

# Talent Management in Commercial Banks in Tamilnadu

Saravanakumar M, Dr. Sridharan G

<sup>1</sup>Bharathiyar School of Management and Entrepreneur Development

<sup>2</sup>Associate Professor, BSMED, Bharathiyar University

Bharathiyar University, Coimbatore – 641 046

Email: saravanan4crs@gmail.com

\*\*\*\*\*

## Abstract:

There have come about many changes in India, especially in the banking sector. Thanks to the new economic policy that was introduced during the early nineties. The emerging business profile of banks would include non-traditional areas like merchant banking, mutual funds, newer financial services, personal investment counselling, factoring, venture capital and possibly consultancy and research services. The banks are continuously making innovations in their operational fields and thus the profile of these banks will undergo major transformations. It calls for new knowledge, skill and attitude and training systems will have to stand up to these challenges and it will definitely demand for changes in approaches to training. The new technology will transform the skill structure in banks.

The present study is an attempt to evaluate and compare the training and development endeavours in Commercial Banks (Public Sector and New Generation Banks) in Tamilnadu. The study finds that significant differences exist between the two categories of banks regarding the training provided to its employees and its impact towards employee retention. But the differences are related to only certain aspects and it is not universal. Based on the study it will be apt to say that the training approach of a particular type of bank is significantly enhanced and contribute to benefits of the employee and the organization.

**Keywords** —Training, Public Sector Banks, New Generation Banks, Benefits of training, Employee retention

\*\*\*\*\*

## Introduction

*“Anyone who stops learning is old, whether at twenty or eighty. Anyone who keeps learning stays young; the greatest thing in life is to keep your mind young – Henry Ford.”<sup>1</sup>*

The unprecedented growth of the Indian economy over the last few years signifies well for the banking sector. That said, Indian banks need to address two key issues to maintain growth and profitability in coming decades. They are:

- ✓ Financial inclusion
- ✓ Streamlining Human Resource Management

Reinventing HR processes, acquiring and retaining quality talent is critical for

addressing the upcoming imbalance that is being created by growth in banking industry and rapid retirements in banks. New hires at entry level will require a wide-range of knowledge, skill and the right attitude to make them ‘job ready’. After Indian Independence, banking sector saw a shift towards social banking with the Government of India nationalizing 14 banks in 1969 and six more in 1980. The Government sought to better utilize scarce resources for planned economic development and initiated rapid branch expansion in rural areas to establish channels of monetary transmission across the country. The financial sector reforms initiated the transition of banking industry from a regulated environment to a deregulated market economy and exposed Indian banks to challenges such as new market dynamics,

competition, stronger prudential norms and stringent capital adequacy norms. Banks, which were previously providing plain banking services, transformed themselves into universal banks offering a wide array of financial services including commercial and investment banking. Today, 'anytime, anywhere' banking has become the norm with the spread of ATM's, internet banking and mobile banking. The process of financial development in India has hinged effectively on the development of banking system. Indian banking industry is continuously going through a process of transformation since nineties, due to the introduction of Liberalization, Privatization and Globalization (LPG), Information and Communication Technology (ICT).

Twenty-first century HR is emerging to uniquely combine activities and processes of Human Resource Management (HRM), Human Resource Development (HRD) and Organizational Development (OD). Contributing strategically to organization demands that HRM, HRD and OD coordinate, partner and think innovatively about how they relate and how they do impact people and organization. The primary apprehension of the bank should be to bring in proper integration of human resource management strategies with business strategies. It should foster cohesive teamwork and create commitment to improve the efficiency of its human capital. The long-term vision for India's banking system is to transform itself from being a domestic one to the global level which may sound far-fetched at present. To take up this industry to the height of international excellence, require combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control, external regulations and human resources at the most. The main challenges faced by banks in our country are the role played by financial instrumentation in different phases of business cycle, the emerging compulsions of the new prudential norms and benchmarking the Indian financial system against international standards and best practices. There is a need for introduction of new technology, skill building and intellectual capital formation. The most important need in this service industry is

naturally the HRD. During the early phase of banking development in India after independence, opportunities for employment of the educated manpower were relatively limited. This sector was the preferred employer for the educated persons in the country in addition to civil services. In recent years, this position has changed drastically. Certain rigidities have also developed in HRD within the banking system as this system is public sector. Its hierarchical structure gives preference to seniority over performance and it is not the best environment for attracting the best talent among the youth. It is expected that the Indian banking and finance system will be globally competitive; to achieve this, the market players will have to be financially strong and operationally efficient. The banking and finance system will improve competitiveness through a process of consolidation, either through mergers and acquisitions through strategic alliances. Indian banking system has played a crucial role in the socio-economic development of the country. The system is expected to continue to be sensitive to the growth and development need of all the segments of the society. Besides practicing HR in different units, it is also a mammoth task for the banks to face the central and outer challenges. Monitoring as well as changing the strategy also permits the business to cope up with the current demand.

The primary interest of the study about the future is in looking for a group of characteristics shared by banks that might serve to predict the future success for others. This common trait is an emphasis on training and its correlation to employee benefits (retention).<sup>2</sup> Competent employees do not remain competent forever. Skills deteriorate and can become obsolete. That is why modern organizations spend each year on formal training. Intensified competition, technological changes and the search for improved productivity are motivating managements to increase expenditures for training. Today, people at all levels in the organization are involved in formal training. Training is being recognized increasingly as the key to labour markets competing internationally and performing successfully. As firms and labour markets change, some jobs become

Available at [www.ijssred.com](http://www.ijssred.com)

obsolete and new ones are created. The new jobs require literate workers. In a flexible economy that is well positioned to take advantage of change, people will need to change jobs - perhaps many times. Hence, workers need to continuously acquire new skill and qualifications.<sup>3</sup> Ongoing development is today's new form of job security. People need to learn continuously. By developing, stretching and continually challenging themselves, employees can build a skill base, reputation and a network of contacts which will make them fit to be always 'employable'.

