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Evaluation of the effectiveness of current employees' training and development programs adopted by the commercial banks

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Abstract

Purpose: The workforce is the main determinant of a corporate organization's success or failure. Hence, providing employees with access to cutting-edge knowledge about the fundamentals of financial complexity, financial management skills, and operational skills for increasing public participation to achieve financial goals gives a specific company the much-needed competitive edge over its rivals in the banking industry. In light of this, the current study focuses on how Training & development's (T&D) affects Indian banks' overall performance, including staff attitudes, turnover intentions, and job satisfaction, as well as the industry's hard skills that contribute to better bank performance in terms of skill retention by the employees and stakeholder satisfaction, among others.

Research Methodology: This article is based on information that has been published in the literature as well as pertinent data from reputable company websites/ bulletin that include T&D surveys, etc.

Findings: T&D's effectiveness depends on both its correct evaluation and the protocol's careful design. Each T&D program should aim to increase productivity, alter employee behavior, hire new personnel, instruct them on company regulations, customer interactions, and new procedures, as well as lower staff turnover and enhance job quality.

Limitations: This literature review is done while considering any potential limitations, such as the difficulty in properly evaluating T&D's effectiveness because a particular T&D necessitates consideration of long-term effects on the trainees and the company.

Industry implications: When T&D is supported by an effective evaluation, it boosts job rotation, organizational stability, and employee morale while also improving employee management, performance, and employee-directed mutual reevaluation.

Social implications: A series of programmed behavior is learned through training. It helps people become aware of the guidelines and norms that should govern their behavior. Thus, the foundation of this article's genesis is based primarily on determining how current T&D programs affect Indian banks' overall performance evidenced by case studies that are available in the literature.

Originality: The paper aims to shed light on the crucial T&D topics in banks. Together, the core of this article's genesis is based mostly on assessing how existing T&D programs affect Indian banks' overall performance as proven by case studies that are available in the literature, with new insights.

Keywords: Training & development, employee, bank, KPI, skills, bank performance

Introduction

The most significant asset of any company is its human resources. It ensures the company's survival, and allows it to remain competitive in the fast-paced financial environment. The workforce is the primary factor that determines whether a corporate organization succeeds or fails. The top management of any organization acknowledges the critical need of employee training and development (T&D) on the overall performance of the company in terms of revenues together with personnel growth and satisfaction of the staffers, by diligently spending money on employee T&D. As a result, giving employees access to cutting-edge knowledge about the fundamentals of financial complexity; managing finances; and operational skills for increasing public participation to achieve financial goals, gives the company the much-needed competitive edge over its rivals in the banking industry. Particularly, T&D enables banks to keep up with evolving rules and market trends, assisting them in being competitive, relevant, and rule-compliant. Moreover, a successful T&D program ensures that an employee recognizes his or her skills, and comprehends the corporate missions and vision, as well as the timeline for achieving the financial goals. When this occurs, employees successfully align their goals with those of the company, which further helps in reaching organizational goals through great performance at work, in terms of actual productivity as an individual and/or team.

Scope of the study

Due to the constant evolution of the banking industry, T&D is crucial to ensuring that staff members are informed on the most recent trends and technologies. This highlights the breadth of this kind of research and calls for the creation of a special, need-based, dynamic T&D module to address the changing needs of the firm. An effective T&D program guarantees that staff members can advance their expertise to stay competitive in the banking sector. That being said, it is equally crucial to assess the elements that form the program's conceptual framework to ascertain a specific T&D program's successful progression towards completion. In general, the effectiveness of a T&D program is primarily determined by how well banks have performed in terms of figuring out and evaluating the crucial evaluation readouts. When assessing a particular T&D program for a bank, its duration and cost-effectiveness should also be taken into consideration, as it is possible to quickly make any changes in the T&D module with the aid of short-term or real-time assessments of the performance index in connection to institutions, which will reduce the amount of time and overall T&D costs needed to analyze the organization's overall performance index. On the other hand, a long-term T&D review will consider the specific changes to the performance index, leading to a more accurate evaluation that also considers the employee's individual assessment while keeping in mind that they are human, and that many factors, such as granular changes that are the results of the T&D, may take some time to understand their effects. The vast scope of research related to T&D of a corporation like a bank is further reiterated by the fact that any studies that attempt to evaluate the T&D program for the employees have a broad overall reach.

