

# Benediction of Investment in Human Capital Development in Banking Sector in Delhi

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## Abstract

Well groomed employees contribute to the efficiency, exploitation, increased productivity, strong market reputation and goodwill of an organization. Therefore, enterprises need to realize and strategically invest in the human appliance for a defendable growth in the present uncertain environment. Present study is an endeavour to look into the functioning of training delivery and proficiency as perceived by senior level employees in public sector as well as private sector banks. An attempt has been made to focus on the various objectives of bank training, the methods and sources used in banks for identifying to enhancement, the aspects which are emphasized more by banks while imparting training to their employees, and the benefits of bank training to employees especially in execution and exchange. Additionally, the level of satisfaction of bank officials over the training and development programmes should also premeditated.

**Keywords:** Efficiency; Banks; Satisfaction; Sustainable growth; Training and development.

## Introduction

Globalization has made the world a global village where new markets offer new challenges and opportunities. Technology has increased accessibility, visibility and connection, including offering varied and faster delivery choices. The connected world is shrinking, changing rapidly and information is flowing more freely. Banking is a key driver for growth of the economy. Indian banking sector is undergoing rapid transformation and is expected to change and evolve considerably in the near future. With Indian economy moving to a higher growth trajectory, Indian banking industry is at the verge of exponential growth.

Attracted by the idea of servicing a fast growing economy and the liberalized scenario post 2007-2008, a host of foreign banks have acquired the banking. Indian Banks fall short on both counts: on scales as well as on efficiency. Due to the rapid globalization of the financial system and the historic advancement in technology, the new challenges have emerged in the banking environment. Employees represent increasingly diverse demographic backgrounds. On the one hand, banks are grappling with the challenge of aging employees while on the other hand; there are the young entrants with altogether different cultural ideologies. Customers are increasingly segmented, literate and demanding and so are employees' expectations, which are continuously rising as they gain in education and skills. Investors have become increasingly attuned to and actively concerned about not only financial results but also intangibles. Competitors come from both traditional large players but increasingly from smaller private and foreign banks. These trends are affecting all aspects of banking operations from managing capital requirements to positioning the bank in the customers' minds and how to

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engineer and deliver newer products and services in tune with fast changing customer expectations. The fast changing and challenging operating environment requires new skills and the ability to manage the challenges. The need of the time is to have the talent which may see the new emerging opportunities also must have ability to deal with the high level of changeability and find the way through unstable conditions. So, there needs to be paths for continuous learning. The most important thing for future development and growth in the banking sector is the investment in human capital development. Investment in human capital has become much important in today's competitive world. Banking institutions need employees with the essential skills and expertise not only at the strategic and management level, but also at the technical and operational level. However, the role of the bank training colleges has to be substantially redefined. Individual banks are required to undertake review of the existing training system as a whole in the context of newly emerging training needs and examine adequacy of courses, existing infrastructure, training materials and relevancy of training methodologies etc. In the present scenario, banks have to develop some comprehensive training policy and demonstrate their commitment for training.

#### *Literature Review*

Employee motivation is the key to organizational effectiveness and is a predictor of performance and job satisfaction (Qayyum, 2012; Ghafoor, 2011; Lather and Jain, 2005). Motivated employees are the cornerstones of any organization and help organizations to survive (Anderfuhren, 2010; Westover, J.H. 2008, Smith, 1994). Motivation is one of the most studied topics in the social sciences (Manolopoulos, 2007; Donald, 1997; Mitchell et al., 2001). Motivated employees possess an awareness of specific goals that must be achieved in particular ways, and they therefore direct their efforts towards achieving such goals (Qayyum, 2012; Nel et al., 2001). Oluseyi and Ayo (2009) assert that levels of

employee performance rely not only on the employees' actual skills, but also on the level of motivation they exhibit. Therefore, productivity and retention of employees are considered as functions of employee motivation (Lord, 2002).