### **Earlier studies**

Human resource development is a process through which employees in an organization are assisted to realize their full potential for their present and future jobs. It involves long-term perspective which visualizes change through involvement and ownership of such change by the participants. HRD believes that individuals in an organization have unlimited potential for growth and development and that their potential can be built through appropriate and systematic efforts. In western countries, they treat and deal human force as 'resources'. Resources are explored, exploited and discarded after their use. Continuous use of resources make them weak and futile, they decay with time. However, human beings become wiser, stronger and grow within each challenge / problem encountered. D.V. Ramana Murthy<sup>4</sup> has discussed in his article on "Human factor in banks," the significance of human factor and trade unions in the banks. S.R Varde<sup>5</sup> in his paper on "Manpower planning" at the level of an Indian commercial banks dealt with the aspects like basic structure of manpower planning, linkage of manpower plan to other plans, inter-relationship of various manpower functions, objectives of manpower planning in Indian commercial banks, anatomy of manpower plans and techniques of manpower planning. N.R. Seth<sup>6</sup> discussed growth, functioning and progress of trade unions in Indian banks. P. Subba Rao<sup>7</sup> have discussed the role of counselling, performance counselling and action planning in his paper on "Bank branch manager

as a counsellor". T.V. Rao<sup>8</sup> in his book on "The HRD Machinery" explained HRD instruments, processes and outcomes, HR departments and their tasks, structuring the HRD function, qualities, and competency requirement of HRD managers, developing HRD managers, traps and temptations of HRD managers and HRD instruments. J S Varsheny<sup>9</sup> in her study on "Growth of HRD functions in banks" studied managerial beliefs, work technology and organizational climate. T. K Sinha<sup>10</sup> in his paper "Organization culture base for effective HRM in Banks" studied HRD related areas in brief in addition to various issues related to human resource management. T.P. Raman<sup>11</sup> in his paper on "HRD in State Bank of India" explained the practice of HRD and various techniques of HRD in State Bank of India. His paper is mostly based on his work experience in the bank rather than a study. R. K. Agarwal<sup>12</sup>, in his paper on "HRD in State Bank of Patiala" explained the objective and structure of HR department, HRD climate and various techniques of HRD in the Bank.

### **Challenges faced by banking industry**

- The first and foremost challenge of the HR function in India is to convert the abundant population pool into useful human resource
- Training and development of human resource to match ever-changing industry demands require HR to develop new, innovative ideas that suit individual as well as industry criteria
- Employee motivation and satisfaction is another area of concern for the HR today. In order to reduce attrition, HR department need to realize that monetary needs are not the only drive for an individual, a sense of belongingness must be imbibed in employees
- With the increase in number of job options available nowadays, the HR function of an organization must take care that they hire people who believe in long-term commitment to the organization. The HR department then must take up the challenge of retaining them by developing retention techniques

Available at [www.ijared.com](http://www.ijared.com)

- Because of cut-throat competition, HRD in India also face the task of building competitive advantage for the company over national and international competitors
- The growing importance that companies are now giving to cost-cutting has posed HRD with the challenge to minimize expenditure on HR not compromising on the productivity
- Since right-sizing has been a growing trend in Indian organization, HRD now face the task of identifying and retaining the key employees of an organization and letting go those that do not suit its future requirements
- HRD also face the challenge of creating a balanced organization that originates from mergers and acquisitions. HRD needs to assimilate those policies that are mutually agreeable to the companies being merged as well as profitable to the new organization
- Globalization poses HRD with challenges such as expatriation and repatriation. HRD needs to train employees that leave their base work location for fulfilling a foreign assignment. It also needs to provide such employees with adequate moral support and assure them of job security on their return
- With multinational organizations on the rise, HRD needs to focus on issues such as cross-cultural training as well.

### **Retaining and developing employees**

We may be able to get the most suited people for our work but then the challenge is to retain these people and to develop them. There are several dimensions to this issue such as training/ re-skilling of employees, performance measurement, promotion policy, transfer policy, talent management and communication.

### **Training and development**

With drastic growth of banks, it calls for efficient and well-trained staff members to handle/deal the consumer needs. Banks are shaping up as financial hub for their clients to grow in size and well recognized in the world market. To pull consumers, banks are offering traditional with advance services like SMS banking, ATM's, internet banking, priority banking etc., so we can say that it caters to the need of the bottom to the highest class of society providing something to everyone. Universal banks have become modern day's supermarket extending almost every facility of banking under one roof. Banks like Bank of Baroda are conducting grooming and etiquette programs for front-line employees and also for employees selected for overseas posting in order to improve their service levels and qualitative interaction with customers and various stakeholders.

