

# IMPACT OF TRAINING AND DEVELOPMENT PROGRAMMES ON THE PRODUCTIVITY OF EMPLOYEES IN THE BANKS

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**Abstract** *Manpower training and development is an important aspect of human resources management which must be embarked upon either proactively or reactively to meet any change brought about in the course of time. Training is a continuous and perennial activity. It provides employees with the knowledge and skills to perform more effectively. The study examines the opinions of trainees regarding the impact of training and development programmes on the productivity of employees in the selected banks. To evaluate the impact of training and development programmes on productivity of banking sector, multiple regression analysis was employed in both log as well as log-linear forms. Also the impact of three sets of training i.e. objectives, methods and basics on level of satisfaction of respondents with the training was also examined through employing the regression analysis in the similar manner.*

**Keywords:** *Human Resource, Productivity, Satisfaction, Training and Development*

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## INTRODUCTION

Manpower training and development is a very important aspect of human resources management which must be embarked upon either proactively or reactively to meet any change brought about in the course of time. Training is a continuous and perennial activity. It provides employees with the knowledge and skills to perform more effectively. This allows them to meet current job requirements or prepares them to meet the inevitable changes that occur in their jobs. Training and development programmes have a positive impact on knowledge enhancement, skill development and job enrichment of bank employees, which in turn reduces the attrition rate, increase the job retention and prove to be beneficial for the value addition of employees. All these factors contribute to improve the market share of banks and increase the productivity. Therefore, in the present paper an attempt has been made to study the impact of training and development on productivity of banks.

## OBJECTIVES OF THE STUDY

- To assess the impact of training and development programmes on performance of employees and on the productivity of the banks.

## REVIEW OF LITERATURE

Badhu and Saxena (1999) emphasized that an organisation should have well-defined training policy as well as training manual and training should be made an ongoing process. Regarding the executive development programmes the authors concluded that these programmes were found to be useful in improving the productivity, efficiency, and effectiveness of managers. The authors have suggested that these should be included as an integral part of the training programme. Ramu (2006) stated that designing and implementing effective training and development systems is a particular challenge because all the costs are borne in the present, while all the benefits will accrue in the future. With the significant increase in the complexity and magnitude of banking service especially with a view of the task undertaken by the co-operative banks for the socio-economic development in urban, semi-urban and rural areas, the need of the training have been felt. Realising the significance of training, the co-operative training institutions established at different levels are imparting training to the employees of co-operative banks. It was also stated that the outcome of the training to any type of organisation includes increased productivity of employees, increased morale, reduced supervision, and increased organisational stability and flexibility. Also it was mentioned in research that the poor quality training or a focus on the wrong development areas

will be a total waste of time and money. Training normally concentrates on the improvement of operative skills, interpersonal skills, decision-making skills or a combination of these. Kumari and Mishra (2009) analysed that employees and their organisations face ever-increasing rates of change in products and services, the knowledge and expertise required to deliver these products and services, structures, procedures, processes of work, policies and regulations intended to ensure public safety and confidence. Continuing Professional Education (CPE) and Human Resource Development (HRD) were the fields of practice charged with fostering the necessary change to address these ongoing needs. The aim of the study was to measure employees' perception of human resource development (HRD) practices in their organisation and to examine the role of HRD practices on employees' development climate. The study concluded that the globalisation process is to apply HRD interventions such as t-group, process consultation, third-party intervention, team building, education, training, coaching, and counseling. Thus, HRD interventions in any organisation will prove to be successful in developing work values and practices. This will enhance the organisational effectiveness and productivity; also will ultimately lead to the smooth and problem free organisational change. Babaita (2010) analysed whether the productivity was a driving force for investment in training and management development in the banking industry in Nigeria. The study relied on both qualitative and quantitative analysis of data. The study was based on the 25 commercial banks in 2007 in Nigeria. All the 25 banks were stratified into old and new generation Banks. Consequently 4 banks were selected from each stratum. The study showed that productivity was really one of the driving forces for investment in training and management development. The study recommended that training plays a vital role in development the managers, senior executives as well as all employees. The author suggested that in order to make training programmes effective and efficient, it should be based on proper analysis. Akbar and Mattoo (2010) explored that human resource was the backbone of any organisation. Properly trained and highly developed human resource is perceived as the greatest asset of an organisation. Trained personnel contribute to the efficiency, growth, increased productivity and market reputation of an enterprise. Organisations need to realise and strategically train and manage the resource for a sustainable growth in the present uncertain environment. Past research studies on training and development programmes indicated that appropriate training delivery and methodology was crucial decision the trainers have to make to yield optimum results. This had been realised by industrial, commercial, research establishments, and even Government institutions. The study highlighted the areas which need overall improvement with respect to effective role of trainer, training methods, training environment and facilities. Srimannarayana (2011) in his

