (Dessler, 2005), many organizations allow their employees to take online courses offered by online course providers such as Click2Learn.com. This allows employees to stay in touch about everything going on in the company.

**7.8 LECTURES AND SEMINARS:**

Another way most organizations train their staff and employees, lasting 1-3 months.

It is an easy and fast way to transfer knowledge to a large group of employees (Dessler, 2005). This involves an instructor or teacher teaching a group of people in the same room and is done in situations where the employee needs to learn more about a new product or service.

**VIII. OFF THE JOB TRAINING:**

According to DeCouza et al (1996), this form of training includes: This is face-to-face training and is often conducted using the same equipment and machines used in the workplace. This type of training is effective for training semi-skilled professionals, especially when many employees need to be trained simultaneously for the same job. Commonly used for training insurance companies, investigators, machine operators, typists, etc. Training generally comes in the form of lectures, meetings, case studies, role-plays, etc.

**8.1 LECTURE:**

A lecture is an oral presentation of information by a lecturer to a large audience. Lectures assume a fairly in-depth knowledge of the subject matter. The advantage of this method is that it can be used for very large groups and therefore has a low cost per trainee. This method is mainly used in universities, but its application is limited to the training of factory workers. The limitations of the teaching method explain its low popularity. This method violates the principle of learning by doing. It's a one-way communication.

## 8.2 DEMONSTRATIONS AND EXAMPLES:

In this type of training method, when teaching an employee how to do something, the trainer actually does the activity on his or her own and also asks why and what. Explain and demonstrate something by explaining how to do something. This method is very effective in teaching because it is much easier to show people how to do a job than to tell them or direct them about a particular job. This training is a combination of lectures, videos, and textbooks.

## 8.3 CASE STUDY:

This case study is based on the belief that management competence is best achieved through the study, consideration, and discussion of specific cases. When the case is handed over to the trainee for analysis, the trainee is asked to identify the problem and suggest a temporary solution to it. In the case study method, the trainee understands the facts, becomes familiar with the content of the case, defines intended goals in handling case issues, identifies problems, develops alternative courses of action, and controls. is expected to define Find the conditions that are necessary to take an effective action, role-play that action to test its effectiveness, and potentially limit it. Organizations should consider the positive impact of training on employee performance and consider employee development as a targeted investment to empower frontline employees. Professional skills training for employees not only improves safety and productivity, but also increases job satisfaction, which in turn leads to better organizational performance, a better corporate image, and increased demand for products. Raise. Employees view career development training as critical to their professional success. According to Berta (2001), well-trained employees are more satisfied with their jobs and more likely to stay with the company.

## IX. TRAINING PROGRAM EVALUATION

According to Kirkpatrick et al. (2006), behavioral changes induced by training functions can be changes in skills, knowledge, and attitudes. Evaluation is therefore a way of measuring the effectiveness of a training program. Kenny et al. (1992) stated that the first stage of the assessment is performed during and at the end of training. The purpose of the evaluation is to confirm that the training has achieved its objectives shows the impact of training on an individual.

According to Beardwell et al. (1993) Training assessment can be done in a variety of ways. This is intended for long-term and widespread effects of training. After a period of time, it provides information on how much training the trainee has retained and used in the workplace. The period may be weeks, months, or longer. Part of Beardwell et al. (1993) the routes shown are:

### 9.1 FIRST INTERVIEW:

After completing the apprenticeship period, the trainee can be invited for an interview. If the training event is an external event, the department head can conduct the discussion. Interviews are either structured or unstructured. Structured interviews require managers to prepare a list of questions to ask employees who have participated in a training program.

### 9.2 OBSERVATION:

Department heads can observe whether an employee's performance changes. For example, if members participate in a time management training program, managers can observe how members prioritize their work to see if anything has changed.

### 9.3 SURVEYS:

Extensive surveys can be used to gather trainee opinions, reactions and views.

### 9.4 TESTING:

Standardized testing can be used to determine if the trainee has learned anything during and after training.

### 9.5 EFFECT CALCULATIONS:

This is done in key areas such as employee turnover/turnover, absenteeism and performance to see if there has been any improvement after training.

