AN ASSESSMENT OF TRAINING FRAMEWORK: A REVIEW OF THE TRAINING AND DEVELOPMENT PROCESS PRIVATE BANKS IN INDIA

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Abstract

In the current era of a highly trained business environment in banking, organizations encounter transpiring challenges in form of optimization and acquisition of human resources. Being valuable and scarce capabilities, human resources are considered as a source of tenable vying mastery. The success of a banking organization depends upon several factors; however, one of the most crucial factors that influence the organization's performance is its employee. The HRM practices like Training, Team Work, Performance Appraisal, and Compensation has an imperative impact on the banks. Human resources play an integral role in achieving an innovative and high-quality service/product. The present study through the SWOT evaluation attempts to examine and analyze the impact of all these factors and the role of training and development of private sector banking employees in India. Also to assess the present status of the employee effectiveness in discharging the roles and responsibilities in tune with the objectives of the bank. The effectiveness of the various facets of training i.e. employee’s attitude towards the application of practice; training inputs; quality of training programs and training inputs to the actual job.

Keywords: Human Resource Management Practices, HRM, SWOT, training programs, Training, Performance Appraisal, Team Work, Employee Participation

I. Introduction

In the efficient implementation of human resource management practices in the banking sector, one of the key factors to be observed is training and development. Training and development also boost in improving an employee's performance that in turn would enhance not only their knowledge and skills in their thorough learning but also will alter employees’ attitudes (Goswami, Pandey, & Vashisht, 2017). Additionally, it is an attempt to improve the employee’s performance not only in their current job but also to prepare them for an intended job as well. Hameed, Ranginakanti, & Mohanraj, (2014) reported that employee training and development in the banking sector in an activity that is desirable and also an imperative activity wherein an organization must be resourceful if it has to maintain a knowledgeable and viable
workforce. Training seems to bridge the gap developed among the employees’ present specifications and job requirements. Further to develop a comprehensive understanding of the issues and causes banks have opted for SWOT analysis. Private banks especially those which have been newly established in the private sector banks on the other hand have evolved aggressively by using innovative strategies and highly competitive, particularly with their strong emphasis on information technology (IT). As a result, private sector banks have made considerable progress in a very short period. Kumar (2005) illustrated the organizational climate (OC) of new private sector banks and foreign banks in India to be perceived as significantly better vis-à-vis public sector banks. The difference was observed on leadership, motivation, interaction influence, decision making, communication, goal setting, and control process aspects of organizational climate. Moreover, a recent SWOT analysis, alternatively known by a SWOT matrix that is a structured planning method used to assess the strengths, weaknesses, opportunities, and threats intricately linked in a project or a business venture. SWOT analysis is conducted concerning a place, person, product, or industry. It includes specific objectives of the project or business venture, and identifying external factors and inter factors which are advantageous and disadvantageous in procuring the objective. Albert Humphrey is the person credited for the technique, he leads a convention at the Stanford Stanford Research Institute (now SRI International) in the 1960s and 1970s using data from Fortune 500 companies (Stenfors & Tanner, 2006). The level at which the external environment is matched with the internal environment of the firm is expressed by the concept of strategic fit. It is once that the SWOT analysis is performed, the objectives or goals are set for the organization (Osita, Onyebuchi, & Nzekwe, 2014). First comes the strengths which are associated with characteristics of the business, banks, or project that an upper hand over others. Second that places the business, banks, or project at a limiting factor relative to others. Thirdly, opportunities which are factors that state the level at which a particular project could be exploited to its advantage. Lastly, threats: is considered as a factor in the environment that could cause trouble for the business, banks, or project. To build competencies across various sectors banks have established strong capabilities in their training and development. Through internet-based training modules training is imparted on products and operations (Jyoti, 2017). Stumpf, Doh, & Tymon, (2010) in their study assertively mentioned about Human Resource Management being one of the imperative determining factors in organizational performance or efficiency. Further, special programs on leadership development and functional training are performed to build knowledge as well as the ability to manage at a dedicated training facility.