study highlighted that training and development is very important element in the modern Human Resource Management and the scope of training and development varies from one organisation to another. The present study is based on primary data which were collected from 105 HR/training professionals working in manufacturing, IT/ITES, and service sector with a minimum experience of three years in their respective organisations in the functional area of training and development. The study highlighted that more than 75% of respondents agree that improvements in performance are made because of training, is an extremely valuable measure and 70.48% believe that transfer of learning is very important. Almost (95.24%) respondents have mentioned that they collect feedback of the participants after completion of the training programme routinely. There is a gap between the measures that are used actually in assessing training and development and HR/ Training professionals do not have control over data that is required for measuring training and development. Ramakrishna, Kumar, Girdhar, and Krishnudu (2012) have studied that Human Resource Development (HRD) department has to play a more proactive role in shaping the employees so as to face the challenges. The banks not only have to make plans and policies and devise strategies, the actual functionaries have to show competence and effectiveness in executing the said policies and strategies. A sample of 85 employees covering all Canara bank branches in Kurnool District has been considered for the study. The study revealed that the employees have attended more training and development programmes, employees strongly agreed about the necessity of training and development programmes, majority of the employees rated trainer's preparation as good, employees rated trainers' creating learning atmosphere and employees given overall rating for training and development programmes. Purohit (2012) studied the existing policies practiced in co-operative banks to appraise the level of HRD practices, to assess the satisfaction level of employees about HRD practices particularly Training and development & Reward and recognition of employees. In the present study structured questionnaire via in-depth personal interviews is used to collect primary data. From large number of banks in Pune region, 16 are selected for the study. Information was collected from 30 employees of different level. The study adopted random sampling with regard to the selection of cooperative banks. The study highlighted that training helps employees to gain better understanding in the area of Job and this will increase their level of knowledge. Extensive training providing the continuous development, such as on-the-job training, training programmes and workshops can be a driving factor for the activities in the firm. Jadhav (2013) studied the training and development programmes undertaken by banks for their employees. The main objectives of the present study were to analyse effectiveness of training and development programmes for employees to discharge their duties and to study how training and

development programmes helps to achieve customer satisfaction. For this study primary data were collected through questionnaire filled by the bank employees. A sample of 40 employees is selected by the use of random sampling from different banks like HDFC, ICICI, Vijaya bank, Bank of Baroda, and Dena Bank located in suburban area of Mumbai. It is concluded that private and public Indian banks carry out training and development programmes for their employees to increase their efficiency. Banks provide training programmes to enhance their knowledge and skills to satisfy the customers. Growth of banking sector in India is the result of skilled manpower which is the result of training and development.

### METHODOLOGY

The study examines the opinions of trainees regarding the impact of training and development programmes on the productivity of employees in the banks. The area of the study is limited to the training programmes conducted by State Bank of India, Punjab National Bank, Punjab and Sind Bank, Bank of Baroda, HDFC Bank, ICICI Bank, Axis Bank, and YES Bank in Punjab region. The list of all the employees, along with their designation, working in each selected bank in Punjab was got prepared with the help of bank officials. Then 50 employees from the list were randomly selected broadly keeping in view the proportionate representation of officers and non-officers. In this way, total number of respondents came to 200 from public sector banks and an equal number from private sector banks. Thus, a sample of 400 respondents was taken for the study. The present study is based on the primary data as well as the secondary data. The survey was carried out in various branches of the selected banks. A structured pre-tested questionnaire, containing several questions relating to various aspects of training programmes, was developed to collect the data from the bank officials through personal interview method.