Self-efficiency and effectiveness development program being run for frontline staff of the bank in order to improve their service skill and servicing efficiency. In Punjab National Bank, in the light of the large scale human resources gap the bank is likely to face in the next few years, the need for succession policy has been felt. The policy envisages mapping of the 'existing pool' against the 'future requirement' from the projected business figure to ensure that adequate number of officials are available in the pool and also to foresee the surplus / deficit in the pool for ascertaining the requirement of succession in a particular vertical. Banks have a three tier training set up comprising of Central Staff College (CSC) at Delhi at apex level catering to training needs of top / senior / middle management grade officers, three Regional Staff Colleges (RSCs) located at Belapur-Navi Mumbai, Lucknow and Panchkula for training needs of senior / middle /junior management officers as well as workman staff and seven Zonal Training Centre's (ZTCs) at Dehradun, New Delhi, Jaipur, Kolkata, Kozhikode, Ludhiana and Patna looking after the training needs of middle / junior management grade officers & workman staff. IT training centre located at Faridabad caters to the training needs of officers exclusively in the areas of information technology.

## **Performance management**

Banking service is one sector where a great degree of attention is being paid to performance appraisal system. Several of the nationalized banks have changed their performance appraisal system or they are in the process of changing them. In most of the banks that follows the traditional system, their officers are being assessed on the following characteristics:

- General intelligence
- Job knowledge
- Initiative and resourcefulness
- Supervision, business capacity
- Ability to assess sound
- Business propositions
- Dependability
- Relationship with junior & senior colleagues
- Relationship with public
- Conduct, manners, managerial ability
- Failures that attracted issue of warning by superiors

Several of the banks also have self-appraisal as a part of performance appraisal, although mostly such self-appraisal is more of a communication of achievements. A fair, transparent and an objective mechanism for performance management is must for all banks because an effective performance management system is the key to talent management and succession planning. RBI is shortly going to introduce a new performance management system that will work on goal setting, potential appraisal of performers and developing a talent pipeline. With all these changes we are also going to face major challenges on the talent management front. In coming years, the work force will get complex and there will be a need to juggle a wide variety of people with varied needs and preferences, resulting in an array of relationship between the organization and those who work for it. Peter Drucker, more than a decade ago, expressed the need for what he called “non-traditional” work relations; flexible schedules, contract arrangements, virtual teams.

The effectiveness of any efficient HR system/ process is that it should be objective and transparent. These traits are essential for the manpower to repose trust in the organization’s systems/ processes. No HR function can be effective if it does not enjoy the trust and confidence of its constituents. Two key stakeholders in the HR management process are board / senior management and unions. How much time do board members spend on HR related issues? Structurally, it is important that board / senior management is actively involved in HR matters involving all its manifestations. Organized employee unions are an important part of the democratic process and form an effective channel for communicating with employees at all levels. It is important to involve them in the HR process without allowing them to have an over-bearing influence. HRD climate in an organization is reflected by its role, clarity, openness, trust, teamwork, proactive orientation, planning and development of every employee etc., HRD climate and processes are dependent on personal policies, top management styles, investments on HRD, top management commitments, line manager’s interest and previous culture.<sup>13</sup>

## **Need of the study: Emerging manpower demand**

Banks are increasingly witnessing many young officers at the top. “While this can bring fresh perspectives on various issues, it is also a fact that given the strategic importance of leadership at the top, it is important to hire right talent and the training requirements of top management and fulfill the same”. Indian banks adopted technology as a means of staying competitive and retaining market share and this resulted in re-deployment of their workforce. With banking becoming more technology intensive, the need for high manpower declined and the Government of India banned recruitment in 1987. The recruitment freeze coupled with the voluntary retirement scheme launched in 2000 had shed manpower and created a vacuum at the entry and mid management levels. With massive superannuation imminent over the next couple of years, banks will face a leadership vacuum

and a severe shortage of skilled manpower at the senior level as well. Also, tough financial inclusion targets have necessitated branch expansion into unbanked regions further increasing pressure on banks to expand their skilled manpower.<sup>14</sup> To operate effectively, banks need versatile employees capable of performing in multiple roles underscoring the need to recruit human resources with the right mix of training, context awareness, competency and the ability to resolve problems effectively. Banks are currently under pressure to find a solution for a list of human resource challenges including right manpower recruitment and training, increasing productivity through re-skilling, talent retention, succession planning and leadership development. Adopting the right approach to sourcing, hiring, training and retention of human capital to bridge the skill gap and potentially prove to be a game changer in the prevailing economic environment, helping banks to remain competitive, retain market share as well as meet the financial inclusion mandate. There were many changes in India, especially in the banking sector as a result of the new economic policy that was introduced during the early nineties. Since then banks in India have been jerked and jolted, pushed and shoved, shaken and shattered. Effects of these changes are becoming more and more visible.<sup>15</sup>

The Indian banking sector is dominated by scheduled commercial banks operating in India. There are 86 scheduled commercial banks in India. This included 21 Public Sector Banks, 21 Private Sector Banks referred as New Generation Banks, 44 Foreign Banks.<sup>16</sup> State Bank of India is still the largest bank with a major market share. The eight new banks, which appeared on the Indian banking horizon within a short period after liberalization of the licensing policy by the Reserve Bank of India, have blazed a new trail. Their arrival was announced with thunderous publicity; with lightning speed they introduced IT (Information Technology) in banking operations. Instead of the brick and mortar branches, they have set up the virtual branches. ATM's [Automatic Teller Machines] are installed in good numbers, stealing a march on the omni- present Public Sector Banks. They could popularize the credit cards and ATM cards

much faster than the old banks. Since they do not have the historical baggage, they could plunge into innovative banking business from the very beginning. The productivity and profitability of the New Generation Banks are found to be much higher compared to other banks. In coming years, Public Sector Banks will have to become more conscious of economy and productivity. They will have to pay more attention in rationalizing their operational costs. They will have to use technology more effectively, manage human resources better and provide adequate training and motivation to their human assets. This awareness about productivity is bound to catch much faster. Future is going to be very crucial for Indian banking sector. In next four or five years, most bank customers are expected to be dealing with their banks sitting within the comforts of their home. Considering these findings, most cash transactions are already handled by ATM's. In the case of new private sector banks, as much as 65 % of all cash withdrawals are through ATM's and various bank marketing surveys show that customers have begun to realize that phone or mobile banking is cost-effective and internet banking is the most enabling driver.<sup>17</sup>