II. Literature Review

The service sector in India consists of a broad range of services such as water supply, road, rail, electricity and air transport, and banking among others. The banking sector is perceived to be the backbone of the service field and has also staged itself as one of the biggest employers in India.

This section will thus account for the evolutionary changes that occurred in the Indian banking sector and the human resource (HR) personnel in the banking sector that assertively involved and formulation of the human resource practice and management.
policies in private banks are elucidated in this section.

II.i. Relative Evolutionary Changes in Indian Banking Sector

In the first decade of the 18th century, banking had originated in India with The General Bank (1786) of India followed by Bank of Hindustan (1870). However, both of these banks at present are not in service, the oldest bank is the State Bank of India (SBI) subsisting in India that was established in June 1806 by the name ‘The Bank of Bengal’ in Calcutta. Later in the year by the 1900s, banks such as Punjab National Bank (PNB) in 1895 in Lahore and Bank of India, the year 1906 in Mumbai. The effect through economic reformations bought in the banking sector is now visible and is persisting. Some of the major visible changes that occurred in the functioning of banks in India were only after the government decided liberalization, globalization, and privatization. The contributory factors were new information technologies, increased competition, declining processing cost, less restrictive governmental regulations and the erosion of public and geographic boundaries have all been instrumental in India. Other banks such as the Bank of Madras (1843) was established by the East India Company. All three individuals units namely Bank of Madras, Bank of Bombay, and Bank of Calcutta were called the Presidency Banks. Later in 1865, Allahabad Bank was for the first time completely run by Indians. Further 1894 was set up in Punjab National Bank Ltd with his headquarters at Lahore. Other banks such as Bank of India, Canara Bank, Central Bank of India, Bank of Baroda, Indian Bank, and Bank of Mysore between were set up in the year 1906-1913.

![Schematic diagram of the banking structure in India](image)

Fig. 1: Schematic diagram of the banking structure in India

Sources: Goyal, K. A., & Joshi, V. (2012). Indian banking industry: Challenges and opportunities. International Journal of Business Research and Management, 3 (1), 18-28.

Further, all the presidency banks were unioned to twenty-two forms, the Imperial Bank of India in 1921, which was run by European shareholders. In April 1935 the Reserve Bank of India was established. Initially, the banking sector observed very
slow growth in its primitive phase before 1955. Nonetheless, from 1913 to 1914 approximately 1100 small banks emerged in India. Therefore, the Government of India started streamlining the functioning and activities of commercial banks by coming up with the Banking Companies Act, 1949 which was later reformed to Banking Regulation Act 1949 as per the amending Act of 1965 (Act No.23 of 1965). Extensive powers were endowed with Reserve Bank in India for the supervision of banking in India as a Central Banking Authority. The government has taken imperative steps after independence concerning Indian Banking Sector reforms. The Imperial Bank of India was nationalized in the year 1955 and was named “State Bank of India”, to proceed as the chief agent in RBI and to account for banking transactions all over the country. It was entrenched under the State Bank of India Act, 1955. In the year 1960, all the seven banks forming subsidiary of State Bank of India were nationalized (Misra & Puri, 2011). Approximately 80% of the banking segment in India by the year 1980 was under government ownership. Shah and Tyagi (2017) reported Government of India, taking major steps to regulate banking institutions in the country like the Enactment of Banking Regulation Act (1949), Nationalisation of State Bank of India (1955), Nationalization of SBI subsidiaries (1959), Insurance cover extended to deposits (1961), Nationalisation of 14 major Banks (1969), Creation of credit guarantee corporation (1971), Creation of regional rural banks (1975), and Nationalisation of seven banks with deposits over 200 Crores (1980).

