



## Impact of Training in Indian Banking Sector – An Empirical Investigation

### KEYWORDS

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

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**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.

### 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.

### 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.

### 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 pro-

grammes 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.

**Table 1. Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.899	.899	30

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 Coef-

ficient 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.**

**Table 2. Coefficients**

Model		Unstandardized coefficients		Standardized Coefficients	f	sign	Collinearity statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	-.812	.74		-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

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 Effectiveness of Training** =  $-.812 + 180$  (Learning Objectives Met)

- + .001 (Training Programme)
- + .193 (Training Input & Facilities)
- + .201 (Job Effectiveness)
- + .482 (Growth & Result)
- + .120 (Behaviour & Relations)
- + .137 (Attitude Towards Training)
- + .271 (Ave. Error in Prediction)

**4.3 H<sub>2</sub> 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.

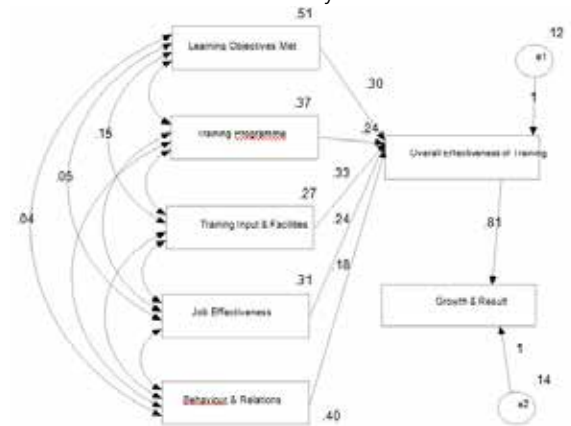


Figure 1

**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	***

**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.

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

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

**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.

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