### **Significance of the study**

One of the important subsystems within the comprehensive human resource management is training and development. The terms 'Training', 'Education' and 'Development' are closely related but their meanings have important distinctions. "Training is the art of increasing the knowledge and skill of an employee for doing a particular job, it is concerned with imparting specific skill for particular purposes. On the other hand, education is concerned with increasing general knowledge and understanding of the employee's total environment. The term development is a broad one. It includes both training and education. Its aim is to improve the overall personality of an individual". Through this activity, the employees who have entered organizational domains with diverse background and orientation are brought in line with the requirements of the organization so that

organizational tasks get accomplished which in turn will assist organizations to move in the desired direction. Besides catering to organizational requirements, training and development would also facilitate career advancement of individuals. If training function is to be considered as an integral part of organizational management, it certainly has to move with the changes taking place in the organizational activities and the training profile of the employees. Both these aspects are continuously influenced by various forces of the environment.

After nationalization, banks were directed to open branches in unbanked areas so that banking facilities would be available even to the poorest sections of the society. This has led to rapid expansion of branches. The increase in the number of branches after nationalization has also resulted in corresponding increase in deposit, credit and employee strength. The number of employees in the Indian banking sector grew from 85,178 in 1969 to 13,80,461 in March 2018 to even after VRS was implemented in Public Sector Banks and more than one lakh staff were relieved entailing an expenditure of Rs.81,785 crore.<sup>18</sup> When such massive changes take place in business activities and manpower, the training system will find it extremely difficult to cope up with the increasing demands. The Indian banking industry in no doubt had an uphill task.

The banking system in India is currently poised for far reaching changes. The emerging business profile of banks would include non-traditional areas like merchant banking, mutual funds, newer financial services, personal investment counselling, factoring, venture capital and possibly consultancy and research services. Besides this, to be on the top, banks will have to make innovations in their operational fields. If Indian banks have to launch new activities, they necessarily have to be innovative. Several changes will make Indian banking very complex as the profile of these banks will undergo major transformations. Along with conventional banking the banks will also enter areas of modern business ventures.

These changes will call for new knowledge, skill, attitude and training systems

will have to stand up to these challenges. The technological changes adopted by the corporate world pressurize Indian banks to be up to date with the latest developments. Indications to this effect are visible. If the banks go in for enhanced micro-electronic assistance for its diverse operations, it will definitely call for changes in approach to training. The enhanced technological adoption can reduce the number of routine workers at the bottom level and increase the number of knowledge workers. The new technology will transform the skill structure in banks. In a study<sup>19</sup> it was found that the New Generation Banks and Foreign Banks are ahead of Public Sector Banks in preparing the customer profile, in providing personalized services to the customers, in having better knowledge of the customers through conducting regular customer surveys for the employees, in having positive attitude in dealing with customers, in using modern techniques of banking, regarding the importance given to customer relationship management, in motivating and training the staff for maintaining personal relationship with the customers, regarding the knowledge about their own new products and in providing customer friendly environment. An OECD<sup>20</sup> (Organization of Economic Co-operation & Development) study compared the old competencies with the emerging new competencies in banking and insurance companies. This comparison shows that an entirely new skill structure is emerging as a result of technological advancement. These new skills will require new knowledge and behavioral modifications and in this context, the training system will emerge as an important intervention. As a result of globalization, the Indian banking system has already felt the need for new competencies and coupled with this, the new profile of the bank employees would be a major reason for re-orientation in training. The new generation employees are brought up in the context of changing social values and with different value orientations. There is greater quest for autonomy and discretion and they have their own democratic and individual values. Orienting this new breed of employees to organizational requirements would be a major task for banks training system. It will demand

Available at [www.ijared.com](http://www.ijared.com)

the training system in banks to re-orientate its approaches and priorities so that training activities will become essential for a strategic human resource management in banks, otherwise, training activities will further degenerate into mere routine rituals.

There arises a tremendous importance of Human Resource Management, which treats human as assets and not mere factors of production. A key bottleneck to higher economic growth was how to increase the productivity of human capital. This is an economy wide issue but relevant to banking too. It involves training, skill upgrades, incentives, promotion policies and all those soft management skill that go to build an institutional culture. It's no surprise that the HR manager's role occupies center stage today.<sup>21</sup>

Training system in Indian banks have got a strong structural base and capabilities to handle training in large numbers. The training systems of the nationalized banks alone have the capacity to train about 30,000 employees at a time.<sup>22</sup> The system has also developed several innovative activities in the training area. However, for the training function to be effective, clear policy background and sufficient top management attention and support are needed. With this, training activity in banks can emerge as a powerful medium in evolving a positive culture. Only when training becomes vibrant, the organization will be able to meet the challenges emerging from the environment.

