

Training and Development Initiatives as drivers of Employee Performance: Case of Indian Banking Sector

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Abstract

: This paper involves studying how training and development initiatives drive employee performance. For the purpose of this research, the Indian Banking Sector is being explored. Banking sector has been chosen because it is a diverse sector and forms the back bone of the financial system of any economy. It is one of the crucial sectors in any economy. Banking sector services are becoming more and more personalized to fit the requirements of individual customers. Due to heavy competition it becomes increasingly important for these banks to survive in the market by providing an impeccable service to its existing customers while also trying to poach new customers from other banks. Hence, Customer experience is of utmost importance in the present-day scenario. To operate in such a competitive landscape, it's important that employee experience is also flawless because employee experience mirrors customers experience and to produce a good experience for the customers, the first step is to make your employees the best. This will in turn increase the organizational efficiency and performance. Training initiatives plays a massive role in making the employees up to the mark with job requirements whereas Development initiatives help in the growth of an employee in the longer run. Very few employees possess the job specific necessary skills. There is a great need of extensive training for these employees. The research paper is written with an intention of understanding how various programs that impart training to the employees drive their performance for the greater good of organization and attainment of organizational goals in the Indian Banking Sector. Questionnaire in the form of a Google form was floated to 90 employees of top private as well as public sector banks in India and 79 valid responses have been received. The method of sampling used was convenience and referral sampling. Analysis was done through SPSS, where correlation and factor analysis tools were applied on the data to gain meaningful results. Usage of these tools provided a quantitative and empirical outlook to the study. We will also understand the relationship of training and development with job satisfaction, Commitment towards the job and Skill Development. The result of the study presented that training and development initiatives were beneficial in driving employee performance and had a great significance in improving the performance of employees

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I. INTRODUCTION

Human Resource management is one of the most challenging and complex function in an organization. Human resource management has evolved majorly with the passage of time. The concept emerged from personnel management but has now

become one of the most important function. It helps in creating businesses and developing economies. The fight for talent is real and 21st century has witnessed an exceptional spurt in the fight of attracting and retaining the best talent among companies [1]. Globalization, Technology expansion, Millennial expectations, change in the organizational structures

and external business environment and many other factors play a huge role when it comes to attracting and retaining the best talent. Globalization has played a huge role in making the present-day business scenario highly competitive. Domestic companies have to fight with multi nationals and hence the significance of human resource management has also increased. Human resource function has evolved overtime like no other function. It is extremely complex and convoluted as it involves dealing with human emotions and behaviors.

Success is the primary aim of any endeavor which contributes to its market success and the acquisition of indomitable human assets. Both of these factors are extremely critical in deciding the fate of any organization. Training and Development forms a substantial part of the entire Human Resource Management function. Training is more specific to completion of a particular task whereas Development is more long term and helps build a person's overall abilities and skills. Development is an important when it comes to succession planning in an organization. Hence, training helps in determining what needs to be done in the present while development is future oriented. Training and Development initiatives helps in imparting job specific skills to the employees which helps in providing valuable services to the customers. It has a considerable effect on organizational performance as well [2]. It helps employees in delivering superior results and also maintain a sense of job satisfaction in them. Getting trained to do tasks has now become one of the fundamental requirements which was earlier considered an extra effort. Employees regularly go through various training programs to up-skill themselves. In such a fast-moving world, skills continuously become redundant and hence up-skilling and reskilling of employees is of utmost importance. Training and development initiatives also help the employees stay connected with organization's vision and mission. Organizations are also constantly moving towards competency-based hiring but still training of these employees is required for being dedicated to organizational success and for inculcating a proactive approach.

