

# A Study on the Impact of Employee Training and Stimulus on Business Recital with Indication to Public and Private Banks of India

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## Abstract :

*In this modern world there is competitive setting, greater stipulate for providing better product and services. Constantly varying information technology and the business environment in commercial banking sector demanding more than ever in the past, there is an importance of trained human resources in order to meet the necessities of the customers and for the business. Banking sector is now calling up broader skills and abilities for maintain their existence and growth. This study explores that "How employee performance can affect the development of business in public and private banking sector of India? Worker's performance affects business performance positively and negatively. For measuring the effect of different variables on business development, variables have been taken which include dependent variable (Business Development BD) and independent variables (Training, Motivation, Incentives and Job Involvement). Data has been collected through questionnaire from employees of different banks. After collecting data, statistical model is implemented on numeric data. It is observed that effect of every independent variable on dependent variable is different from each other in banking sector which shows that above discussed variables definitely affect the employee's performance which directly or indirectly effect on business development. However, it is recommended for management of banking organizations to provide training facilities to their employee and use different tools for the development of employees as a priority in order to get out the best workforce as well as enhancing the productivity of an organization.*

**Keywords:** Business Development, Employee training, Incentives, Job Involvement, Motivation

## I. Introduction:

In this competitive business environment, banking sector is now calling up broader skills, knowledge, and abilities to maintaining their existence and growth that demand for proper and effective training to the employees (Farhan 2011). Banking sector of India is characterized by high competition in order to survive in the market place; employers have understood the need for ongoing training to equip their employee to better manage with the demands of the dynamic environment today. This study seeks to determine the impact of training on motivation of business development in Indian banking sector. Banking industry is now calling for up to date/latest and broader banking knowledge, skills, abilities for maintaining their existence and growth, which demand for proper and effective training to the employees.

## II. Importance of training:

In the past literature on training in various case studies and research papers, several good researchers have explained the importance of training with respect to business development in different organizations, such as, Expectancy theory

explains that motivation of employees enhances when rewards are given to those employees who efficiently transfer training. By Vroom (2012) training can be categorized in two types viz., specific training and informal training. Training provided to employees on the job is specific training, on the other side training provided to the employees off the job, it is said to be informal job training. On the job training works as a means in increment of salary (Lillard, 1992).

## III. Employee Motivation:

All these tools described above are often used to increase the motivation of employees and effects of these are helpful in developing business. By providing training to employees is beneficial only if employees are motivated to get knowledge about their jobs. Among the most important resources, economic, financial and human resources, the human resource is the most essential and has the capacity to give a competitive advantage to the company as compared to others (Rizwan, 2010). Employee performance basically depends on many factors like performance evaluation,

employee motivation, employee's job involvement, compensation, employee training and development.

#### IV. Problem Statement:

In previous research studies, it was reported that the number of employees are not capable enough to perform the task in an efficient manner in particular and due to which the employee performance in these was termed as one of the main causes of problem in banks in efficiency. The main problem in this study is to what extent the training impact over employee performance in the banks of India. India is one of the major economically developed countries.

However the bank play's an important role in the economic system of different countries. Therefore the experienced employees are essential for the banks, employees are essential in banks to increase their productivity. Therefore in this research the quantitative study examines how training has an impact on the performance of bank employees; therefore from the literature review the following problem statement is predicted.

#### V. Research Question

- 1) What is the relationship between employee performance, skills and abilities?
- 2) What is the relationship between employee performance and Knowledge?
- 3) What is the relationship between training and job satisfaction?
- 4) What is the relationship between training and employee motivation?
- 5) What is the relationship between performance and training?

#### VI. Significance of the Study:

This research is essential for banks performance as employees are important assets who can make the organization work better and if the employee's are not skilled and experienced to perform their work duties and responsibilities then the objectives and goals of banks are not achieved. The impact of unskilled employee's is identified in the research particularly in public and private

sector banks of India like State Bank of India, Axis Bank, HDFC Bank.

