

Case study:

Employees' Perception of Effectiveness of Training and Development in Private Sector Banks

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Abstract

Training and development provide employees required knowledge, skills and abilities to do a job. The present study deals with employee's perception of effectiveness of the training and development system in private banking sector. A sample of 123 respondents working in 10 private sector banks is drawn using simple random sampling method. The primary data is collected from the sample respondents using a structured questionnaire. The data is analyzed using chi-square test and correlation. The results revealed that effectiveness of training and development system in private sector banks increases with training motivation, good training design, training implementation, effective learning and transfer of learning to work place. Effective training and development in turn increase productivity that justifies the investment in training and development.

Keywords: Effectiveness, training, development, private sector banks.

Introduction

Competent human resources are considered to be the assets of the organization as they create value for the organization. If an organization's greatest asset is its people, then the development of this asset is critical to the continued health of the organization. Training and development play a key role in equipping the employees with necessary skills, knowledge and attitude thereby facilitates talent development. Training and development ultimately upgrade not only the performance graph of employees but also of the organization. Now-a-days, the organizations consider the resources spent on training and development as investment because it can generate good returns for the organization in terms of increased productivity. What is required from the organizations is to ensure that training and development programs are effective in order to produce desired results. Employees should also feel that the training and development programs are contributing positively and helping them to improve the performance.

The tempo of development for the Indian banking industry has been remarkable over the past decade. It is evident from the higher pace of credit expansion; expanding profitability and productivity similar to banks in developed

markets, lower incidence of non-performing assets and focus on financial inclusion have contributed to making Indian banking vibrant and strong. Indian banks have begun to revise their growth approach and re-evaluate the prospects on hand to keep the economy rolling. Banks are also giving lot of importance to training and development of its employees as quality of work and productivity has become vital concern in the fierce competitive environment in the banking industry.

Review of Literature

Importance of training and development: Organizational training activities can become sources of competitive advantage² through their positive impact on employees' productivity¹³ and their contribution to business objectives⁴. Talent development and talent retention is very important now-a-days and training and development is most effective in motivating and retaining high quality human resources within organization⁹. It is reported that training is a factor that augments employee commitment and maximizes employee potential. Akintayo¹ and Oguntimehin¹⁵ highlighted the usefulness of training and identified the functions of training as follows: increases productivity, improves the quality of work; improves skills, knowledge, understanding and attitude; enhances the use of tools and machine; reduces waste, accidents, turnover, lateness, absenteeism and other overhead costs, eliminates obsolescence in skills, technologies, methods, products, capital management etc.

Training and development in banking sector: Karthikeyan et al⁸ empirically examined the training methods and their effectiveness in selected public and private sector banks and concluded that the overall effectiveness of training is quite high and that training contributes to the growth and better performance of the banks. Khandelwal¹⁰ stated that the challenge before the banks is not only to produce employees with multi-skills and applications but also to develop these skills on a continuous basis.

When the people grow to a point where they are ready for responsibilities beyond their initial assignment, training and development becomes imperative. A research in Indian banking sector revealed that the public sector bank officials highlighted training infrastructural facilities and organizational environment as the priority content whereas the private sector banks focused on skill development and business expansion.

Perception of employees towards training effectiveness: Training should be designed and delivered to meet the needs of all employees and employees should perceive that they are being treated fairly and equitably with regard to the training they receive. A research by Kate Hutchings, Cherrie J. Zhu, Brian K. Cooper, Yiming Zhang and Sijun Shao⁹ in China on 310 semi-skilled and skilled workers (technicians) about perceptions of effectiveness of training and development revealed that training and development practices had a positive impact on preparing them to be more effective in their work, increasing their technical abilities, interpersonal abilities, teamwork, job confidence and work motivation.

Noe et al¹⁴ stated that trainees will be more motivated to perform well in training if they perceive that high effort will lead to high performance in training; high performance in training will lead to high job performance and high job performance is instrumental in obtaining desired outcomes and avoiding undesirable outcomes.

Conceptual Model

Training needs assessment: Training needs are determined based on gaps in trainees’ knowledge, skill, ability etc. Effectiveness of training depends on relevance of the training package to trainee’s genuine needs. If the training program addresses needs of trainees, he/she attains a high level of satisfaction and grades the training delivered as very effective.