In the case of Banking Sector, it becomes even more important to regularly up-skill the employees as it is a dynamic industry and more importantly, Banking sector is a service-based

industry. Banking sector also deals with individual customer needs and involves front-end dealing with the customers. As of March, 2020, the number of public sector banks in India stands at 12 while the number stands at 22 for private sector banks. All these banks have a vast presence in each state of the country and hence the banking sector of India is in a very competitive space. Given the competitiveness of the sector in question, continuous training is extremely important. The banks are finding newer ways to improve efficiency of their operations. Banking sector is incorporating more and more technology driven tools to make the processes more streamlined. Employees need to go through continuous training to develop these skills. Training and Development initiatives also help in reducing the resistance against change in the organization as employees are continuously improving the skills. It is also the onus of the organization to take care of its employee's career development. Hence, Banking sector is innovating the training and development initiatives and trying to deploy technology-based learning. It is continuously moving towards the E-learning model. Hence, it is clear that training and development initiatives taken to improve the performance of the employees is an obligatory concern for the organizations.

I. OBJECTIVES

1. To understand how Training and Development initiatives helps in driving employee performance in the case of Indian banking sector

To understand how Training and Development initiatives influence the various aspects of employee behaviour such as job satisfaction, commitment towards job

II. RESEARCH METHODOLOGY

For the purpose of writing this research paper, research was carried out in two stages. First stage comprised of a thorough secondary research on various platforms by acquiring a deep knowledge of training and development. Various T&D initiatives taken by banking sector organizations were deeply studied upon and the impact of such initiatives on employee

performance. In addition to this company records, reports and policies were deeply studied to create a foundation for the current state of training and development initiatives in the country. In the second stage, a google form was floated to the employees of leading private and public sector banks. To understand the effect of T&D in navigating performance of employees, 79 responses from banking sector employees were collected. The method used was convenience and referral sampling. The questionnaire was only filled by the employees who have undergone training during the course of their job in the banking sector. The form was filled by the employees of leading banks in India. The form was floated to employees of leading banks in India which included both public and private sector banks.

The questions in the google form were based on their experience after undergoing a training program. Responses were collected for questions such as Do you think there is a visible and measurable impact on your performance after undergoing a training program? Do you think training and development initiatives increase your job satisfaction level? Do you think training and development initiatives increase your commitment towards the organization?

The data was collected on Likert's scale. After collecting the responses various statistical tools were used on the data to establish results and draw concrete conclusions for the research. IBM's software SPSS is used for the purpose of analyses and processing of data in this paper. This will be discussed in detail in the data collection section of the paper.

A. Hypothesis Testing

H1: No significant correlation between Employee performance after Training & Development initiatives and job satisfaction

H2: No significant correlation between employee performance after Training & Development initiatives and employee commitment towards the organization i.e. Employee Retention

H3: No significant correlation between employee performance after Training & Development initiatives and Skill Development

III. DATA ANALYSIS

Demographic Profiling

Table 1: Frequency distribution and percentage

Description	Frequency	Percentage
Age		
20-25	48	60.8%
26-30	25	31.6%
31-35	5	6.3%
Above 35	1	1.3%
Gender		
Male	50	63.3%
Female	28	35.4%
Prefer not to say	1	1.3%
Undergone a training in last 6 months		
Yes	62	78.5%
No	17	21.5%
Use of E-learning tool by organization		
Yes	66	83.5%
No	13	16.5%

Source: Primary Data

Table 1 shows the demographics for the sample size N= 79. 60.8% of respondents are in the age group of 20-25 while 31.6% of respondents are in the 26-30 age bracket. Majority of the respondents are male which constitute of 63.3% of the total sample size while 35.4% respondents are female. 78.5% respondents have undergone a training program in the last 6 months. This also shows us how organizations in the Indian Banking sector are leaning towards E-Learning tools as 83.5%

of the respondents said that their organization uses E-learning tool for imparting training.

Reliability Testing:

The value of Cronbach's alpha was calculated using SPSS. This exhibits a good level of reliability of scale items.

Table 2: Overall Reliability

Reliability Analytics		
Cronbach Alpha score	Cronbach's Alpha Score (Standardized)	Item count
0.869	0.871	4

Table 2 shows the overall Reliability of the data. It is a measure of internal consistency. The value of alpha here is 0.869 which is a good value and hence data is reliable.