This study is significant and timely in the context that tremendous changes are taking place in the banking field especially in the area of competencies needed in the new work environment. This study is the foremost of its kind in the field of training and development factored with employee retention in scheduled commercial banks. There is a real gap in the literature in relation to practical studies related to training coupled with employee retention in India. The prime aim of the present study is to focus attention on the broader aspects of training and development of employees in banks in India and its impact towards employee retention. It is believed that the present study would provide the base for formulating propositions for further research.

While reviewing the training strategy, banks should study the adequacy and impact of training on qualitative change in the banking operations. Training should be devised in an integrated manner for the development of the individual as well as of the organization. Banks should revamp their training system with reference to the following aspects. Training philosophy, identification of training needs, institutional structure [in-house capacity and capabilities], channels [onsite, offsite, online, correspondence], outsourcing, faculty, training methodology, curriculum/ syllabus, training material, periodicity, research, post training placement, evaluation of training.<sup>23</sup> In this study, an examination was made regarding the training in Public Sector Banks and New Generation Banks and the contribution of it towards employee retention.

### **Problem statement**

On 22 January 1993, the Reserve Bank of India issued specific guidelines for the establishment of new private banks in the country. This is in recognition of the need to introduce greater competition which can lead to higher productivity and efficiency in the banking system. These banks came into existence after March 1995 and are called New Private Sector Banks [NPSB] or popularly New Generation Banks [NGB]. It is found that, the productivity and profitability of the New Generation Banks are better compared to the traditional Public Sector Banks. The question is how far this can be attributed to the training and development activities in banks. Are there significant differences between the two categories of banks regarding the training approaches? If there seems to be differences, what are the different specific aspects in which the two categories of banks differ? The present study is an attempt to look into these aspects for gathering more information for improving the training and development deeds in banks.

### **The objectives of the study**

The following seven objectives were developed for a better understanding about the training and development initiatives undertaken

Available at [www.ijred.com](http://www.ijred.com)

in the Public Sector Banks and New Generation Banks.

1. To identify and compare the training policy, philosophy and objectives followed by the Public Sector Banks and New Generation Banks
2. To evaluate the training needs identification methods practiced by the Public Sector Banks and New Generation Banks
3. To ascertain and compare the training areas and the adequacy of the training infrastructural facilities in the Public Sector Banks and New Generation Banks
4. To identify and compare the training evaluation practices in banks and the employee attitude to training in the Public Sector Banks and New Generation Banks
5. To evaluate and compare the adequacy of training and the training practices followed in the Public Sector Banks and New Generation Banks.
6. To suggest measures for improving the training and development practices of the Public Sector Banks and New Generation Banks
7. To analyze various factors responsible for training, employee retention and employee benefits.

To test the above objectives, the following hypotheses were developed.

### **Hypothesis**

Testing begins with an assumption, called 'Hypothesis' that we make about a population parameter. Then we collect sample data, produce sample statistics and use this information to decide how likely it is that our hypothesized population parameter is correct<sup>24</sup> In this study the following hypotheses were developed.

$H_0$  - There exists no significant difference between the Public Sector Banks and New Generation Banks regarding the training provided for the employees and in its effectiveness.

$H_1$  - There exists significant difference between the Public Sector Banks and New Generation Banks regarding the training provided for the employees and in its effectiveness.

In order to gain more clarity in the above aspects, the following six hypotheses were developed.

1. Public Sector Banks and New Generation Banks do not differ significantly as far as the training, policy, philosophy and objectives are concerned
2. Public Sector Banks and New Generation Banks do not have significantly different views as far as the training needs identification methods are concerned
3. Public Sector Banks and New Generation Banks do not have significant difference in relation to the training areas and as far as the availability of training infrastructural facilities are concerned
4. Public Sector Banks and New Generation Banks do not vary significantly regarding training evaluation practices and employee attitude to training
5. Public Sector Banks and New Generation Banks do not disagree significantly regarding adequacy of training and in the area of training practices
6. There are no significant differences between the employees of Public Sector Banks and New Generation Banks regarding the post training follow up measures and regarding the effects and benefits of training.

### **Scope of the study**

Training and development of employees, its impact on employee retention in the banking sector is the subject matter of this study. The samples selected for this comparative study are

the employees of the Public Sector Banks and New Generation Banks. Several variables affecting training and development related to the employees were examined. Training and development of employees and the employee benefits, which have got lot of attention from experts and researchers all over the world because of their importance in direct increase in the profitability of organizations and the development of countries. As far as India is concerned, the liberalization of the economy and the resultant disorders have created unprecedented situations and they call for creative responses especially to training and development of employees in the banking sector. The examination of the existing literature does not throw sufficient light correlating training with employee benefits. No research studies were conducted in this area and present study will therefore help to bridge the gap in the above area and contribute significantly to the existing literature.

### **Methodology**

This section discusses the methodology adopted for the study. The different areas included are the population of the study, the sample, the sample area, the data collection, a report about the methodology for analysis.

### **Population of study**

The population of study is the full time employees of the Public Sector Banks and the New Generation Banks in India. It includes the different types of employees in these organizations including clerks and officers.

### **Sample area**

Tamilnadu is decided as the sample area for the study. The reason for selecting Tamilnadu as the sample area is in consideration of the existence of a well-organized and large network of banks. The New Generation Banks also have a very good presence in the district with a number of branches in all prime center/cities.. Even though the respondents include people who are working in Tamilnadu

only, the implications of the findings of the study are not limited to the district alone on account of different reasons. All these banks are operating in the national level and all the employees of the respective banks are having the same type of orientation and training all over the country. Moreover, the banks in India have only very few of state specific characteristics.