#### VII. Objectives of the Study:

- 1) To determine the impact of employee knowledge on banks performance.
- 2) To understand the influence of skills and abilities on banks performance.
- 3) To find out the influence of training on employee motivation.
- 4) To identify the impact of training on employee satisfaction.
- 5) To recognize the need of employee training in banks.

#### VIII. Scope of the Study:

The outcomes of the research will help and support the banks to identify the factors that influence the employees training on performance of banks. On the other hand, the research will be helpful in the department of human resource of every bank or organization which is trying to increase the productivity of their employees.

#### IX. Review of Literature:

Training is very important for employee's performance in acquiring competencies and help banks to retain its employees through satisfaction and motivation. Globally day by day the world is modernizing and moving rapidly which is creating many challenges for the banks. Training can overcome and make an employee's capabilities more efficient which also contributes in the efficiency of the company.

**Appiah Benedicta (2010):** His findings suggest that, training enhances knowledge, skills, attributes and competencies and ultimately worker performance and productivity in organizations. Data was collected from 30 employees of HFC Bank Ghana. Cross functional study was used to justify the findings. Findings of the study showed that training improves the skills, knowledge, abilities, competencies, behavior and confidence of the employee.

**Boateng Cynthia (2011):** She pointed the impact of training

on employee performance at SG-SSB. Descriptive quantitative method was used in the research and related articles of the topics. Finding showed that indeed training has a significant impact on employee productivity. Training provide benefits to both the performance employees and the organization through the development of knowledge, skills, competencies, behavior and abilities.

**Mehmood Asma (2012):** She discussed in her study that training influence on organization commitment and retention towards the performance of employee. The data was collected from 100 employees of the service sector at Rawalpindi and Islamabad. Regression methodology has been used in this research. The regression analysis confirmed that satisfaction and mode for career advancement has direct and useful effect on organizational commitment and increases work efficiency of the employees. The findings concludes that training has strong relationship between retention and performance and organizational commitment.

**Onyango Tom Ojango (2012):** He suggested the influence of training and development on employee performance at Medete Tea Factory. Descriptive survey method was used and the data was collected through random sampling method. Findings conclude that if Medete tea factory wants to hire and keep quality employees it is a good policy to invest in training and development.

**Khan Muhammad Ikhlas (2012):** He highlighted the impact of training in performance of employee some statistical tools or techniques are applied on data like Pearson correlation and regression analysis through SPSS software. 100 employees were taken as a sample size of Habib Bank and Federal Urdu University of Islamabad. The findings conclude that training contributes significantly to employee's performance so all the organization that want to enhance the capabilities of their employee performance should focus on training.

**Adongo Atola Janepher (2013) :** He discussed in his project that mostly organizations neglect the importance of training which leads to high turnovers and also increase the cost to hire new employees and finally slowed down the organizational profitability. 419 employees were chosen for

data collection in Telkom orange Kenya, correlation study was used in it.

**Sultana Mahuba (2013) :** She highlighted that effective training increase the productivity of employees. Data was collected from 1414 employees. The study was done in Dhaka. Correlation methodology was used in the research, she concludes that employee is the valuable resource for any organization and the success and failure depends upon the performance and productivity of the employees and this study proves that the training improves the productivity of the employees.

**Najeeb Ayman (2013):** He concluded that, the impact of training, information and communication technology on employee's performance. The data was collected from 120 managers of different departments of the pharmaceutical manufacturing companies. Study concludes that the importance of training is very high because through training an employee aware well about the nature of their work and is also beneficial to the organization.

**Abbas Zohair (2014) :** He suggested that training as an essential element to an employee for the development of the companies because some of the employees have lack of knowledge, skills, competencies and failed to accomplish task on timely basis. The sample has been taken from males and female employees of National Bank of Pakistan. The research is descriptive study and it's quantitative in nature.