To evaluate the impact of training and development programmes on productivity of banking sector, multiple regression analysis was employed in both log as well as log-linear forms. The algebraic form of the regression equations are as under:

Linear Form:

$$Y = a + b_1x_1 + \dots + b_nx_n + \mu$$

Log Linear Form:

$$\log Y = \log a + b_1 \log x_1 + \dots + b_n \log x_n + \mu$$

where

Y = Parameter of Productivity

Equation 1:  $Y_1 =$  Business per employee

$x_1$  to  $x_n$  = Independent variables

$x_1$  to  $x_n = 10$  in case of objectives of training

$x_1$  to  $x_n = 10$  in case of methods/sources of training

$x_1$  to  $x_n = 15$  in case of fundamentals/basics of training

The linear functional form was chosen for the study keeping in view:

- (i) Higher value of  $R^2$ ;
- (ii) Economic significance of the factors; and
- (iii) Logical significance of the factors.

Similarly, the impact of three sets of training i.e. objectives, methods and basics on level of satisfaction of respondents with the training was also examined through employing the regression analysis in the similar manner.

The study relied on both qualitative and quantitative analysis of data in establishing the needed relationships between the different variables involved in the study.

### RESULTS AND DISCUSSION

#### Effect of Training and Development on Business per Employee in Public and Private Sector Banks

Training enables an employee to cope up with the changing environment and adapt new ways of learning which ultimately helps in increasing the business of employee as well as of bank. Tables 1 and 2 depict the productivity in terms of business per employee in public and private sector banks.

The results given in Table 1 indicated that in public sector banks aspects of training and development was objectives, methods and fundamentals explained 25.40, 21.80, and 36.30 percent respectively of the variation in the business per employee in public sector banks totaling 83.50 percent of the variation explained.

Among objectives, ‘providing additional knowledge and meeting the needs of redeployment’, ‘familiarising with the new work practices’, ‘to meet future challenges and development plans’, and ‘to introduce the staff to the organisational culture and enhancing it’ emerged as the significantly positive contributors of business per employee. Among methods/ sources, ‘appraisal by peer, co-worker, supervisors and experts’, ‘customers complaint surveys’, ‘technical study, skill analysis, competency mapping’, ‘personal development plans’ and ‘employees suggestions’ made significant contributions to the business per employee in the public sector banks.

**Table 1: Effect of Training and Development on Productivity In Terms Of Business per Employee in Public Sector Banks**

S.No.	Variable	Public Sector Banks		
		$\beta$	S.E.	t-value
I	Objectives of Training			
	Intercept	18.241	48.382	12.46**
S1	To provide additional knowledge and meets the needs of redeployment.	2.575	0.568	4.53**
S2	To introduce new products, programmes, product orientation.	0.761	0.577	1.32
S3	To familiarize with the new work practices e.g. computerisation.	2.986	1.171	2.55*
S4	To increase the quality and magnitude of work.	1.053	1.599	0.66
S5	To equip staff with more skills.	0.758	3.445	0.22
S6	To meet future challenges and development plans.	3.612	1.333	2.71**
S7	To equip the staff for promotion.	1.328	2.108	0.63
S8	To introduce the staff to the organisational culture and enhancing it.	4.127	1.517	2.72**
S9	To ensure better job adjustment and to have high morale.	5.328	7.479	0.71
S10	To identify and develop the inner potential of the staff – developing people.	2.641	8.580	0.31
	R-square	0.254	30.42	
II	Methods/Sources Used In Banks For Identifying Training Needs			
	Constant	8.154	4.883	1.67
S1	Appraisals (By self, peer or co-workers, superiors and by experts).	1.182	10.489	2.21*
S2	Demands due to the latest trends in banking like fast changes in products and systems in the banking field.	1.790	2.420	0.74
S3	Customer complaints survey.	4.132	1.425	2.90**
S4	Technical study, skill analysis, competency mapping.	2.296	0.814	2.82**
S5	Opinions of external and internal experts.	1.153	1.142	1.01
S6	Personal development plans.	6.951	2.159	3.22**
S7	Based on job related problems.	1.127	0.633	1.78
S8	Based on employee suggestions.	2.984	1.238	2.41*
S9	Based on the training programmes provided by other banks.	1.997	1.323	1.51
S10	Based on supervisory recommendations.	-1.951	1.243	1.57
	R-square	0.218	26.11	
III	Fundamentals/Basics of Training in Banks			
	Constant	5.241	2.426	2.16*
S1	The goals (vision, mission and objectives) of the organisation are sufficiently integrated in the training activities.	3.446	0.929	3.71**
S2	The bank's training infrastructure facilities are sufficient.	1.275	1.076	1.18
S3	The study materials used for bank training are of adequate standards.	1.243	1.535	0.81
S4	Faculties for training in your bank are professional and competent.	4.761	2.357	2.02*
S5	The training frequency in the bank is adequate.	2.671	3.993	0.67
S6	There is no discrimination in selection of employees for training.	1.338	1.608	0.83
S7	In general, the training in your bank equips you to meet the competition in the market.	2.876	1.046	2.75**
S8	Training will result in improving customer satisfaction.	1.560	2.115	0.74
S9	Quality of performance of the employees will improve due to bank training.	0.542	1.922	0.28
S10	The staff will be able to use the skills gained through training in the work place.	2.723	1.063	2.56*
S11	The training will improve profitability of the bank.	5.667	1.423	3.98**
S12	The training given to you will help you to perform better in the job.	1.081	2.532	0.43
S13	Training to the staff would help in improving the work atmosphere in your bank.	1.746	2.151	0.81
S14	The employees in your bank are enthusiastic about training.	2.702	3.474	0.78
S15	Post training tests are conducted to measure the effectiveness of a training programme.	1.933	2.849	0.68
	R-square	0.363	43.47	
	Total R-square	0.835		

