



TRAINING AND DEVELOPMENT IN INDIAN BANKING SECTOR: A THEMATIC REVIEW

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ABSTRACT

Purpose of the study is to examine the importance of training and development in Indian banks through thematic content analysis. For this study 10 articles related to training and development and its impact in banking industry and other organization were examined. According to the result three themes were extracted as significance of training and development in India, role of banks in the development of economy and impact of training and development in Indian banking system. Training and development considered as investment rather than cost to the organization. Skills deteriorate and become obsolete; today's latest will become yesterday's old. Thus, training and development is important.

Keywords: training, development, economy, bank, employee

INTRODUCTION

Training and development programme aims to improve employee performance in an organization by providing them better learning opportunities, which enables them to develop their skills and knowledge. Thus, training and development is the act of improving one's knowledge and skill to improve their job performance. Training is the process of teaching the new and/or present employees the basic skills needed to perform their job efficiently. Training does not only provide to new comers but also to present employees who in case gets promotion to higher position, to reduce monotony of job, to make employees efficient in various jobs and to educate them about changing technologies and environment, so that an organization may gain competency in bottleneck competition.

According to Edwin B. Flippo (1984:2000), training is the act of increasing knowledge and skills of an employee for doing a particular job. Training is job oriented, related to specific job and short-term process while on the other hand the term development is a broader concept and aims to develop people in all aspects. Development not just focus on skills which improve job performance, but also to those activities which enhance personality of a person, help individuals progress toward maturity and recognition of their potentiality. Development helps to improve theoretical and conceptual ideas in different field. It is a continuous process. Though both concepts are different from each other but often they are used together as one complement the other. The consequences of training and development programme are improved productivity of employees, increased morale, reduced supervision and increased organizational stability and flexibility. Thus, training and development is one of the important functions of Human Resource Management (HRM).

Banking is a service-oriented sector, where people are considered as one of the most important assets. In this increasing competition era bank must manage their scarce human resource efficiently to have better productivity.

HISTORY OF TRAINING AND DEVELOPMENT

Training and development had been a part of every organization since the beginning but never gained proper recognition. As study done by Richard J. Torraco (2016), after the involvement of United States in World-war II the concept of training and development has emerged. During this period a large demand for trained workers took place in order to expand wartime economy and to cope up technological innovation. To train workers Government Commission developed Job Instruction Training (JIT), a systematic on-the-job training method to train the operatives. During World-war II a Training Within Industry (TWI) service was formed which was a nationwide partnership between the industry and U.S War Manpower Commission to rapidly increased the production of military hardware and efficiently train large no. of new workers and supervisors needed to improve wartime economy. The serious influence of TWI on the training and development remained post World-war II. Later wartime training movement has accelerated Human Resource Development (HRD) and recognized the need of training directors that led to the formulation of American Society of Training Directors in 1945 and later changed into American society of training and Development and the Association for Talent Development (ATD).

Since post World-war II many organizations and philosophers has developed various training and development and learning concept, techniques, practices, and theories to make training and development more efficient. The instructional System Development (ISD) model (Campbell 1984) was one of the first widely followed models for designing training. This model emphasized the importance of assessment before training and evaluating its effectiveness after training. At present time many different modern techniques and types of training and development methods are there which has been following by different organization in worldwide.

The study done by Anchal Aggarwal (2011) shows in most of the Indian organizations the training activity was totally absent or partly present till 1960's. In 1970's the Indian organizations began to understand the need for development of managers for better management of industries. Therefore, few educational institutes such as administrative staff college of India, IIM's, TISCO and ILO came up with executive development programme. The then Prime Minister Rajiv Gandhi put stress on HRD that training took a front seat in the economy. A separate HRD ministry was set up in 1985. At this different organization had realized the need for training, which influenced many organizations of different sector such as Hindustan Zinc limited – mining company, Voltas limited- electronics company, Rashtriya chemical and fertilizers Ltd. Bombay, Motorola, Godrej, AT&T, Ranbaxy and so on to introduce training and development programme.