Stone (1982) indicated that people are motivated by money for many different reasons. The need to provide the basic necessities of life motivates most people (Kovach, 1987). Benefits, both financial and otherwise, send a powerful message to employees of an organization as to what kind of organization management seeks to create and maintain, and what kind of behavior and attitudes management seeks from its employees (Beer, et al 1988). Richards (1997) highlighted that management Training-the Real Objectives views that while embark upon a management programme, the real objective must be to focus on the individual manager, not the position in the company. The author's discussion on training needs analysis i.e., about core competencies, job profiling and identification of competencies gaps-either against core competencies for individuals or against job profiles for generic roles is worth mentioning.

Myers, (1997), N Kumar and V K Gangal (2012), in their article, Customer Satisfaction in new Generation Banks have also have concluded that bankers should give their attention on the customers in the current scenario because it helps in keeping business upward. Shishupal and Karunesh (1999), Role of Training in Developing Human Resources is another work of importance. In this, the authors concluded that an organization should have well-defined training policy as well as training manual and training should be made an ongoing process. Regarding the executive development programmes the authors have concluded that, these programmes have been found to be useful in improving the productivity, efficiency and effectiveness of managers. Oliver (1980) has suggested that these programmes should be included as an integral part of the training programme. Riyaz (2004) and Gounaris (2003)

in their study empirically examined the training policy in two commercial banks, namely, State Bank of India and Jammu & Kashmir Bank Limited. The focus is on the various facets of training including Management's attitude towards training, training inputs, quality of training programmes and transfer of training to the job.

### Objectives

Present study is to identify the training needs and its impartment to the bank employees and also attempt have been made to know employees perception on training and to have an insight about the employees' perception on different modes of training.

### Methodology

Research endeavours to study the training and development of employees in banking sector. With the introduction of core banking solution, electronic fund transfer, real times gross settlement system and electronic clearing services, there is a major change in the methods of performing their duties. The system has led

to change in working hours, reduction in processing of work, employee productivity, decision-making processes, working conditions, relationship of employees with the bank and customers, etc. Further, centralized data base, online data availability, any branch banking, paperless transactions and up-to date information have led to sweeping changes in productivity and operational performance of the banks. But the bank employees can cope up with all the changes only if proper training and development is being imparted to the employees by the banking sector.

### *Sampling and Data Analysis*

The study is mainly based on the primary data collected from the employees working in the banking sector of Delhi NCR, with the help of a well drafted pre-tested questionnaire. Sample of 120 employees was drawn from six banks in all, three from the public sector and three from the private. A uniquely designed questionnaire was used as tool, and bankers were requested to fill in it during office hours. Data for the purpose has been collected randomly. The respondents were selected among the people working at different levels like Country Head (Retail & Risk Division) Assistant Vice President (Retail & Risk), Sr.

**Table 1: Biography of Respondents in the collected sample**

S.No.	Biography Indicators	No. of Respondents	Percentage	Cumulative Percentage
1	<b>Gender:</b>			
	Male	90	75%	75
	Female	30	25%	100
2	<b>Age Groups:</b>			
	Under 30 years	35	29%	29
	30-50 years	65	54%	83
	Above 50 years	20	17%	100
3	<b>Educational Qualifications:</b>			
	Undergraduate	6	5%	5
	Graduate	50	42%	47
	Post Graduate/CA etc.	64	53%	100
4	<b>Experience:</b>			
	Under 5 years	20	17%	17
	5 - 10 years	40	33%	50
	10 - 20 years	40	33%	83
	More than 20 years	20	17%	100
5	<b>Positions:</b>			
	Low Level	20	17%	17
	Middle level	70	58%	75
	Top level	30	25%	100