II.i. Human Resource Practice and Management Policies in Private Banks

Lee, Pak, Kim, and Li (2016) examined the relationships between human resource management systems on employee proactivity and group innovation. Significant correlations were found on productivity to innovative reformation brought into the workplace. Various other scholars also addressed on the correlation among human resource management (HRM), work climate, and organizational performance in the branch of retail banking network (Gelade & Ivery, 2003; Cooper, Wang, Bartram, & Cooke, 2019). A noteworthy association was observed among business performance, human resource practices, and work climate. HRM was the common dependent factor that showed a correlation between the performance of employee and work environment, also the results obtained from the data were by the mediation model wherein the effects of HRM practices on business performance are not completely mediated by the work environment. The essential factor perceived to bring out the best in a man is assumed to be tailored by human resource development (HRD). HRD is the exercise that increases the capacity of human resources through development. Work done by individuals to develop themselves, managers perform work to support the development of others, and the HRD does it to create overall development tools for an organization. It addresses value to teams, individuals, and the organization as a human system. In the context of a bigger scenario, HRD refers to enabling people and empowering them to use their work energy for the development of the organization to which they belong as well as to the society (Shah, & Tyagi, 2017). There has been a shift from slave relationship and traditional master to the modern trusteeship system (wherein employees and employers are considered as partners investing their labor and wealth respectively) and from traditional salary administration to the new Human Resource System (HRS). Human resources being a
part of an organization, HRS is perceived to be the subsystem of the larger system, thus Human Resource Development and an organization is the center-point in HRS and most vital for organizational advancement. Human Resource Development includes both the development of the people and the development of an organization. The banking industry has thus been observed to transform vigorously in the past ten years, moving from customer service-oriented and transactional to an elevating aggressive environment wherein top priority is given to revenue in competition. A decrease in revenue is at times also associated with diminishing employee morale (Shah, & Tyagi, 2017). A substantial amount of time, effort, and money by top-level executives and HR departments. Mitchell, Holtom, Lee and Graske (2001) reported in their study about people often leaving for reasons unrelated to their jobs. Further, there were many cases wherein unexpected events or shocks as the proposed reason. Often the employees are perceived to stay due to the attachments and their sense of fit, both in their community and on the job. Technology is also one of the factors that have the practical application of science to industry or commerce. A collection of changes in activities requiring different skills ranging from employee relations (highly qualitative) to benefit administration (highly quantitative) and compensation are covered in human resources tasks. Walker (2001) reported about how HR technology should focus on strategic alignment, efficiency, and business intelligence. It must change the work performed by HR personnel, by improving service level, allowing more time to work of higher value, and reducing their costs. Lewi (2003) had also addressed high involvement practices resulting in the of return on capital employed, revenue growth, an improvement on market value, product/service quality, even organizational survival and revenue-per-employee rate, productivity. Further, HR using technology has assisted in improving business performances. Sartain (2005) reported that HR is obligated to bring the voice of customers inside the organization and accomplishing that, so the management people could empower HR to reflect the customer’s value proposition. Jyoti (2017) addressed on the fashion of banks to be able to capture everything, thereby proving helps them do better career and planning senior management better data for performance evaluations. Additionally, the automation actions such as e-mail notifications, vacation hour balance, and warnings assist banks in incomplete profiles for each employee. Currently, the existing comprehensive reporting capabilities save an enormous amount of staff time and permits the bank to handle profiles, training, skill sets, and integrate them with the payroll system.

II.iii. Conceptual Framework

The Indian banking sector has a relatively large amount of banks, some amongst them are sub-optimal in scale and size of the operation. Alignment with global developments in banking supervision is a focus area in banking supervision for both banks and regulators. A high level of sophistication is required on information systems, risk management, and technology in the new international capital norms that may pose a challenge for many participants in the Indian banking sector. Nowadays, banks are using the various channels of banking such as providing ATM machines for the quick withdrawal of money from all banks; for the customer’s help majorly banks that are also being proving call centers; proving banking customers with online
banking facility for the transactions of money from a different place to any other place through the internet, and use of mobile banking that is provided by the banks for banking transactions. Further, Singh, Yadav, & Paliwal (2017) also mentioned many banks being opened which had branches of their bank in rural areas too. Singh and Kohli (2006) under their findings had recently said about SWOT analysis of private banks point out about the presence of divergence from traditional banks (public sector banks and old private sector banks) in the new private sector banks and their strength reclines in the following areas:

- The majority of the branches of private sector banks acquire support core banking solutions and have fully computerized organization.
- There is an efficient payment system supported in the private sector banks and the majority of the banks are unconfined from the bureaucratic work environment.
- Dissimulated to their public sector counterparts, maintenance of operational efficiency is at the highest degree, as private sector banks provide a regularized working environment to their employees.
- There is an absence of a bureaucratic environment in the private sector banks as a result of which they enjoy a high level of autonomy that aids in quick decision making.
- Along with higher automation to their work, private sector banks are more prevalent at innovating new customized products and services, therefore a high on customer satisfaction can be achieved.
- A more responsive organizational structure as compared to public sector banks is observed in private sector banks that result in better addressing customer problems.
- Private sector banks offer full computerization, cost-effective services such as electronic fund transfer, automated teller machines, Internet banking with much ease.