Literature Review

Customer service, productivity, employee growth and retention, economic uncertainty, and the adoption of new technology, are just a few of the problems confronting businesses of all kinds and industries, which have an impact on training practices. Knowledge, advanced skills, system comprehension, creativity, and the drive to provide high-quality goods and services are all examples of human capital. Since, it is hard to duplicate or acquire, and is also specific to the organization, human capital may be more important than physical capital (equipment or technology) or financial capital for giving a company an advantage over its corporate rivals. The banks have already started to develop products and services based on Information Technology (IT) and other finance-based technologies (Fintech). Customers today are extremely demanding, and the only efficient way to meet their needs is by using innovative technologies. Liberalization, globalization, and privatization have opened up new possibilities for the banking sector in this fiercely competitive market. As a result, banks must provide ongoing training for all of their workers, not just those at the entry level. According to the report of Mrs. Vijaylakshmi Murthy (2013–2015), human resource management is one of the most crucial factors affecting organizational performance or efficiency. Companies operating in India, according to Stephen A. Stumpf (May-June 2010), build a great human resource team by putting a solid, organized HR practice in place. Nevertheless, the concern that employees might be stolen by competitors and reveal confidential information about the company's policies, procedures, products, and pricing strategy to the competitors, is another significant factor cited by for organizations' reluctance to invest in employee training. A survey-based questionnaire that examined 20 research hypotheses was used in one of the studies to assess the effect of T&D on employees. There were a total of 10 hypotheses for the state banks and 10 hypotheses for the commercial banks in India. In this study, Ghosh *et al*. observed that public sector bank employees had worse job satisfaction than their private sector counterparts. This study also demonstrates how little interest public banks have in broad employee development initiatives. However, the Indian private sector bank employees were of the opinion that their banks were correctly setting up effective T&D programs for their employees each year in accordance with their needs. Finally, this study contends that whereas training for employees of India's private sector banks was well planned and methodically conducted, training for those working for the country's public sector banks was insufficient, ill-planned, and administered. Moreover, according to Kavita Rani's (2014) study on T&D in public sector banks, staff members receive frequent training to deliver higher-quality services to consumers. The study found that comprehensive and proactive training and development strategies, as opposed to *ad hoc* initiatives, are needed to instill a consistent corporate culture. Additionally, another study addresses the impacts of globalization, liberalization, privatization, and improved information and communication technology on the transformation of the Indian banking business in one of the T&D evaluation studies in the banking sector. This study seeks to ascertain whether performance evaluation outcomes and training effectiveness among SBI employees are related. The study's findings lend credence to the notion that there is a significant relationship between training and SBI's performance grading system. Also, a model of training efficacy with employee performance as an outcome was studied empirically in the banking industry of the Moradabad district in Uttar Pradesh, India, by Ekta Srivastava and Dr. Nisha Agarwal in 2017. The effectiveness of training programs and employee performance are strongly correlated, as this research illustrates. The study further finds that employee remuneration is a major determinant of performance and that well-designed training programs have the biggest effects on the effectiveness of T&D overall. Last but not least, according to Sanjeev Kumar and Yanan's (2011) [15] theoretical and empirical study, the following factors affect training program effectiveness in general: participant/trainee, trainer competencies, training material, training content, presentation style, training schedule, facilities, infrastructure, materials, training & working environment, etc. In addition to all of these factors, an employee's personal traits also influence training success according to a study by Ponna Saikumar, and colleagues.

To this end, a thorough review of the literature on the evaluation of T&D on bank performance—many of which were left out due to redundancy among the studies that appeared to support the effectiveness of T&D in terms of assessing some of the important parameters of individual performance—might eventually lead to an improvement in bank performance. The primary limitation of the majority of the studies, however, is the dearth of information regarding the correlation between employees' increased performance and overall bank performance when it comes to evaluating key financial measures and other crucial KPIs (key performance indicators). The results of the growing body of research should be evaluated with more caution and judgment in the absence of these crucial pieces of information. This further underscores the importance for an in-depth understanding of how T&D affects bank performance by thoroughly examining the KPIs and financial measures to accurately assess the impact of the T&D program on bank performance.