METHODOLOGY

This is a qualitative study following the content/thematic analysis method. The analysis phases begin with the compiling of data extracted from different secondary sources and end with a concluding remark. According to the result three themes were developed; significance of training and development, role of banks in the development of economy and impact of training and development in Indian banking system.

RESEARCH FINDINGS

SIGNIFICANCE OF TRAINING AND DEVELOPMENT IN INDIA

Dr. Aliya Sultana (2014) identified three factors which has influenced the significance of need for training viz. liberalization, demand and supply of professional talent and growing expectation of employees regarding their professional and personal development. With the advent of liberalization and globalization the economy of India has been gradually changing. It opened the way for joint ventures with foreign firms, mergers and acquisitions, foreign technology agreements and restructuring of business operations for survival and growth. The global competition is increased and rapid technological advancements are taking place due to which there is a serious need of efficient and competent employees with adequate skills for performing job and to cope up with technological changes. These skills can be achieved through proper training and development programme. Training increase employees' job related knowledge and skill which, in turn, improves employees' performance and improved performance leads to improve productivity.

Training facilitates workers to learn new habits, refined skills and develop useful knowledge to improve their performance. In countries like India, where unskilled labor is available training is a core solution for human

resource development. As Jyoti (2017) in her research paper state that even if there is a high unemployment exist, employers are still facing a shortage of high skilled and experience candidates to fill critical job.

Through On-the-job training method employee learns by performing their actual job. Which makes them familiar with their job and working environment. On the other hand in simulation training method the actual conditions encountered on the job are duplicated, as nearly as possible. These training methods helps employee to learn their job by doing on their own, which creates a better understanding. As Confucius say “What I hear, I forget. What I see, I remember. What I do, I understand.” Training provides employee a practical knowledge through different training method. With practical knowledge, employees become self-employable or self-dependent.

Training and development is one of the vital elements of HRM for the growth and success of any organizations. It improves skills and knowledge of employees for doing their work efficiently, it identifies the performance gap i.e what separate employees’ current performance from his actual performance, it improves employees’ morale which results in less absenteeism and less turnover and it makes employee self-reliant.

ROLE OF BANKS IN THE DEVELOPMENT OF ECONOMY

Banks play a very useful and crucial role in the economic life of every nation. Most the of the country’s money supply are controlled by the banks. In the word of Dr. k. karthikeyan (2010) the present day economy is very much dependent upon the various function of a banking practices. Without the role of banks the growth, sustenance and development of a country’s economy is unimaginable.

One of the major roles of a bank is to connect those who have surplus capital with those who need capital. Banks encourage people to deposit their surplus funds with the banks and utilize these funds for the purpose of investment in various sectors of the economy. A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities. They are the active players in financial market.

According to prof. Jagdeep Kumari (2017) banks have various contribution in country’s economic development such as removing the deficiency of capital formation, helps in generating employment opportunity, financial assistance to industries, promote saving habits of the people, financial assistance to consumer activities, helps in implementing monetary policy, financial facilities for trade, promotion of new entrepreneurs, balanced development, financial assistant to agriculture sector, foreign currency loans and government spending.

Economic development in any economy is not possible unless there is an adequate amount of capital formation. Banks create funds through mobilizing savings and lend this to people seeking fund for productive investment. Through coordinating function between savings and investment banks help the capital formation and thus remove capital deficiency. It facilitates the optimum utilization of the financial resources. Banks offer different type of account such as current account, fixed deposit account, saving account and recurring account as per the requirements of the customers to attract them and to encourage them for savings. Banks also promote savings by providing different kinds of deposit schemes to its customer.

One of the major problems of the developing economy is unemployment. Industrial banks are those banks that provide long-term financial assistance for the formation of new companies and industrial enterprises that helps in generating employment opportunity. To promote innovations banks render credit facilities to encourage start-ups to adopt new methods of production and increase productive capacity of the economy. Further to assist new and technically skilled entrepreneurs who lack financial resources of their own seed fund schemes have been introduced. According to the revised guidelines of priority sector lending in 2020, the banks are instructed to finance start-ups upto Rs. 50 crore to device employment opportunity.

