

Impact of Training and Development Programmes on Indian Bank— A Study

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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 merging business profile of banks now include non-traditional areas like merchant banking, mutual funds, newer financial services, personal investment counseling, factoring, venture capital and possible consultancy and research services. The banks are continuously making innovations in their operational fields and thus the profile of these banks have undergone major transformations. It calls for new knowledge, skills and attitudes, and training system will have to stand up to these challenges and it will definitely demand for changes in approaches to training as well. The new technology will transform the skills structure in banks. The present study is an attempt to evaluate and compare the training and development endeavours in the public and private sector banks in India. The study finds that significant differences exist between the two categories of banks regarding the training provided to its employees. But the differences are related to only certain aspects and it is not universal. Based on the study it will be inapt to say that the training approaches of a particular type of bank are significantly enhanced or shoddier compared to the other.

Key-words : Training, banks, public sector/private sector.

1. Introduction

There is an old saying "If you think training is expensive....Try ignorance". A more recent version has a sharper message— "What if I train my staff and they leave?". To which answer is "what if you do not train them and they stay". In today's competitive world no employer can afford the staff who are not efficient. Yet many organizations still appear reluctant to invest in training the members to make them more efficient. The primary interest in a study about the future is in looking for a group of characteristics shared by the better banks that might serve to predict the future success of others. That common trait is emphasis on training. Competent employees do not remain competent forever. Skills deteriorate and can become obsolete. That is why modern organizations spend crores or crores each year on formal training. Intensified competition, technological changes and search for improved productivity are motivating management to increase expenditures for training. Today in the age of globalization, people at all levels in organizations are involved in formal training. Training is being recognized increasingly as a key to labour markets change, some jobs become obsolete and new ones are created. The new jobs require liberated workers. In a flexible economy that is well positioned to take advantages of change, people will need to change jobs, perhaps many times. Hence workers need continuously to acquire new skills and qualifications. On going development is today's new form of job security. People need to learn continuously. By developing, stretching and continually challenging themselves, employees can build skill base, reputation and networks of contacts which will make them fit to be always 'employable'.

2. Materials and Methods

For any research work it is very necessary to get huge materials related to the selected topic. This research article has been prepared with the help of various sources—both primary and secondary journals, periodicals also constitute the source of information, books of reputed authors have been used as secondary source to prepare this research article. Some materials have been drawn from the available website. The method used is analytic and descriptive and attempt has been made to present the study in a simple way.

3. Results and Discussions

The study finds that there are significant differences between public sector banks and private sector banks regarding the sex composition, education levels, the rural-urban proportion of branches, the age profile of employees, banking experience, the clerical officer composition of the staff, availability of online training etc. but the number of training programs provided there has no statistically significant difference. It is found that in the case of public sector banks more number of women is working, the employees are having more banking experiences. They attend more training programs and they are more interested in the bank tests. Most of the private banks' branches are in urban area, large number of management graduates are working in them. Their employers are younger. They do not have clerical staff and they get more online training. The two categories of respondents agree that the bank training should not be a one time affair. But it should be continuous. They do not think that it is over with one training programme. According to the respondents "retraining" is "missing". Training is not systematically planned according to the need of the situation and through training employees are able to gain expertise only in few banking areas. In the case of public sector banks, the most favoured training objective is to familiarize with new work practices like computerization etc. But for the private banks it is to equip the staff with more skills to meet the future challenges. A majority of the respondents believe that there is significant extent of integration between business goals and training objectives. There are no statistically significant differences. Manpower planning department think that comprehensive man power planning system exists in the organization.