\*Significant at 5% level

\*\*Significant at 1% level

**Table 2: Effect of Training and Development on Productivity in Terms of Business per Employee in Private Sector Banks**

S. No.	Variable	Public Sector Banks		
		$\beta$	S.E.	t-value
<b>I</b>	<b>Objectives of Training</b>			
	Intercept	11.711	1.348	8.69**
S1	To provide additional knowledge and meets the needs of redeployment.	1.460	19.724	0.02
S2	To introduce new products, programmes, product orientation.	3.591	1.431	2.51*
S3	To familiarise with the new work practices e.g. computerisation.	1.901	1.474	1.29
S4	To increase the quality and magnitude of work.	1.746	1.196	1.46
S5	To equip staff with more skills.	4.202	1.694	2.48*
S6	To meet future challenges and development plans.	4.082	1.284	3.18**
S7	To equip the staff for promotion.	3.031	1.341	2.26*
S8	To introduce the staff to the organisational culture and enhancing it.	1.579	3.222	0.49
S9	To ensure better job adjustment and to have high morale.	2.874	2.228	1.29
S10	To identify and develop the inner potential of the staff – developing people.	0.627	1.425	0.44
	R-square	0.218	28.91	
<b>II</b>	<b>Methods/Sources Used In Banks For Identifying Training Needs</b>			
	Constant	10.850	6.955	1.56
S1	Appraisals (By self, peer or co-workers, superiors and by experts).	1.756	7.635	0.23
S2	Demands due to the latest trends in banking like fast changes in products and systems in the banking field.	3.370	1.199	2.81**
S3	Customer complaints survey.	1.827	1.194	1.53
S4	Technical study, skill analysis, competency mapping.	3.002	1.516	1.98*
S5	Opinions of external and internal experts.	0.973	1.520	0.64
S6	Personal development plans.	1.557	1.171	1.33
S7	Based on job related problems.	2.614	1.058	2.47*
S8	Based on employee suggestions.	2.038	0.708	2.88**
S9	Based on the training programmes provided by other banks.	1.587	2.707	0.59
S10	Based on supervisory recommendations.	-2.246	1.967	1.14
	R-square	0.243	32.23	
<b>III</b>	<b>Fundamentals/Basics of Training in Banks</b>			
	Constant	6.484	3.486	1.86
S1	The goals (vision, mission and objectives) of the organisation are sufficiently integrated in the training activities.	2.298	0.564	4.07**
S2	The bank's training infrastructure facilities are sufficient.	1.526	2.416	0.63
S3	The study materials used for bank training are of adequate standards.	3.025	1.149	2.63**
S4	Faculties for training in your bank are professional and competent.	4.483	2.193	2.04*
S5	The training frequency in the bank is adequate.	1.716	2.962	0.58
S6	There is no discrimination in selection of employees for training.	1.956	2.090	0.94
S7	In general, the training in your bank equips you to meet the competition in the market.	1.132	2.015	0.56
S8	Training will result in improving customer satisfaction.	4.699	1.570	2.99**
S9	Quality of performance of the employees will improve due to bank training.	1.672	2.239	0.75
S10	The staff will be able to use the skills gained through training in the work place.	2.071	1.769	1.17
S11	The training will improve profitability of the bank.	7.486	2.306	3.25**
S12	The training given to you will help you to perform better in the job.	1.495	2.567	0.58
S13	Training to the staff would help in improving the work atmosphere in your bank.	4.024	1.302	3.09**
S14	The employees in your bank are enthusiastic about training.	1.094	2.632	0.42
S15	Post training tests are conducted to measure the effectiveness of a training programme.	1.208	1.915	0.63
	R-square	0.293	38.86	
	Total R-square	0.754		