Table 3: Reliability Index for scale items

Item Analysis	
Item	Cronbach Alpha Score
Employee Performance	0.822
Employee Retention	0.814
Job Satisfaction	0.837
Skill Development	0.858

Source: Primary Data

The reliability of scale items in terms of Cronbach's alpha is shown in table 3. For employee performance alpha = 82.2%, Employee retention alpha = 81.4%, Job satisfaction alpha = 83.7% and Skill development alpha = 85.8%

Factor Analysis:

Table 4: KMO test

KMO Test		
KMO Measure of Sampling Adequacy.		0.793
Bartlett's Test	Approximation.X2	155.724
	dof	6
	Sig.	0.000

Significant level is kept at 0.05 level

Source: Primary Data

Table 4 shows the KMO test. KMO test shows the suitability of data to carry factor analysis. The KMO measure of this data is 0.793 which is close to the ideal KMO value. A KMO score of 79.3% is acceptable.

Table 5: Correlation Matrix

Correlation Matrix ^a					
		Skill Development	Job Satisfaction	Employee Retention	Employee Performance
Correlation	Skill Development	1.000	0.512	0.598	0.650
	Job Satisfaction	0.512	1.000	0.732	0.628
	Employee Retention	0.598	0.732	1.000	0.650
	Employee Performance	0.650	0.628	0.650	1.000
a. Determinant = .128					

Table 5 is the correlation matrix which shows the relationship between various factors.

Table 6: Communalities

Communalities		
	Initial	Extraction

Skill Development	1.000	0.650
Job Satisfaction	1.000	0.718
Employee Retention	1.000	0.776
Employee Performance	1.000	0.745
Principal Component Analysis method used for extraction.		

Source: Primary Data

Table 6 is the communalities table where the Principal component method has been used for extraction. It signifies the amount of variance explained by the factors/variables. Since all factors have extraction values more than 65%, hence acceptable amount of variance can be explained by the factors.

Table 7: Total variance explained with the help of Eigen values

Total Variance Explained			
Elements	Initial Eigenvalues		
	Total	Percentage of Variance	Cumulative percentage
1	2.888	72.202	72.202
2	0.525	13.129	85.331
3	0.332	8.299	93.630
4	0.255	6.370	100.000
Principal Component Analysis method used for extraction.			

Source: Primary Data

Table 7 illustrates that Eigen value for all the former components. It can be observed that value for component 1 is greater than 1, hence component 1 can be considered to explain the total variance. Total variance explained by component 1 is 72.202%.

Table 8: Factor Loading

Component Matrix ^a	
	Component

	1
Skill Development	0.806
Job Satisfaction	0.847
Employee Retention	0.881
Employee Performance	0.863
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Source: Primary Data

Table 8 signifies the factor loading/weights for determination of component 1, which is our acceptable component to explain the total variance (as observed in table 7).

Correlation:

The data collected was on a Likert's scale and source for every data analyzed is the primary respondents. It is better to use Spearman's correlation on ordinal data. Hence, Spearman's correlation was calculated bivariate approach between employee performance and job satisfaction, employee retention and skill development

Table 9:

Correlations				
			Employee Performance	Job Satisfaction
Spearman's correlation	Employee Performance	r	1	.563**
		Significance (2-tailed)		0.000
		N	79	79
	Job Satisfaction	r	.563**	1
		Significance (2-tailed)	0.000	
		N	79	79
Significant level is kept at 0.01 level				

Table 9 illustrates that the Spearman rank correlation coefficient as + 0.563 and p-value (0.000) is less than significant level i.e. (alpha=0.01), thus our correlation data analysis is statistically significant. Table 9 shows the correlation between Employee performance and Job satisfaction. The correlation between these two factors is

positive. The Spearman's correlation coefficient is 0.563. Hence, null hypothesis H1 is rejected.