Private Sector Banks

Operatives, sales and marketing are the three major divisions of activities in private banks. Even though it varies according to position, test and interview are the most common recruitment mechanism. Direct recruitment from other organizations is another method used for recruitment and selection of employees. Degree is the entry level qualification for the private sector bank employees. An MBA is preferred, more than consistent above average academic and career performance is the most important aspect. The employee supervision system is very effective as most of the elements are automatic and online. It is usually said that if you achieve your targets, everything else is okay. Some of the different categories of training provided are on the job, class room training and online. In one of the banks a specialized on line learning matrix is being developed. In some of the banks, class room training is provided and online test is conducted once in every three months. Behavioral Sciences training is usually provided by

outsourced staff and product training by senior officers. There is a mixture of own training and training outsourcing. As far as private banks are concerned, it is refreshing fact that there is a promotion possibility all the way up to chairman of the bank. An employee who is consistently performing well will have the chance to go up in the ladder. Such a non bureaucratic context which encourages efficiency and merit turns out to be extremely motivating to the employees. The work time in the private banks is not as rigid as we see in the case of public sector banks. However, it seems that in most of the situations, the flexible work time turns out to be detrimental to the employees. Generally, it can be said that the work atmosphere in private banks is more stressful but that depends on the nature of the employees. One should be ready to bear with the targets, results, the pressure of time and constant appraisals. The private banks claim that they do not have any clerical staff. It is not because that there is no clerical work but because the work is not divided into clerical and non-clerical. The person who is responsible to do something will have to do everything related to it and all the work related to it is considered to be the normal banking work. The focus is on the specific work to be done. The private banks definitely provide a fast track growth for dynamic young professionals besides providing a challenging work environment; one gets to have a cross-functional exposure along with remuneration par with the industry. The absence of trade unions and associations is a feature of the new bank work culture. Facilities like trekking club, photography club, Saturday kids club for the children of the employees which turns out to be a place to learn, to unwind and have a lot of fun, fitness centre, health services, homes in the better known vacation spots all over the country, scholarship schemes for the children of the employees are provided in important centers. Computerized internal control systems are developed so that the work done by the subordinate is monitored by the superior in private banks. Private Banks encourage and focus on innovations and it is frequent and open to all. Any employee can give his/her own innovative ideas but will be implemented only if it ensures positive financial results. The new competencies possessed by an old banker include knowledge of market and product, excellent communication and interpersonal skills, anticipation, innovation, quick action, reliability, integrity and quality of work.

Challenges before the public sector banks in the new millennium

Some of the challenges to be overcome by public sector banks are :—

1. Competition—One of the most important process initiated by economic liberalization and banking reforms is competition which has arisen due to easing of the entry norms of private and foreign banks. Eight new generation (private) banks, foreign banks with around 245 branches are operating as on September 2005 in the urban metro areas with benefit of easy foreign capital and technology products. The saving grace for the public sector banks in the absence of the new generation banks and foreign banks from the semi urban and rural markets. The recent emphasis of the Government for the rural projects including infrastructure projects offer exclusive avenues to the public sector banks to expand their business.

2. **Productivity**—One of the areas which has not received the full attention of the bank management in the past is HR related issues especially in the context of need for restructuring and rationalization of voluntary retirement schemes (VRS). The most important factor in connection with labour in the public sector banks is their low productivity. The low productivity is due to first huge surplus manpower, secondly the absence of good work culture and thirdly lack of motivation in otherwise monotonous work.
3. **Disintermediation**—Another important offshoot of the banking reform is the process of disintermediation under which corporate access resources from each other without the intervention of banks. This route is often taken by the blue chip companies, which were the traditional clients of public sector banks. As a result the market share of the public sector banks changed both in respect of deposits and the changing customers. The life style of the companies is fast changing and so are their expectations. Computerization helps inter-alia in improving the customer service by offering speedier services and introducing new and complex products, it improves staff productivity, volume growth, feedback and monitoring of the operations. The tele-banking, anywhere banking, virtual or internet banking, ATM cards, credit cards and the interest swap, forward rate agreements etc. are some of the products innovated by the Indian banks through technology. The rather tardy progress in the area has been due to initial reservation of the staff unions against computerization and the existence of a large number of branches in the rural areas. Despite these problems the public sector banks are facing the challenges of catering to the sophisticated customers in the urban area and the traditional customers in the rural areas.
4. **Legal Reforms**—Our legal frame work has not been touched till now by the reform process. It is imperative that appropriate amendments are carried out immediately in various laws such as Sick Industrial Companies (Special provision) Act 1985 (SICA), Urban Land Ceiling Act, Foreign Exchange Regulation Act, Free Closure Laws, Recovery of debts due to Banks and financial institutions etc. to enable the public sector banks to deal with the cancerous problems of Non Performing Assets more effectively.