### **Sample**

The total number of bank employees in India is 13, 80,461 as on 31<sup>st</sup> March 2018. Population is not only big, but also scattered all over the country. It is needless to say that a census study is practically impossible and that is not necessary too to arrive at some reliable conclusions. In such a situation, the researchers decided to go for a sample study making sure that the quality and accuracy of the data are not affected. The three major categories of employees in the case of a Public Sector Banks are [1] Officers [2] Clerical staff and [3] Subordinates. After conducting extensive discussions with the bank training professionals and experts, the sub-ordinates category was excluded from the sample for two major reasons [1] This is one category which gets the least training exposure in banks and [2] The complications in connection with data collection.

The study is basically in relation to the comparison of training in the Public Sector Banks and New Generation Banks, its favourness to employee retention. It would be only appropriate to focus on those groups for which training is usually provided. As far as the New Generation Banks are concerned, the only one category of employee's are the officers. Thus, it was decided to focus the study on three strata or three groups of employee's viz., the officers, clerical staff of the Public Sector Banks and officers of the New Generation Banks and it was decided to give equal importance in the sample for these three strata. The sample includes only full time employees as exploratory analysis showed that the training experience of part time workers differ from the fulltime workers. The second stage in deciding the sample related to is from which banks the sample should be selected? Equal importance

was given to both Public Sector and New Generation Banks. The sample number was decided as six (three Public Sector & three New Generation Banks). The third stage in the sampling process is deciding the specific branches from which the samples are to be selected. Random sampling method was adopted at this stage. Table 2 presents the name of the banks, the number branches in India and Tamilnadu from which the samples were collected. However, how large the sample should be? If it is too small, we may fail to achieve the focus of our analysis. Nevertheless, if it is too large, we waste resources when we gather the sample. Some sampling error will occur because we have not studied the whole population. Sampling error is controlled by selecting a sample that is adequate in size. The next stage comprised of identifying the exact respondents for the study. The selection of the respondents was made on the basis of convenience sampling method from the branches selected at random.

### **Data collection**

Detailed interview schedule was prepared to collect information/ primary data from different categories of employees. Personal interviews were conducted to collect supplementary information from training managers and faculty and with top management people for the purpose of collecting additional information. External trainers and experts were consulted for the purpose of verifying the information collected and to draw appropriate conclusions. Extensive pre-tests were conducted through personal interview to check whether the issue in each question is clear to the respondents. The request for explanation, comments and other reactions from the respondents were used to develop the final interview schedule.

An interview schedule which consisted of 12 major parts viz., [1] Profile [2] Training philosophy, policy and objectives [3] Training needs identification [4] Training areas [5] Training infrastructure [6] Training evaluation practices [7] Employee attitude towards training [8] Adequacy of training [9] Training practices [10] Post-training follow-up [11] Effect and

benefits of training and [12] Factors favourable for effective training. The content of the interview schedule was developed primarily from literature sources and discussions with training faculty; however, due to the lack of specific empirical work in the area, it is largely original. Most of the questions used rating scales to record the responses. It is important to note that the more limited the response required, the easier it is to mark the response - and the more difficult it is to 'set' the questions. The more open and free the responses, the easier it is to set the questions - but the more difficult it is to mark.<sup>25</sup> Extensive pilot testing was undertaken to ensure that the questions were both comprehensive and possible to complete. Both Public Sector Banks and New Generation Banks were included in the pilot study. Secondary data were also collected from the available books, journals and study reports for supplementing the theoretical framework of the study.

"Design of the questionnaire is another important factor. Design refers both to the presence of an introductory statement, directions and a closing statement and to the layout and appearance of the instrument".<sup>26</sup> In fact, the layout and appearance of questionnaires are often overlooked even though they play a critical role in influencing both response rates and the quality of data obtained.<sup>27</sup> All possible steps were taken for improving the design, layout and appearance aspect of the interview schedule for improving the quality of the responses. While preparing the interview schedule, it is important to write simple, straight-forward and short items that are free of unnecessary jargon.<sup>28</sup> Lengthy or complex items are difficult to answer. Respondents will not take the time or make the effort to study a long or complex question carefully. They may not respond to the item or may read it quickly and provide ill thought out answers.<sup>29</sup> The above suggestions were seriously considered while preparing the interview schedule. Questions that ask the respondent to select an answer from a list of options are called closed-ended questions. They provide a uniformity of response and are relatively easy to analyze.<sup>30</sup> Popular closed-ended response formats are multiple choice, yes-no or true-false and rating scales. The most widely used rating

scale is the Likert scale.<sup>31</sup> Likert scale questions ask respondents whether they strongly agree, agree, disagree, strongly disagree or whether they are undecided about a statement. For this study, only closed ended questions were used. Along with Likert type questions which followed the principle of 'Balance in scale',<sup>32</sup> ranking questions also are included which usually provide more freedom to the respondents to express their views.

### Analysis

The data collected from various sources were analyzed by applying appropriate mathematical and statistical techniques. Along with mean and standard error analysis, percentage analysis was extensively used. Some of the statistical tests used with the help of SPSS 16.0 were rank correlation, chi-square, reliability testing, proportion testing, student's t test, F test, one sample t test, independent sample t test, correspondence analysis, multi-dimensional scaling, analysis of variance [ANOVA], multivariate analysis of variance [MANOVA], regression analysis and factor analysis. Interpretation of the data based on the results of the tests formed the basis for formulating the suggestions of the study.