![Fig. 2: Conceptual framework of SWOT evaluation on training and development in Indian private banks.](image)

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Thus, now-a-day employee training is fetching a necessity for every organization. Employees are endowed with different responsibilities and roles in the banks. Therefore, training enables them to carry out these responsibilities and roles methodically and also learn new contrivance, which will prepare them to take up much greater responsibilities in the upcoming period. Further, the existing practices of the various aspects of the effectiveness of training and its program in selected private and public sector banks in India. Various academicians and scholars have discussed on the HRM practices, such as Katou (2008) reported in their study about assessing the impact of HRM practices on organizational performance in the manufacturing sector of Greece. The results indicated that the relationship between organizational performance is partially mediated through HRM outcomes (skills, attitudes, behavior), and HRM practices (development and sourcing, compensation and incentives, job design, and involvement) and it is influenced by business strategies (innovation, cost, quality). The study concluded that HRM practices that are associated with business strategies will affect organizational performance through HRM outcomes. Iqbal, Arif & Abbas (2011) illustrated in their research about a comparison done on the HRM practices of Pakistan among executives in both public and private universities. The study established that there was a significant difference in HRM practices in private and public universities. HRM practices such as job definition, compensation, training and development, teamwork, and employee participation were better in public universities than private universities. All these findings helped comprehend about the imperative need of training and development in the employees’ that would, in turn, reduce the employee retention in the banking sector, especially at private banks through their HRM and HRD policies and management strategies for achieving the ultimate goal that is customer satisfaction.

III. Findings and Discussion

The studies affirmed that the banking sector needs training for the development of an employee and also improves an employee’s knowledge and skills at a task. Further, investigated that to attain an objective, it is a sequence of opportunities and experiences which was designed to modify an employee’s attitude. Also, banks had only concentrated their operations just in developing cities and towns and to attract the attention of banks with reasonable capabilities of growth has also been failed in the semi and rural-urban centres (Kohli, 1999). In industry, the target of a training system provides banking education to the employees helps in uplifting the private sector banks in India. The programs and methodologies that the organization should take into account while formulating training and development ays ought to be formulated on an organization’s needs and staff. Moreover, the growth of an organization primarily targets the training and development to developing competencies like; conceptual and technical. Also, future private banking organizations need to make a massive investment in the programs related to training and development in India. Although challenges and difficulties are erupting in the training and development department of both public sector banks and private sector banks yet from the above examination could theorize that training of private banks is superior to public sector banks.
IV. Conclusion

Human Resource Department should work as a philosophy of values and culture of the banks. Essentially, the employees that are engaged with performance levels will be higher, they would sell harder, provide better service, productivity would be higher, further would manufacture lesser defects, enriched quality, and most importantly the safety records too will be improved as employee engagement is a barometer that determines the association of an employee with his organization. However, an associated and engaged employee is always a productive employee. The utilization of all other resources directly determined on the efficient utilization of human resources. Every organization needs to have well-trained and experienced people to perform the activities that have to be done. As jobs have become more complex in the banking sector, the importance of employee training has increased. In a rapidly changing society, employee training is not only an activity that is desirable but also an activity that an organization must commit resources to if it is to maintain a viable and knowledgeable workforce. Owing to the changing banking environment, the HR department should care for appropriate responses in equipping people who have to perform in the new environment. In this study, when the effectiveness of training increases it directly has a positive influence on the growth & result of the banks. So training and development programs in private banks of India are effective.

Conflict of Interest :

No conflict of interest regarding this Paper

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