Training motivation: The employees have to be demonstrated the benefits of training program so that they will be motivated to participate in training programs. Although needs are assessed well, without employee motivation the objective of training will not be fulfilled. Some of the factors that have an impact on training motivation are career progress, job relevance, management support etc.

Training design: Training design refers to the degree to

which the training has been designed and delivered in such a way that provides trainees the ability to transfer learning back to the job⁵. Training design includes training schedule, material, source of trainer decisions, training methods, training aids required, gaps/breaks during training program etc.

Training implementation: The training program will be implemented by adopting appropriate method for training. The methods are the ways through which employees are trained. Organizations use several methods of training depending on the situation and training objectives to train their employees.

The methods of training can primarily be classified into two types: On-the- job training and off- the- job training. On- the- job training is normally given by a senior employee or manager on the job site. The employee is shown how to perform the job and is allowed to do it under trainer’s supervision. The various forms of on-the- job training include job instruction training, job rotation, apprenticeship training, etc. Off- the- job training is given apart from the job separately. It includes class room training, conferences, seminars, lectures, demonstrations, business games, simulations etc.

Learning: When the training needs are assessed appropriately and the training program is designed based on the needs identified and implemented effectively provided by the training motivation, then the learning will take place by the employees/trainees. Some of the factors which influence learning are efficiency of the trainer, education levels of the trainees, perceived organizational support etc.

Transfer of learning to work place: If the organizations can provide the required resources and time, then the employee will implement the new skills or behavior learnt during training sessions. If the employees are not able to transfer the learning to their job, they will not be motivated to participate in future training programs.

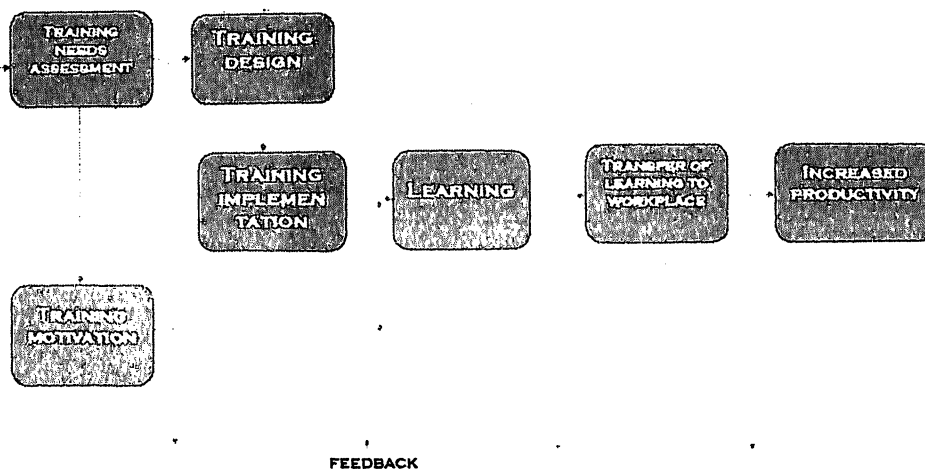


Figure 1: Model of Effective of Training and Development

Productivity: When the training is effective and the employees are able to transfer the learning to their job, the productivity levels will increase benefitting the organization.

Hypotheses

The following hypotheses are formulated for the present study:

Hypothesis 1:

Ho: There is no significant relationship between demographic variables and perception towards effectiveness of training and development system.

Ha: There is significant relationship between demographic variables and perception towards effectiveness of training and development system.

Hypothesis 2:

Ho: There is no significant relationship between effectiveness of training and development on one hand and factors like training needs assessment, training motivation, training design, training implementation, learning, transfer of learning to work place, feedback and increase in productivity on the other hand.

The hypotheses can be subdivided into the following hypotheses:

H1: There is no significant relationship between training needs assessment and effectiveness of training and development.

H2: There is no significant relationship between training motivation and effectiveness of training and development.

H3: There is no significant relationship between training design and effectiveness of training and development.

H4: There is no significant relationship between training implementation and effectiveness of training and development.

H5: There is no significant relationship between learning and effectiveness of training and development.

H6: There is no significant relationship between transfer of learning and effectiveness of training and development.

H7: There is no significant relationship between feedback and effectiveness of training and development.