**Table 2: Objectives of bank training in the collected sample**

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Training provides advance knowledge to meet future challenges and development plans.	15	62	30	10	3	120
Makes staff skill and familiarize with computerization	32	55	25	6	2	120
Increase the quality of work by identifying and developing the inner potential of employees	30	65	20	4	1	120
Introduce the employees to the new products, programs and organizational culture etc.	24	67	22	6	1	120
ensure better job satisfaction and high morale	22	56	30	10	2	120
<b>Total feedback</b>	<b>123</b>	<b>305</b>	<b>127</b>	<b>36</b>	<b>9</b>	

Manager, Assistant Manager, Relationship Manager, Branch Manager, Marketing Manager, Teller, Clerk and Front Office Manager etc. Descriptive analysis was used to present the profile of respondent. It includes number of respondents/frequency and percentage of data value for each of the variables etc. Following table indicates the demographic profile of employees working in various public and private sector banks.

Percentage of data collected from the respondents is calculated for different statements to find out which key factors are important to provide training and development to employees. Study also covers as to what are the main objectives of the banks to impart training for the betterment of the organization.

Table 2 shows that different answers are given by the respondents over the statements, which is shown in a simple graphical presentation as under.

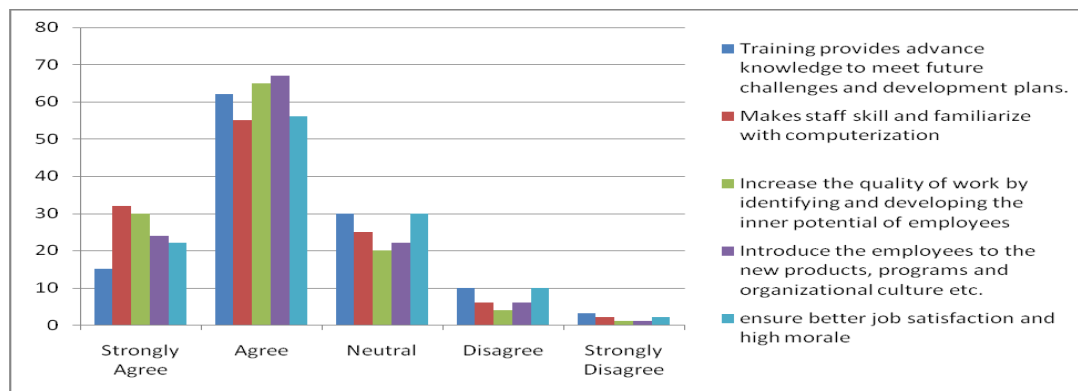
## Results & Discussion

Graph represents overall objectives of the bank training for employees. 79% employees perceive that the main objective of bank training is to increase the quality and

magnitude of work by identifying and developing the inner potential of employees. Furthermore 76% employees perceive that second main objective of bank training is to introduce the employees to the new products, programs and organizational culture etc. 73% employee's perception is that the third main objective of bank training and development is to equip staff with more skills and familiarize with computerization. 65% employee's perception in this regard is to ensure better job satisfaction and high morale through the training and development. More over in this fast changing technological business environment banks provide training to employees for provide the advance knowledge to meet future challenges and development plans.

It is also important to know that banks provide training to its employees just on the basis of supervisory recommendations like recommendations by RBI, demands due to the latest trends in banking like fast changes in products and systems, personal development plans for employees, opinions and suggestions of external and internal experts in banking, various technical studies, skill analysis, competency mapping, performance gaps,





appraisals by self, peer or co-workers, superiors and by experts etc. Most probably, actual performance gaps in our country have been identified by customer complaints survey. And in order to reduce such complaints it is necessary to impart the training in India.

During survey, it has found that various aspects should be given importance by banks while imparting training are- product knowledge, banking theory and practice, updates on developments in banking sector to a large extent, computer skills and banking software, behavioural science, soft skills, team building and people development. Also the training over linguistic proficiency, marketing and customer service relationship should be imparted to the employees at large as they are the pillars of the business and matters a lot.