### Reliability analysis

Reliability analysis allows you to study the properties of measurement scales and the items that make them up. Using reliability analysis, you can determine the extent to which the items in your questionnaire are related to each other, you can get an overall index of the repeatability or internal consistency of the scale as a whole and you can identify problem items that should be excluded from the scale. Using Split half alpha the reliability of the pilot study was measured and based on the findings, changes were made in the questionnaire. This model splits the scale into two parts and

examines the correlation between the parts. The changes helped for significant improvements in the reliability of the data as found in the reliability statistics of the final sample.

Training enables an employee to become proficient in their jobs and become able to give better results. Since better results of an organization depend upon skill and knowledge of an employee, training becomes essential in the human resource practices. An organization when becomes the role model for the employees and succeeds to retain them in the organization and ultimately it increases organizational productivity and profitability by reducing the cost of recruitment, selection and placement of employees etc., Therefore, the present study has undertaken an attempt to find out the relationship between training and employee retention in banks under study.

### Table 1: Correlation between employee training and employee retention (Refer below)

Table 1 shows the value of Pearson correlation between training and retention between the variables under study. It is found that there exists a positive and high correlation between training and employee retention to the extent of 69.8% (0.698\*) in case of Public Sector Banks. But a weak relationship has been found (0.457\*) in case of New Generation Banks.

### Regression analysis

For hypothesis testing and studying the relationship among variables, regression analysis was carried out. The result of regression analysis produced by SPSS (16 version) between independent variables (Training and development) and dependent variable (Employee retention) is represented in Table 2.

### Table 2: Results of regression analysis between training & development to employee retention (Refer below)

Table 2 shows the value of coefficient ( $\beta_1$ ) of 0.423 and 0.551 and which indicates that 1% increase in training will bring 42.36% and 55.1% increase in training & development in all banks under study. It's viewed that, training has significant positive effect and the p-value is less than 0.05. The regression results show the value of  $R^2$  is 0.311 for Public Sector Banks and 0.189 for New Generation Banks,

which explains that training brings 31.1% and 18.9 % variation in career development. T-value is 7.456 for Public Sector Banks and 3.941 with New Generation Banks, it can be concluded training is an evident factor for employee career development. The value of F-test shows that the model's strength is 70.879 and 21.216. The study has found that there is a positive relationship between Training & Development in all banks under study.

At the same time, Table 105 shows the value of coefficient as 0.698 for Public Sector Banks and 0.457 for New Generation Banks which indicate 1% change in independent variable (training) can result in 69.8% (PSB), 45.7% (NGB) change in dependent variable (Employee retention). Thus, if training is increased by 1%, this will result in 69.8% for Public sector banks and 45.7 % for Private Banks in the increase in employee retention. The regression analysis where value of R value ( $R^2$ ) implies that 44.2% (PSB) and 54.7% (NGB) variation in employee retention is because of training. The value of F 138.791 (PSB) and 71.545 (NGB) implies that the model possess significant overall strength. This ensures the feasibility of the model. This relationship is positive and significant as shown by P value. The null hypothesis that there is no significant relationship of training with employee retention has proven statistically significant i.e. training has positive relationship with employee retention in banks.

Based on the analysis and interpretation, it has been inferred that there is a significant relationship of training with employee retention in case of Public sector Banks. However, in case of New Generation Banks it is found that training has no significant relationship with employee retention. On the other hand, when it is determined for both types of banks (Public as well as New Generation Banks), it is found that there is a significant relationship with employee retention.

#### **Findings summary**

The importance of training in the corporate world has been recognized in recent times and it is essential for all organizations to make their employees skill based. Since banking organization is a service sector, employee

dedication and attachment are the prime factors for this and training is such a weapon by which employees can learn update developments of the world and recent changes. Employee's intention to stay or leave in any organization depends on personal issue and at the same time many positive side of an origination apart from financial and non-financial benefits influences retention. The study shows that there is an intervening role associated with the variable of career opportunities & development with the variables of employee training and employee retention. It can be concluded that, training affects the intervening variables of employee retention and again these intervening variables affects employee retention since the Public, New Generation Banks have shown the same result. The study concludes that employee retention policies and strategies are must for creating a competitive workforce especially in the banking sector to comply with the changing customer expectations in terms of banking products and services. The findings also suggest that career opportunities & development in case of New Generation Banks do not influence employee retention. It can be concluded that training influences retention of employee in the Public Sector Banks. The expectations of employees of New Generation Banks are shown different in the study and as far as retention in the organization is concerned, there may be other factors, which could have more influence on employee retention.

The study concludes training contributes to employee retention in banks. This was supported by the high proportion of respondents who agreed that the bank has strengthened bond with the employees because of subjecting them to training and development. Through this exercise, banks have helped employees to develop competitive advantage, training has increased employees' commitment to the banks, hence less likely to leave, employee retention has been enhanced as a result of regular seminars and workshops, subjecting employees to training and development has improved their skills and experience hence unlikely to leave, training of employees has met their work related needs thus minimal intention to leave and training rendered by the bank has motivated

employees consequently enhanced employee retention as well as the fact presence of adequate resources that has promoted the implementation of training and development processes. The study concludes that working environment influences employee retention as was supported by majority of respondents who indicated that the bank believes that good working conditions plays a significant role in employees intention to stay, presence of proper communication culture that has attributed to employee retention at the bank and presence of competent leadership led to the improvement in the employee retention. The respondent also agreed that employee's intention to stay at the bank has been enhanced by good employee to employee relationship, existence of safe working environment which

had worked well in retaining employees at the bank. The management always involves employees in day to day decision making procedures hence they feel part and parcel of the bank, the available work place resources, systems and or facilities has promoted good working atmosphere. This has retained employees and that the management of the bank ensures that hygiene needs are met hence most employees are willing to stay.