Table 10:

Correlations				
			Employee Performance	Employee Retention
Spearman's correlation	Employee Performance	r	1.000	.599**
		Significance (2-tailed)		0.000
		N	79	79
	Employee Retention	r	.599**	1.000
		Significance (2-tailed)	0.000	
		N	79	79
Significant level is kept at 0.01 level				

Table 10 shows that the Spearman rank correlation coefficient as + 0.599 and p-value (0.000) is less than significant level i.e. (alpha=0.01), thus our correlation data analysis is statistically significant. Table 10 shows the correlation between Employee performance and Employee retention. The correlation between these two factors is positive. The Spearman's correlation coefficient is 0.599. Hence, null hypothesis H2 is rejected.

Table 11:

Correlations				
			Employee Performanc e	Skill Developmen t
Spearman' s correlation	Employee Performance	r	1.000	.636**
		Significanc e (2-tailed)		0.000
		N	79	79
	Skill Developmen t	r	.636**	1.000
		Significanc e (2-tailed)	0.000	
		N	79	79
Significant level is kept at 0.01 level				

Table 11 shows that the Spearman rank coefficient of correlation as + 0.636 and p-value (0.000) is less than significant level i.e. (alpha=0.01), thus our correlation data analysis is statistically significant. Table 11 shows the correlation between Employee performance and Skill Development. The correlation between these two factors is positive. The Spearman's correlation coefficient is 0.636. Hence, null hypothesis H3 is rejected.

IV. FUTURE SCOPE

This research paper has drawn important and valuable implications about how training and development programs and initiatives taken by the organization drive the performance of employees working in the Indian banking sector. Further study can be done to apprehend the effectiveness of these initiatives on the performance and other important factors of employee behavior in other sectors such as Automobile, IT, Energy etc. Also, blue collared workers can be included in the research. Researchers can also take forward the study by studying how effective are E-learning tools when it comes to imparting training to the employees.

Future study can also be done by taking views of HR managers and Top management. What is the view of top management and HR managers about training programs and what are the factors that they consider before designing a training and development initiative? How are they making the employees future ready and what are their views on future of training and development function in an organization. Do they feel that training and development initiatives increase cost or are they aware of the importance of these initiatives?

V. LIMITATIONS

There are certain limitations in this research paper that have restricted the scope of the paper. First limitation is related to training design. Respondents have not answered any question related to the training design, which forms a major chunk of the entire training and development function.

Another limitation is the identification of demographics. The majority of respondents lie in the age bracket of 20-30 which

constitutes the young population. The responses of the GEN Y and GEN X might reflect a different picture. Also, out of the 79 respondents, 50 are males. A better gender diversity in the responses would have given varied nuances and revealed other facets of this study

VI. CONCLUSION

This research began with establishing that fact that training and development is an inevitable part of Human Resource management. Organizations under no circumstances can leave behind its Training and development function as it defines the capabilities of its employees in the dynamic and highly competitive business environment. Training and Development initiatives are regularly taken by companies to up-skill and re-skill its employees as they cannot afford to be redundant on any front. They want their employees to be future ready and hence many companies treat training and development as part of their vision and mission statement. There is also a constant fight between organizations for acquiring and retaining the best talent and hence they take the onus of Career Development of its employees. To fulfil this, they invest heavily on training and development programs. We then discussed the need for training and development initiatives in the banking sector. It is clear that banking sector employees constantly need training and development programs as they need to adapt to the changes enabled by use of technology and they also need to have great interpersonal and soft skills to deal with different set of people every day. For conducting this research, we undertook a primary survey where responses from 79 bank employees across private and public sector were collected. Various statistical tools were deployed to extract results from the data. After the completion of study, it may be concluded that training and development initiatives do have a strong and visible relation with employee's performance and drives it in a positive direction. It is concluded after the research that Employee performance is a function of job satisfaction, Employee commitment towards job and also skill development. Training and Development initiatives have positive correlation with all these factors and majority of the respondents agree that they saw a measurable and visible

impact on their performance after undergoing a training module. They help in increasing job satisfaction and the employee's commitment towards the organization. It also helps the employees in developing their skill which in turn help in improvement of performance.

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