#### *Benefits of training to bank employees*

It increases level of motivation and positive attitude, level of awareness in theoretical & practical banking, develops the better sense of personal fulfillment and growth, interpersonal relationships, improves the quality of work life, makes employees able use of it for grabbing the promotion opportunities. Finally, another advantage of bank training is that employees can get a chance to be away from regular job for few days in summer holidays or so. Hence, we can draw conclusion that level of motivation, awareness in practical banking can highly be increase after bank training. Also personal relations among employees and sense of self fulfillment can be

good. The knowledge of employees can also be continuously upgraded.

#### *Level of Satisfaction of Bank Officials over the Training and Development Programmes*

The respondents were asked to express their level of satisfaction over the overall outcome of the Training and Development programmes they attended. The level of satisfaction of respondents was asked after recording their opinion about objectives, methods and basics of the programmes. Their responses were recorded on strongly agree, agree, neutral, disagree and strongly disagree scale. These attributes were assigned weights in percentage. As per the graph, respondents in Public and Private Sector both were very satisfied over the outcome of the Human Capital Development programmes in their banks. As much as 65 to 79 percent objectives are chosen as agree and strongly agree by the employees. The analysis brought out that the Human Capital Development programme is a major success in the banks.

#### *Findings of the Study*

- Trainer moderately plays a key role in changing the employee's skills and attitudes in both the organizations.
- The employees of both the organizations point out that the main objective of bank training is to increase the quality and magnitude of work by identifying and

developing the inner potential of employees.

- The second higher percentage is found to introduce the employees to the new products, programs and organizational culture etc.
- Employees also perceive that there is a higher percentage of training and development which equip staff with more skills and familiarize with computerization.
- A large number of employee's perception is to ensure better job satisfaction and high morale through the training and development.
- The primary method used in banks for identifying training needs of bank employees are on the supervisory recommendation and Reserve Bank of India guidelines.
- The various aspects which are emphasized more by banks while imparting training to employees are product knowledge, banking theory and updates on developments in banking sector.
- The study reveals that training to employees increase the level of motivation, create positive attitude and also improve inter-personal relation between the employees. Personal relations among employees and sense of self fulfillment have been made good. The knowledge of employees has been continuously upgraded.
- In the Private sector banks, orientation method is mostly used for training to employees followed by the job rotation in case of managers and lecture method in case of non-managers. However, In the Public sector banks, various on the job and off the job training methods are moderately used, wherein Lecture method is mostly used as a medium of training for managers and orientation for non-managers followed by other methods.
- Mostly traditional training methods are used and less usage of the other methods

is seen to be adopted by the banks for training.

- Regarding training environment and facilities other than library, the employees of the sample organization seem largely satisfied.
- All the employees have identical perception regarding the overall training delivery and methodology.

### Conclusion

For the future development and growth in the financial services sector the investment in human capital development is very significant. Only those institutions will be successful which give high priority to the continuous development of human capital. So the present paper highly focused upon the training and development needs of employees in public and private sector banks. Various training needs were identified by the perception of employees. The findings of the paper showed that the major reason to impart training to the employees was to increase the quality and magnitude of the work and to equip the staff with more skills. Further, with introduction of centralize data base, core banking solution and on-time data availability. The majority of India's banks are not very diversified in terms of the products and services they offer. One strategic focus that banks can implement to remain competitive would be to retain as many customers as possible. And customer retention is possible through customer satisfaction only. Thus, customers' satisfaction is the key of success in today's competitive era. Once the customer is satisfy business will grow sustainable automatically, by doing this bankers can make their customers satisfy and can have a good and strong business in the current market. Therefore bankers should keep their focus on how to make the customer satisfy? Training to bank staff has become as one of the most important issue to be focused upon by every small and large bank, though it involves a lot of capital investment. But before the adoption of training practices, every

bank must identify its training needs as it deals with human asset. Once training needs are identified, it should be given by the experts so that training can work as an intrinsic value enhancement tool for the employees who in turn will increase productivity and profitability of the banks.

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