**Mumanthi (2014):** She highlighted training as there are number of performance concerns about the Kenya police that have arisen due to lack of taking action, failing to prevent and detect crimes, and police forces citizens pay bribe to get their constitutional rights. The sample size was 384 police officers.

**Kum Dang (2014):** His findings suggested that ineffectiveness of training and development of employees in the organization reduces the organizational productivity. Data was collected through random sampling method. He says that companies who invest on human resource management view training as an opportunity for increasing their long term productivity.

**Angela Githinji (2014):** He suggested that the training affects the performance of employee among the International civil servants. A survey research design was

used for this study 144 staff of the United Nation supports office for the African mission in Somalia involved in this research the finding showed that in general training enhanced employee engagement on change processes.

**Muzzafar, Bushra (2014):** She highlighted the relationship between the relationship between training and performance of employee to design training method for employees in TA. Correlation and Regression analysis represent that training has significant impact on employee's performance. Finding proves that training is significant variables in influencing employee performance.

**Komal, Naveed, Nadeem (2014):** She highlighted the relationship between training and its impact on employee's performance in telecommunication sector. 150 employees were chosen for the data analysis. Finding showed that the managerial performance is meaningfully resolute through the training instructed to the personnel they further says training is a significant predecessor of the performance.

**Martha, Ngugi (2014):** He pointed out in his study that training plays an significant role in the development of competencies of new as well as existing employees for effective performance. Data was collected from 800 employees of geothermal development company in Nairobi. This study shows the relationship between training and development and employee performance.

**Pangarso and Saraswati (2014):** He suggested that training motivates the employee to reach the target of the organization. The study was done in Indonesia. The simple linear regression methodology analysis was used. The data has been collected from electronic state owned company. Findings conclude that training has positive effects on employee's performance.

**Ekta and Nisha (2014):** Their researched on the different aspect that training is very necessary in this changing environment. Primary data was collected through questionnaire which was filled from various branches of Axis Bank and secondary data was collected from annual reports of Syndicate Bank and Axis Bank for the year 2008 to 2013 and from R.B.I publication.

**Ghafoor, Abdul and Saeed (2014):** They concluded that training improved employee performance. Data was collected from public and private sector bank. Random

sampling has been used for data collection from the public and private sector banks of Lahore. Findings shows that training is an effective tool for employee success.

**Azizullah and Ghaffari Fard (2015):** They highlighted that customers, staff training is very essential to compete the pressure of challenges which bank industry faces on the daily basis. Random sampling method was used and research was conducted in Tehran Iran. They suggested that customers training is very beneficial to both managers as well as the employees because it affects the performance of employees and also beneficial in performing non- bank financial activities.

## X. Research Methodology:

This research is quantitative study which is descriptive in nature and based on primary data collection methods. On the other hand, secondary data is also gathered from research articles to justify this research. The sample is taken from both male and female employees and operational managers working in Public and Private sector banks of India, Questionnaire is developed for managers and operation managers of these banks. In this study, survey was based on questionnaire for collection of data, all answers are given by banks employees.

The questionnaire used consisted of five main parts viz.

- Sec 1. General perspective of training on employee performance
- Sec 2. Impact of training & motivation on business development
- Sec 3. Relationship among job involvement & incentives
- Sec 4. Relationship between employee training & job.
- Sec 5. Type of training mostly used by banks & demographics of respondents.

## XI. Data Collection:

For my research findings, I have used 150 questionnaires for the study. It was made by using five options (1 for strongly agree) & (5 for disagree). The respondents were the employees of different banks in Madhya Pradesh Region. I have selected all types of banks including public & private banks, the respondents included all age level with their related experience.

**XII. Population Framework:**

In literature review it has been observed that business performance is directly or indirectly affected by different variables. The variables that affect the performance of business & employee are called independent variables & the affected variables (employee performance & business development) are called dependent variables. In this study we focused on five variables that included one dependent variable like business development & four independent variables which included employee training incentives, job involvement and employee motivation. All independent variables are affecting dependent variable positively. Independent variables are affecting dependent variable positively. Independent variables are also affecting each other.