Banks provide special financial assistance to sick industries. The Industrial Reconstruction Bank of India (IRBI) which is now known as Industrial Investment Bank of India (IIBI) is a special bank established in 1985 to examine the growth of industrial sickness and help them to revive. Several Micro & Small Enterprises (MSEs) scheme and Micro Units Development & Refinance agency (MUDRA) Ltd. scheme was also established to refinance all micro-finance institutions. Banks also provide housing loans, car loans, furniture loans, personal loans, education loans etc. to its customer, which helps in improving the standard of living of the people in developing countries like India. As per the PSL guidelines issued by RBI the banks are directed to allow 18% of its lending in agricultural sector. For countries like India agriculture is a backbone of an economy. To facilitate agriculture and allied activities banks provide credit facilities to farmers under various scheme introduced by government such as Kisan Credit Card (KCC) scheme, Pradhan Mantri Fasal Bima Yojana (PMFBY), Pash Kisan Credit Card scheme, Pradhan Mantri Krishi Sinchai Yojana (PMKSY) and so on. By providing facilities like discounting and accepting bills of exchange, providing overdraft facilities and issuing draft banks promote trading. One of the

important roles a bank is to finance exports and imports by rendering foreign exchange facilities to importers and exporters of goods and for this purpose Export and Import (EXIM) bank have been established.

With the emerging competition in the market and to cope up with rapid technological advancement banks now provides various customer oriented products like ATM services, internet banking, tele-banking and electronic payment that reduced the workload of customers.

IMPACT OF TRAINING AND DEVELOPMENT IN INDIAN BANKING

Dr. k. Kartikeyan (2010) states that in banking sector employees' behavior play a vital role in improving the productivity of an organization. He further concludes that an increase in effectiveness of training and development has direct positive influence on growth and result of the banks. Thus, imply the importance of training. Like any other organization the operations of banks depend upon the people. As Peter F. Drucker (1999) opined "knowledge workers are the most valuable assets of any institution in 21st century", training is the only process to enhance one's knowledge.

Jyoti (2017) in her paper explains an effective training and development culture would result in motivating the work force, managing people, competency development, developing trust factor, work life balance factor attrition and retention of the talent pool. Training improves employees' job related knowledge and skill which improves employees' performance, with improve performance employees also enjoy personal growth which ultimately create motivation among the workforce. With practical knowledge, employee become self-dependent and develop competency, in turn, results in less supervision requirement and also develop trust factor which makes managing people more easy for employer. Training also boosts employee morale. It often enables an employee to handle stress, tension, frustration and conflicts, which reduce absenteeism and maintain retention of the talent pool.

Saibal Roy, explain the emerging significance of training and development in Indian banking system post liberalization and globalization by comparing old competencies and new competencies of employee. The new competencies developed through effective training programme enable workers to cope up with rapidly changing environment, enhanced decision-making skill and take up responsibilities, capacity to deal with non-routine and abstract work processes, system wide understanding and ability to operate within expanding geographical and time horizons, specified knowledge, customer assistance-oriented competencies.

CONCLUSION

India has encountered rapid growing competition, technological change and change in market environment with the advent of liberalization and globalization. HR department should focus on providing training to people in order to work in these changing environments. As a supplier of money bank plays a vital role in the economic development and has a great contribution for the same in terms of providing housing loan, providing industrial loan, promoting entrepreneur etc. At present days apart from its traditional services bank now provides various modern services like ATM, internet banking, merchant banking, tele-banking, electronic payment and acting as agent to its customers. Since the services of bank had increased and is carried out by people, it is essential for a bank to have well trained and motivated staff to manage the banking operations. Success of the banking operations depend upon the employee and the effectiveness of the employee is very much depends on impartation of training and development to the employee.

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