\*Significant at 5% level

\*\*Significant at 1% level

In case of fundamentals/ basics, the aspects like the goal of the organisation are significantly interpreted in the training activities, 'faculty for training in the bank are professional and competent', 'in general, training in the banks equips the staff to meet the competition in the market', 'the staff enables to use the skill gained through training in the work place', and 'the training improves the profitability of the banks' emerged as the significant contributors towards business/ employees in public sector banks.

The analysis highlighted that the emphasis should be given on the objectives of imparting of additional knowledge through training, new work practices, preparation to meet future challenges, development of organisational culture.

The method/sources of identifying training needs should be emphasized like appraisal system, customer complaints surveys, technical analysis, and personal development plans and employees suggestions.

Similarly, the fundamentals like goals to be sufficiently integrated in training activities, faculty to be professional and competent, equipping the staff to meet competition, enabling the staff to use skills at work place, etc. should be emphasized to enhance the productivity in terms of business per employee in public sector banks.

The results given in Table 2 indicated that in private sector banks, the objectives of training like 'introduction of new products, programmes', 'equipping the staff with higher skills', 'meeting the future challenges and development plans', and 'equipping the staff for promotion' were the significant stimulants of business per employee. Similarly, the methods/sources being used for identification of training needs like 'demand due to the latest trends in banks', 'technical analysis', 'job related problems' and 'employees suggestions' emerged as the significant contributors of business per employee.

Among fundamentals/ basics of training the significant contributors of business per employee included 'goals sufficiently integrated in the training', 'adequate standard of material used during training', 'professional and competent faculty', 'improvement in customers satisfaction', 'improvement in profitability', and 'improvement in the work atmosphere'.

The contribution of objectives, methods/ sources and fundamentals/ basics came to be 21.80, 24.30, and 29.30 percent respectively. In this way a total of 75.40 percent of the variation in the business per employee was explained by the aspects of training and development in private sector banks. This revealed that the private sector banks should develop training and development programmes keeping in view these results in order to enhance the productivity in the banks.

## CONCLUSION

Overall, it may be said that productivity in banking sector was significantly and positively influenced by various aspects of training and development programmes. The objectives like, 'imparting knowledge in addition to the present', 'introduction of new products, programmes and product orientation', 'to train the staff for computerisation', the methods/sources like 'appraisal system', 'latest trends in banking', 'technical analysis', 'personal development plans', and 'training programmes provided by other banks' and fundamentals/ basics like 'sufficiently integrated goals of organisation in the training activities', 'sufficient training infrastructure facilities', 'professional and competent faculty', 'enabling the staff to use skills at work place', and 'developing organisational culture' emerged as the significantly positive contributors of the productivity in banks.

Therefore, the planners, policy makers, and bank management need to evolve and develop the training and development programmes keeping in view the findings of the analysis. This will go a long way to enhance the productivity of banks if the results highlighted are implemented in its true sense.

## DIRECTION FOR THE FUTURE RESEARCH

The present study is conducted only in the state of Punjab. A systematic and detailed study and evaluation of training and development efforts in banks could be studied for all other states in India. Furthermore, a same study at the national level will be much valuable and worthy. Also the present research focused only on analysis and comparison of effectiveness of training and development programmes in public and private sector banks. Further research can be done to analyse the effectiveness of training and development programmes in foreign banks, co-operative banks and regional rural banks. Moreover, the present study has assessed the productivity of banks in terms of business per employee. However, in order to study the productivity, return on asset, return on equity, number of deposits can also be the area of research under this aspect.

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