**Table1: Correlation between Business Development & Training.**

|           | <b>BD</b>         | <b>TR</b>         |
|-----------|-------------------|-------------------|
| <b>BD</b> | 1                 | 0.772187342505344 |
| <b>TR</b> | 0.772187342505344 | 1                 |

**Table 2: Correlation between Business development & Incentive**

|            | <b>BD</b>       | <b>INC</b>      |
|------------|-----------------|-----------------|
| <b>BD</b>  | 1               | 0.3659625273557 |
| <b>INC</b> | 0.3659625273557 | 1               |

**Table 3: Correlation between Business Development & Job Involvement**

|             | <b>BD</b> | <b>JINV</b> |
|-------------|-----------|-------------|
| <b>BD</b>   | 1.000000  | 0.081832    |
| <b>JINV</b> | 0.081832  | 1.000000    |

TABLE-1 & 2 Represents the correlation between variables. Correlation between business development & incentives is positive; it means that incentives of any organization can positively affect the business development.

**XIII. Data Analysis:**

Researcher have collected 150 respondents of different banks, after collecting data, for this I used E-views software for calculating the correlation between dependent variables & independent variables. Likert method was used from Uma Sekaran (Research Methodology) for calculation of correlation between variables. In table 1, correlation between two variables BD (Dependent) & TR (Independent) is calculated. There is a positive relationship between BD & TR. If BD is 1 than TR shows 0.772, which means that TR is more important for BD. According to these results it can be said that TR plays a vital role in BD even more than 77% approx., which is high stability for measuring the relation between these two variables.

According to the respondents, in banking sector, incentive plans are offered to the employees for getting maximum output from employees. In this calculation BD is affected by INC up to 0.36, it means that INC affects BD 36% approximately. These statistics represent that there is a positive relationship between business development & incentive plans. Positive relationship means that business can improve if banking organizations introduce incentive plans for their efficient employees. According to the results of these two variables, incentives also positively effect as training. But training has more impact on business development as compared to incentives because banking companies provide training to all their employees, but incentive plans are often performance based plans that's why it affects less than training.

In TABLE-3 variables are used for measuring correlation between BD & JIN. The correlation is measured by using data analysis software (E-views 5).The data used in this correlation was collected from 150 employees of different banks. It is concluded that JINV has mild effect on BD. It means that job involvement affects 8.1832% on business development; this ratio shows that business development is affected by job involvement with decreasing the ratio. Job involvement positively affects development of business in banking industry. It means, if organizations (banks) use different methods for employee's job involvement, it can

help in achieving desired tasks of business set by the management.

**Table 4. Correlation between Business Development & Job Motivation**

|     |                     |                     |
|-----|---------------------|---------------------|
|     | BD                  | MOT                 |
| BD  | 1                   | -0.0511198632443248 |
| MOT | -0.0511198632443248 | 1                   |

In TABLE-4 It represents the correlation between BD & MOT-BD-MOT. Above results are conducted with the help of data analysis (E-views 5) by using Likert methods. It is concluded that BD is negatively affected by the MOT. According to the data gathered by respondents; it is observed that it is very difficult to motivate the employees of banks with the help of different tools. This observation could be wrong in case of other organization but in the light of above process it is clearly mentioned that motivation of

employees in banking sector could not affect positively. In above table BD was affected by MOT at -5.111986% which means that banking employees are not motivated for their job. In the light of above it can be said that banking organization should plan for motivation of employees towards their work. This target can be achieved if banks provide facilities to their employees & reduce their work responsibilities.