**Table 1: Correlation between employee training and employee retention**

Variable	Mean	Standard Deviation	Pearson correlation	
Training	2.8358	0.42671	PSB	0.698*
Employee Retention	2.4123	0.42671	NGB	0.457*

\* Significance at 0.01 level

**Table 2: Results of regression analysis between training & development to employee retention**

Sl. No	Variables	Coefficient		R <sup>2</sup>		T		P-Value		F	
		PSB	NGB	PSB	NGB	PSB	NGB	PSB	NGB	PSB	NGB
1	Training & development	0.423	0.551	0.311	0.189	7.456	3.941	0	0	70.879	21.216
2	Training and employee retention	0.698	0.457	0.442	0.547	11.48	0.844	0	0.401	138.791	71.545

**References:**

1. "Today and Tomorrow", by Henry Ford.
2. Stickler Kent, "Good Banks Train", Bank Marketing V 24.4 P 13-15, 1992.
3. "Organization for Economic Co-operation and Development and Statistics", 2005.
4. D V Ramana Murthy, "Human Factor in Banks", the Journal of the Indian Institute of Bankers, Vol. 54, No.3, 1983.
5. Varde S R, "Manpower Planning at the level of the Indian Commercial Bank", Prajnan, October-December, 1972.
6. Seth N R, "Trade Union and Industrial Relations in Indian Banks Industry", Vinimaya, Vol.3, No.6, December, 1999.
7. Subba Rao P, "Bank Branch Manager as a counsellor", State Bank of India Monthly Review, Vol. XXV, No.10, October 2001.
8. Rao T V, "The HRD Missionary", Oxford & IBH Publishing Co (P) Ltd., New Delhi, 1997.
9. Varsheny J S, "Growth of HRD Functions in Banks", IBA Bulletin, Vol. VII, No.9, September, 2003.
10. Sinha T K, "Human Resources Development Concepts, Concerns & Functions", State Bank of India Monthly Review, Vol. XI, No.10, October, 2002.
11. Raman T P, "HRD in State Bank of India", T.V. Rao and D.F. Pereira (Eds), "Recent Experiences in Human Resource Development", Oxford & IBH Publishing Company Private Ltd, 2009, New Delhi.
12. R K Agarwal, "HRD in State Bank of Patiala". IOSR Journal of Business and Management, Volume 19, Issue 3. Ver. I (Mar. 2017), PP 36-42
13. Gupta C B, "Human Resource Management", Sultan Chand & Sons, New Delhi, 2004.
14. Rao VSP, "Human Resource Management Text and Cases", 2nd Edition, New Delhi, 2004.
15. Dowling P J & Welch D E, "International Human Resource Management", 2013.
16. "Statistics Relating to Scheduled Commercial Banks at a Glance on 31-Mar-2018", RBI.
17. Ghani A H, "Pointers for Tomorrow and Plenty of Surprises – India's Best Banks Survey, Financial Express", 2002.
18. Vijay R "The Huge Numbers and Training Pressure", Indian Economist Vol. 10, Sep 2014.
19. Ramachandra S T, "Customer Relationship Management: Emerging Strategies." IBA Bulletin, January 2008.
20. Oliver, Bertand and Thierry Noyelle, "Human Resources and Corporate Strategy: Technological changes in the banking and insurance companies", OECD Paris, 1988.

21. Bimal Jalan about Training in Banks Quoted by Ajit Rande, "Banking on Economists", The Financial Express.
22. Jacob Mankidy, "Human Resource Management in Banks: Contemporary Issues", National Institute of Bank Management, 2000.
23. Sahoo Banambar, "Voluntary Retirement Scheme in Public Sector Banks: Post VRS Challenges and Strategies for Human Resource Management", IBA Bulletin April 2002.
24. Richard Levin, "Statistics for Management Prentice hall of India", New Delhi 2007.
25. Tom Holden, "Training needs analysis in a week, UK: Chartered Management Institute, Hodder and Stoughton" 2002.
26. Swisher R, "Criteria for the Design of Mail Questionnaire", Journal of Education for Librarianship, 2009.
27. Fowler F J, "Design and Evaluation of Survey Questions", Handbook of Applied Social Research Methods, 2013.
28. Pershing J A, "Uses and Abuses of Level-one Evaluation", Paper Presented at Annual Conference of the International Society for Performance Improvement, Chicago, 2011.
29. Ivancevich J M, Konopaske R, Matteson M T, "Organizational Behavior and Management", 8th edn, McGraw-Hill/Irwin, New York, 2008.
30. Newman W L, "Social Research Methods, Qualitative and Quantitative Approaches", 2007.
31. Likert R, "A Technique for the Measurement of Attitudes" New York: Columbia University Press, 1932.
32. Cheramie R A, Sturman M C and Walsh K, "Executive career management: switching organizations and the boundary less career", Journal of Vocational Behavior, 2007.
33. Tripathi P C, "Personnel Management and Industrial Relations", 12<sup>th</sup> Edn., New Delhi 2006.