Research Gaps

The primary goal of this study is to investigate the impact of T&D on overall bank performance in India, which includes employee attitudes, turnover intentions, and work satisfaction among employees as well as hard skills of the Indian banking industry leading to increased bank performance. As a result, our main objectives in this review article are to emphasize how current T&D programs affect Indian banks' overall performance in terms of measuring components performance measurements as demonstrated by case studies that are available in the literature. We believe that these studies offer a true updated representation of the existing T&D methodologies that aim to gauge the collective performance of an organization's human resource without the need to only assess the individual performance of the employee. This in-depth analysis of T&D will help program designers create more creative T&D by pointing out any elements that are now absent from any potential T&D program for banks.

Research design/methodology

This article is based on information that has been published in the literature as well as pertinent data from reputable company websites/ bulletin that include T&D surveys, etc. The selection of studies that explore the background characteristics of survey respondents, and use correlation to measure the relationship between the variables, as well as simple and multiple linear regression analyses, to determine the unadjusted and adjusted effect of service qualities on training effectiveness accounts for a large portion of the studies that are used as critical information from the literature and information.

Data Analysis

The statistical package for social science (SPSS) was used by the authors of several of these research to correctly analyze the data

Results & Discussions

A systematic procedure of judging something's value, worth, or meaning, is described as evaluation by Phillips (1991). Evaluation, according to Boulmetis and Dutwin (2000), is the systematic process of collecting and analyzing data, to determine whether and to what extent goals were or are being achieved. According to Holli and Colabrese (1998), evaluation is the process of comparing an observable value or quality to a standard or set of criteria. It involves determining the value of policies, products, and goals. The process of evaluating T&D, according to Hamblin (1974), is any attempt to obtain information (feedback) on the impacts of T&D, and to assess the usefulness of the T&D in the light of that information. In other words, evaluation is the systematic collection and analysis of data, to ascertain the most efficient method of using the available training resources to achieve organizational goals. To put it another way, training assessment refers to the procedure of gathering and evaluating the results required to decide if training is effective. Having said that, T&D's performance depends not only on its accurate assessment, but also on the T&D protocol's design with important objectives in mind. For instance, every T&D program should strive to raise output, change personnel behavior, introduce new hires to the company, educate them about corporate policies, customer interactions, and new procedures, as well as reduce staff turnover and improve job quality (Rahman 2012). When T&D is backed by an efficient evaluation, it improves employee management, performance, and employee-directed mutual reevaluation, while also increasing job rotation, organizational stability, and employee morale.

Key performance indicators and financial metrics are useful tools for performance of banks tracking

Metrics are quantitative measurements that are used to monitor the effectiveness of particular business operations at the tactical and operational levels. Unlike key performance indicators (KPIs), financial metrics are not essential to the achievement of key business goals, but they do help showcase business performance in context. Although some of metrics may be closely tied to objectives, generally, they are not the most critical indications for keeping track of strategic actions. Having said that, metrics continue to be important for informing businesses about the status of their various activities. Metrics like the Lead-to-Conversion-Ratio, Return Rate, and Acquisition Expenses are a few examples. In other words, metrics just have the ability to monitor the performance of particular business actions or processes as opposed to KPIs, which must be completely related to targets or goals in order to exist. Financial metrics include, but not limited to: (1) Net interest margin (NIM); a measurement of the differential between interest received and interest paid that has been adjusted for the entire quantity of interest-producing assets owned by the bank; (2) Efficiency ratio-the ratio of revenue divided by non-interest expenses, which demonstrates how effectively the bank's managers manage their back office (or overhead) costs; (3) Loans/Deposit ratio-LDR, which is expressed as a percentage, is used to evaluate a bank's liquidity, by contrasting the total amount of loans to the total amount of deposits for the same time period. The bank may not have adequate liquidity to meet any unforeseen funding needs if the ratio is too high; (4) Liquidity Ratio: the ability to pay off current liabilities with assets on hand is measured by the liquidity ratio. The difference between total liabilities and conditional reserves is subtracted from total assets to get the overall liquidity ratio; (5) Core Deposits/total deposits: core deposits are typically less susceptible to changes in short-term interest rates than term-deposits or money market accounts. The higher the ratio the better for most banking institutions; (6) Equity and assets: a method of analyzing a balance sheet that boils it down to one question-what proportion of assets do investors own?