**Table 5: Effect of Incentive, Training, Job involvement & Motivation on business development according to regression analysis**

|                       |               |
|-----------------------|---------------|
| Dependent variable    | BD            |
| Method                | Least Squares |
| Date                  | 8.2.17        |
| Sample                | 115           |
| Included Observations | 15            |

| Variable             | Coefficient | Std. error              | T-statistic | Prob     |
|----------------------|-------------|-------------------------|-------------|----------|
| C                    | 0.556091    | 0.706367                | 0.787256    | 0.4494   |
| INC                  | 0.028858    | 0.222293                | 0.129820    | 0.8993   |
| JINV                 | -0.005496   | 0.213211                | -0.025749   | 0.9800   |
| MOT                  | -0.125497   | 0.211471                | -0.593449   | 0.5661   |
| TR                   | 0.693225    | 0.208766                | 3.320586    | 0.0077   |
| R-SQUARED            | 0.812070    | Mean dependent variable |             | 2.266667 |
| Adjusted R squared   | 0.756898    | S.D dependent variable  |             | 1.032796 |
| Durbin – Watson stat | 1.569618    | S.D dependent variable  |             | 1.032796 |
| F-Statistic          | 3.944459    |                         |             |          |

#### XIV. Regression Analysis:

By applying OLS least square method the study also analyzes the effect of job training, incentives, motivation, and involvement on business as defined in table 5.

According to equation,

$$BD = 0.028858 \& INC - 0.005490 \times JINV - 0.125497 \times MOT + 0.693225 \times TR$$

$$BD = 0.591096$$

This statement shows training & incentive positively affect business development & other two variables (job motivation & job involvement) negatively affect business development.

### **XV. Limitations of the Study:**

- 1) This study will cover only the banks of Indore and Mumbai, therefore the findings will not apply in other part of the country where this type of trouble exists.
- 2) The study will only deal with banks only, its findings is not applicable to other financial institutions that experiencing same problem.
- 3) The study only deals with employees training, hence factors that have the same impacts to banks as training are not considered.

### **XVI. Delimitations of the Study:**

The study will not reveal the names of the employees and their job position because most of the employees would not like to share their educational and work information with others.

### **XVII. Recommendations:**

In this research after discussing about the facts and findings researcher recommendations are as follows:

This study provides an empirical indication of factor that affects training and employee performance, that can provide understandings for banks of Indore and Mumbai.

- 2) Motivational training programs should be originated for employees to develop motivational trait.
- 3) Training program is an essential tool for developing employee's skills and abilities and knowledge, that every bank should implement it.
- 4) Banks existing training program are effective but banks should also work on enabling employees to improve their capability and deal with technological system.
- 5) Banks 's should launch effective training program for their employees so that they can easily tackle the challenging situation of work environment.

### **XVIII. Conclusion**

Every organization wants to develop their business to move in competitive environment, there are so many factors that can help in developing business at any stage, if an organization starts new, then that organization must hire skilled employees who run their work according to their previous experience. In case of running business if organization wants to improve their business they must use training for employees which is considered very much important in order to achieve superiority & competence. But does training plays any other role besides providing learning & equipping the employees with demanding competencies; surely it does as indicated, training has a positive impact on both involvement & business development. There are many limitations of the study as the sample size is 150, which is less, as large scale study can provide more dependability to the study. This study however clearly emphasizes the need & importance of training on the employees in the banking industry which is characterized by low confidence due to high work pressure. Training incentive, job involvement & motivation ultimately upgrade not only the efficiency of employees but also the organization. It has correctly been said, employee development is key to the sustainable development of any organization. Organization should have those employees that are able for rapidly adapt to an ever-changing world market. Companies should invest in continuing employees training & development in order to keep both employees & organization successful. The 21<sup>st</sup> century will be constructive to those organizations ,who are able to to learn faster & adapt to changes before their competitors .Training improves employee's initiative & quality of work, thus assisting the organizational objectives & goals in order to enhancing employee's effectiveness within the organization. At last the new global trends in the banking industry emphasize more on applying systematic approach to training & development in order to achieve higher level of organizational effectiveness. Many organizations measure the return on investment for training activities.

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