### 9.6 COST-BENEFIT ANALYSIS:

It should be performed at two different points in time. During training program development, training costs and benefits should be estimated and actual costs and benefits analyzed at the end of the course.

## X. BENEFITS OF TRAINING

As long as an organization exists, training forms an integral part of its day-to-day effective operation and both new and existing employees require training to function successfully. Many new hires have most of the knowledge, skills, and attitudes they need to start working, but they may need extensive training to ensure they can contribute effectively to the organization. Training benefits not only the employee, but also the employer and the organization as a whole. (Cole, 2002), some of the benefits of training for individuals, employees, and the organization as a whole are:

1. Training supports personal development and growth and creates positive attitudes and behaviors. Organizations teach their employees the attitudes and behaviors expected of them, strengthening the image of the company in the long run.
2. Employee training keeps employees engaged because new skills and knowledge reduce boredom and they know they are well worth the investment in training. Higher employee motivation leads to higher morale, higher job satisfaction and lower employee

turnover. The organization also awards certificates to trainees who complete the training program and to instructors who effectively and efficiently conduct the training.

3. Employee training gives companies the competitive edge to stand out from their competitors in this ever-changing world due to the increasing innovations evident in strategy and products. Employees gain confidence and find direction. This is reflected in the way we work and how we interact with our customers.

4. Training helps an organization to save money because it helps employees to be more efficient, effective and work hard to improve the productivity of the company, which leads to financial benefits. It also helps increase your ability to adopt new technologies.

5 Training conveys a sense of personal satisfaction and accomplishment, and opens up opportunities for career advancement.

#### 10.1 EMPLOYEE MOTIVATION:

In general, motives can be recognized in different ways. Many researchers have dealt with this topic and many theories have been developed/conceived that strongly influenced, and still strongly influence, organizational behavior.

Some definitions are worth mentioning, along with a brief introduction to the theory of Maslow (1943) and Herzberg (1959). It is important for managers and organizational leaders to understand employee motivation and learn how to effectively address it. Because organizations need motivated employees to be successful in the days ahead.

#### XI. EMPLOYEE PERFORMANCE

Organizational performance is a measure of an organization's ability to efficiently achieve independent goals (Venkatraman & Ramanujam, 1986). With increasing local and global competition, organizations must become more resilient, agile and customer-centric in order to thrive.

Performance can be divided into organizational and employee performance. Employee performance is also called job performance (Otley, 1999). Job performance is generally measured subjectively in organizations, and there seem to be few alternative options. In Otley's words, organizational performance depends on employee performance (work performance) and other factors such as the organizational environment.

Employee Performance Benefits:

Below are the benefits of improved performance for individuals, organizations, society and the nation as a whole.

- (a) increase personal productivity at work
- (b) Workers get job satisfaction at work.
- (c) Employee mental health issues reach a low level.
- (d) Increased employee involvement in work.
- (e) Fosters commitment and loyalty among employees.
- (f) workers receive higher salaries and incentives on a production basis
- (g) Increase the quality and quantity of overall production.
- (h) The company's sales and market share are improving.
- (i) Increased Profits and This Leads to Progress

#### XII. CONCLUSION: IMPACT OF TRAINING ON PERFORMANCE

In the real world, the growth and development of an organization is influenced by many factors. Current research shows that employee training plays a key role in organizational development in improving performance and increasing productivity. This helps companies stay ahead of the competition and stay on top. So this means there is a big difference between organizations that train their staff and those that don't. Existing literature indicates the existence of clear effects of training and development on employee performance. Some studies have looked at performance specifically in terms of employee performance (Purcell, Kinnie & Hutchinson 2003; Harrison 2000), while others have expanded to take a broader view of organizational performance (Guest 1997; Swart et al. (2005). Either way, the two are related in the sense that employee performance is a function of organizational performance, and employee performance impacts overall organizational performance. Regarding the above, Wright & Geroy (2001) state that an effective training program changes the competence of employees. Therefore, it not only improves employees' overall performance to perform their current duties effectively, but also improves employees' knowledge, skills, and attitudes necessary for future jobs, thereby leading to superior performance. Contribute to organizational performance.

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