The History and Evaluation of Training in Indian Banks

Institutionalized system of training in the banking industry commenced in India in 1954 with the establishment of the Banker's Training College (BTC). The Imperial Bank of India (State Bank of India—SBI) also set up three schools almost the same time to train probationary officers in Kolkata, Mumbai and Chennai. The focus of training curriculum until early 1960, however, was on hard core principles and techniques of banking and the target group were entry level officers and branch managers. Nationalization of banks in 1969 ushered the concept of mass banking followed by phenomenal expansion of branches, number of employees and diversification of portfolios etc. The banking industry responded to these challenges by expanding in house training facilities, setting up an apex level institute, National Institute of Bank Management (NIBM) to specially cater to the felt needs of entire industry. Sponsoring large number of officers to reputed management institutes and professional bodies within and outside the country, multitude of institutions, training programmes

and large number of officers and staff members trained over the years is a clear indication of the popularity of the training and development activities in public sector banks. The analysis of the available data on training in public sector banks reveals that, in quantitative terms, they have very impressive records. Why the net impact of the massive effort and huge investment made have failed to make desired impact on individual and collective performance and overall business results is not a secret. Absence of well articulated and shared Human Resource Development (HRD) vision, mission and long term perspectives, glaring inadequacies in scientific analysis of training methodology, availability based sponsorship to training programme, over emphasis on concepts and theoretical aspects of banking, quality of trainers and near absence of post training follow-up etc., are to a very extent, responsible for sub optimal results achieved by training. Observations by the Narasimham Committee on banking reforms in 1998 are very apt. It urges the management of Indian banks to review the changing training needs in individual banks keeping in mind their own business environment and to address these urgently. Although the industry has impressive number of training establishments, the training activities have not been able to effectively care to the needs of the industry fully. A close examination of the state of affairs regarding training in bank indicates that the real reason for this is elsewhere. Some of them are:—

- lack of conviction of the concept of training,
- lack of top management support,
- improper selection of trainees,
- ineffective use of training methodologies, and
- undesirable pressure for quantity rather than quality.

The emerging training scenarios in banks and its effect on bank employees with the impact of globalization

The banking system in India is currently poised for far reaching change. The emerging business profile of banks would include non traditional areas like merchant banking, mutual funds, newer financial services, personal investment counseling, factoring, venture capital and possible consultancy and research services. Besides this, to be on the top, banks will have to launch new activities. They will necessarily have to be innovative. The immediate and possible distant changes in the environment will make Indian banking more complex as the profile of these banks will undergo major transformation, while they continue to engage themselves in conventional banking, they will also enter areas of modern business ventures. These changes will call for new knowledge, skill and attitudes, and training system will have to stand up to these challenges. No Indian bank can survive without being up to date with the latest developments. Indication to this effect is visible. If the banks go in for the enhanced micro electronic assistance for its multifarious operations, it will definitely call for changes in approaches to training. It is a fact that most significant effect of diversification and technological revolution in the sphere of skill with new line of business, product diversification and widespread technology adoptions, the type of personnel required in handling jobs undermost complex and in competitive conditions will require skills different from those required for

traditional type of business. To be competitive managers will have to match international quality and performance standards. The impact of technology on HR in banking and insurance companies is tremendous. In a study, the group of researchers compared the old and new competencies needed to survive in the changed atmosphere. Table 1 and Table 2 summarize the information.

Table-1

Sl. No.	Old Competencies	New Competencies
1.	Ability to operate in well defined and stable environment.	Ability to operate in ill defined and ever changing environment.
2.	Capacity to deal with repetitive, straight forward and concrete work processes.	Capacity to deal with non-routine and abstract work processes.
3.	Ability to operate in supervised work environment.	Ability to handle decisions and responsibilities.
4.	Isolated work.	Group work and interactive work.
5.	Ability to operate within narrow geographical and time horizons.	System wide understanding, ability to operate within expanding geographical and time horizons.
6.	Broad unspecified knowledge.	Specified knowledge.
7.	Procedural competencies.	Customer assistance oriented competencies.