Ha: There is relationship between effectiveness of training and development on one hand and factors like training needs assessment, training motivation, training design, training implementation, learning, transfer of learning to work place, feedback and increase in productivity on the other hand.

Research Methodology

A sample of 123 respondents working in 10 private sector banks in Andhra Pradesh is drawn using simple random sampling method. The primary data is collected from the sample respondents using a structured questionnaire. The first part of the questionnaire addresses demographic details of the respondents and the second part of the questionnaire deals with dimensions of effectiveness of training and development programs. Data is analyzed using Chi-square test and Correlation.

Profile of the Respondents: Demographic analysis helps in the study of sample. A demographic analysis looks at a specific sample to describe the sample and its characteristics such as education level, age, income level, gender and other characteristics. Table 1 portrays that 78% of the respondents are male and 22% are female employees. Majority of the respondents are in the age group of 20-30 years and are either graduates or post graduates. Many respondents have put in 1-5 years of experience.

Results and Discussion

Hypotheses Testing

Ho: There is no significant relationship between demographic variables and perception towards effectiveness of training and development system.

Ha: There is significant relationship between demographic variables and perception towards effectiveness of training and development system.

The relationship between demographic variables and perception towards effectiveness of training and development system is determined by calculating chi-square test. Table 2 reveals that chi-square values are insignificant for all demographic variables barring work experience. This indicates that only work experience significantly affects perception of the employees towards effectiveness of training and development system.

Hypotheses Testing

Ho: There is no relationship between effectiveness of training and development system and other factors like training needs assessment, training motivation, training design, training implementation, learning, transfer of learning to work place, feedback and increase in productivity.

Ha: There is relationship between effectiveness of training and development system and other factors like training needs assessment, training motivation, training design, training implementation, learning, transfer of learning to work place, feedback and increase in productivity.

The hypothesis is tested using correlation technique. In order to study the relationship between effectiveness of training and development system and other variables, correlation is used.

Table 1
Demographic Details of the Respondents

S. N.	Variable	Sub-category	Sample size	Per cent
1	Gender	Male	96	78.0
		Female	27	22.0
2	Age	<20 years	2	1.6
		20-30 years	82	66.7
		30-40 years	34	27.6
		>50 years	5	4.1
3	Educational qualification	Diploma	5	4.1
		Graduate	59	48
		Post graduate	58	47.3
		Other	1	0.8
4	Marital status	Single	56	45.5
		Married	67	54.5
5	Experience in the organization	<1 year	15	12.2
		1-3 years	53	43.1
		3-5 years	38	30.9
		>5 years	17	13.8
6	Total experience	<1 year	4	3.3
		1-5 years	62	50.4
		5-10 years	47	38.2
		>10 years	10	8.1
Total			123	100

Table 2

Relationship between Demographic Variables and Perception towards Effectiveness of Training and Development

Variable	Chi-square value	Significant/ Not significant
Age	16.252	Not significant
Gender	7.336	Not significant
Marital status	8.239	Not significant
Educational qualification	11.379	Not significant
Work experience	38.171	Significant at 1% level

Table 3

Correlation between various Factors and Effectiveness of Training and Development

		Training needs assessment	Training motivation	Training design	Training implementation	Learning	Transfer of learning to work place	Increase in productivity	Feedback
Effectiveness of training and development system	Pearson Correlation	.065	.324	.171	.256	.202	.310	.266	.097
	Sig. (2-tailed)	.474	.000	.054	.004	.025	.000	.003	.284
	N	123	123	123	123	123	123	123	123

There is a positive correlation between effectiveness of training and development and training motivation, training design, training implementation, learning, transfer of learning to work place, increase in productivity and is significant. This implies that if training motivation, training design, training implementation, learning, transfer of learning to work place are good, the effectiveness of training and development also increases. The correlation between effectiveness of training and development system and training needs assessment and feedback is positive but not significant.

Conclusion

Training helps organizations in achieving their strategic objectives and gives organizations a competitive edge. In this context, organizations train and develop their employees to the fullest advantage in order to enhance their effectiveness. It is not just sufficient to conduct a training program. Organizations should evaluate whether training and development programs are effective and producing desired results. Organizations can yield maximum benefits from training and development programs when they measure training effectiveness. The present study revealed that the effectiveness of training and development system

in private sector banks increases with training motivation, good training design and training implementation, effective learning and transfer of learning to work place.

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