On the contrary, KPIs include: (1) Earning asset yield is a well-known measure of financial soundness that contrasts interest income with earning assets. By examining how much revenue an asset generates, yield on earning assets reveals how well the asset is doing; (2) Cost of funds is a term used to describe the interest rate paid on the money utilized for business purposes. One of the primary sources of profit for many banks is the discrepancy between the cost of funding and the interest rate offered to borrowers; (3) Return on Average Assets (ROAA) is a metric used by banks and other financial organizations to measure financial performance. It measures the profitability of a company's assets; (4) Return on average equity is a financial ratio that evaluates performance using the average amount of outstanding equity held by shareholders.

Key performance indicators and financial metrics are essential components of bank employee training programs

KPIs are indeed important when it comes to training bank employees. They provide key data on performance that can be used to measure and evaluate an individual's or team's progress. KPIs provide an avenue to assess the effectiveness of training and whether employees are learning the skills and knowledge they need to succeed. They also help to ensure that everyone is held accountable for their performance.

Additionally, KPIs provide real-time feedback to both the trainer and the trainee, allowing for better management and tracking of progress. This helps ensure that all employees are performing to the highest standards, and that everyone is meeting their goals. KPI can be used to identify areas where improvement is needed, allowing for targeted/personalized training and development to take place.

KPIs are also a great way to encourage employees to take responsibility for their own performance and development. This essentially means that employees are empowered to take ownership of their own T&D goals, and to push themselves to reach them. This also allows employees to set their own goals and objectives, which can be tracked and monitored over time. Overall, KPIs are an essential tool in any bank employee training program. They provide the metrics needed to measure and evaluate progress, and help to ensure that all employees are held accountable for their performance, and provide a way to track the effectiveness of the training.

Moreover, a thorough understanding of the financial indicators/metrics as part of a T&D program will enable bank staffers to significantly advance the overall objective and mission of the bank. As one of the crucial financial criteria for assessing bank performance, gauging a company's liquidity may be used to determine how healthy it is and whether or not investors should buy shares. Liquidity is the ease with which a business can convert assets into cash to meet immediate obligations. Working capital ratio monitoring can be used to better communicate liquidity to new hires and improve their performance on the job.

Suggestions and Conclusions

Taken together, the accumulating studies over the years suggest a positive association between employee T&D and bank performance in many countries. However, more intense large-scale studies are needed in India, considering its heterogeneity, to accurately decipher and establish a link between employee T&D and bank's overall performance in terms of fulfilling financial metrics and KPI. That being said, due to their abstract nature and long-term effects on the trainees and the organization, T&D are often hard to evaluate in terms of effectiveness (Prasad, 2005). Therefore, more thorough research will likely be required in the future to accurately assess the true potential of a tailored T&D program for an organization. Prior to examining the present T&D and their effects on the bank performance, some indicators that are essential KPIs must be kept in mind to more accurately assess the bank performance. This is especially important because it's often easy to overlook the trendy T&D in terms of tracking workers' progress on learning and development projects, which in turn impacts the performance of the bank as a whole. Adopting any T&D that is readily available is always a risky investment when we are uncertain of what the main performance measures are, and how they will contribute to the overall goal when evaluating the success of a bank. For example, KPI like the pass and fail rate of the employee's on a given learning program should include sites where employees pass at a high rate including sites where employees fail at a high rate, which demands observing the rate over a longer period of time as opposed to a short course-based T&D, reemphasizing the need for a long-term assessment of a T&D on bank performance. Second, T&D test scores are a critical indicator of a T&D program's performance. These results should also be tracked over time to see whether the change has had a positive or negative impact. Third, since this evaluation report considers the percentage of students who enroll and complete the course, along with their strict adherence, it is also important to determine the training completion percentage rate as one of the key KPIs. This KPI primarily evaluates the level of employees' responsibility. It is anticipated that the completion rate for required, compliance-based training will be 100% each quarter. Fourth, rather than comparing dropout rates to completion rates, it is more enlightening to consider the former as signs of student involvement with teachers and/or the school, time constraints for online courses, and a potential lack of desire. It may be possible to alter the course of events to improve the bank's performance overall, if these elements are recognized early enough. The rate of course attendance should also be monitored since this information will show T&D instructors how well-attended the company's elective-based courses are. Last but not least, when assessing the effect of a customized T&D on bank performance, critical parameters such as the average time to complete the T&D course, the level of employee engagement throughout the program, the extent of knowledge and skill retention by the employees, together with impact on organizational performance metrics, and more importantly the stakeholder's satisfaction should be given the utmost consideration.

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