Source: Swain, B.K. "Revamping Indian Banks through Dynamic HR policies", Human Resource Management Bank Economics Conference 2003.

The new competencies to operate in the ever changing environment and the capacity to deal with non-routine work process can only effectively respond to the process of deregulation and globalization of banking. Similarly, ability to handle responsibilities and to operate in the expanding geographical and time horizons is the hallmark of emerging competencies. In addition, the changing social values with which the new generation of employees has been brought up have given them different value orientation. A recent study on the work goals of the bank employees clearly indicates that besides good pay and security, ranked as number one and two respectively, other aspects like opportunity to learn, opportunity for up gradation, interesting work, match between ability and work also received fairly a high level in ranking work goals. Ninety percent of the respondents in this were below 40 years of age. This indicates that the value orientation of the bank employees is also changing. All these changes will necessitate the training system in banks to reorient its approaches and priorities so that training activities will become an essential part of a strategic human resource management in banks. If this linkage is not properly established, training activities will further degenerate into mere routine rituals.

Table-2 : Work Goals of Bank Employees

Sl. No.	It is important that your work life contains	Mean value assigned	Rank Assigned
1.	Good Pay	7.89	1
2.	Job Security	7.56	2
3.	Opportunity to learn	7.06	3
4.	Opportunity for upgradation	6.81	4
5.	Interesting Work	6.49	5
6.	Match between job and ability	6.18	6
7.	Good interpersonal relations	5.84	7
8.	Good physical working conditions	4.3	8
9.	More Autonomy	4.93	9
10.	Love of variety	4.93	10
11.	Convenient work hours	4.65	11

Source : Mankidy, A. and J. Mankidy, "Meaning of working : A study of Bank employees".

The training system in the banking industry has strong structural base, and has capabilities to handle training in large numbers. Training system of nationalized banks alone has the capacity to train about 7000 employees at a time. The system has also developed several innovative activities in the training area such as on location training, manager to messenger program etc. Only when training becomes vibrant, the organizations will be able to meet the challenges emerging from the changing environment. Specifically, the role of the bank training colleges has to be substantially redefined. The colleges have to move away from the usual 'head count'—oriented training activities to competence building processes. This would get the training colleges to get actively involved in the whole gamut of training process starting from identification of training effectiveness and its benefits to the end users—the internal and external customers. This linkage would make training interventions meaningful to bank organizations. Training is essential ingredient to improve the quality of officers and managers. Training prepares employees at different levels to acquire new competencies in critical areas like computers, merchant banking, international banking, treasury financial services etc. and to operate effectively in ever changing environment. Individual banks are required to undertake review of existing training system as a whole in the context of newly emerging training needs and examine adequacy of courses, existing infrastructure, faculty development, training materials and relevancy of teaching methodologies etc. In the present scenario, banks have to develop a comprehensive training policy and demonstrate their commitment for training. Both systems for alternative methodology for classroom training and on the job training have to be strengthened. Time bound frame work for developing a pool of competent and trained officers in the areas of credit, merchant banking, international banking, foreign exchange dealings and financial services etc. should be created.

4. Conclusion

With the new line of business, product diversification and wide spread technology adoption both private sector banks and public sector banks have given a lot of attention on training and employee development programmes. Now the new competencies have understood that to survive in this global era, they need to upgrade themselves time to time. Tremendous change in attitudes of bank employees is being seen at present. They are focusing more on group work, customer assistance and have developed specialized knowledge, system wide understanding, ability to operate within expanding geographical and time horizons. A recent study on the work goals of the bank employees clearly indicates that, besides good pay and security, other aspects like opportunity to learn, opportunity for up gradation, interesting work, match between ability and work matter equally. Ninety percent of the respondents in this study were 40 years of age. This indicates that the volume orientation of the bank employees has also changed. These all changes are due to the impact of training and development programmes which have obviously become the mool mantra to survive in this new google era.

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