



Impact of Training on Employee Performance: A Study of Retail Banking Sector in India

KEYWORDS

Training, Employee Performance

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ABSTRACT *Training effects employee's job performance positively. Training is a motivational factor which enhances the knowledge of the employee towards the job by which employees become proficient in their jobs and they become able to give better results. In addition, training is seen as a useful means of coping with changes fostered by technological innovation; market competition, organizational structuring and most importantly it plays a key role to enhance employee performance. This paper analyses the relationship between training and its impact on employee performance in banks. Several measures of performance are analyzed including compensation, performance appraisal, and organizational commitment.*

Introduction

Human resource has become strategic resource to gain sustainable competitive advantages in this age of globalization. Human capital is the differentiator between a good company and a great company. Human resource is the very important and the backbone of every organization and it is also the main Resource of the organization. Human capital is the differentiator between a good company and a great company. One significant function of Human Resource Management to the effective use of human resources is training and development. Effective training and development is an investment in the human resources of an organization, with both immediate and long-range returns. Training is a key element for improved performance; it can increase the level of individual and organizational competency. Training holds the key to unlock the potential growth and development opportunities to achieve a competitive edge. Training programs helps in making acquaintance of employees with more advance technology and attaining robust competencies and skills in order to handle the functions and basics of newly introduced technical equipment. Training facilitates the updating of skills and lead to increase commitment, well – being, and sense of belonging, thus directly strengthening the organization's competitiveness (Acton and Golden, 2002; Karia and Ahmad, 2000; Karia, 1999). Training has the distinct role in the achievement of an organizational goal by incorporating the interests of organization and the workforce (Stone R J. Human Resource Management, 2002). There is no doubt that training is important in all aspect for an organization. Training has traditionally been defined as the process by which individuals change their skills, knowledge, attitudes, and/or behavior (Robbins and DeCenzo, 1998). The primary role of training is to improve the employees' skill for current and future duties and responsibilities. Training helps them to change with aspects like technology and competition (Dessler 2000). Now a days training is the most important factor in the business world because training increases the efficiency and the effectiveness of both employees and the organization. Training is important to enhance the capabilities of employees. Recent researches reveal that training enables most organizations meet their goals and objectives. In doing so employees are able to learn new work concepts, refresh their skills, improve their work attitude and boost productivity (Cole 2002). On the one hand, most of the employees need training to perform their job duties or at least to increase the quality and quantity of their work; on the other hand, skilled and efficient manpower is the most important success factor in achieving the goal of organizations. Training facilitates the updating of skills and leads to increase commitment, well – being, and sense of belonging, thus directly strengthening the organization's competitiveness (Acton and Golden, 2002; Karia and

Ahmad, 2000; Karia, 1999). Training has been an important variable in increasing organizational productivity. Most of researches including Colombo and Stanca (2008), Sepulveda (2005) and Konings & Vanormelingen, (2009), showed that training is a fundamental and effectual instrument in successful accomplishment of the firm's goals and objectives, resulting in higher performance and productivity of the organization. Training is a tool to fill the gap and the firms should use it wisely to improve employee productivity. Armstrong (2000) contends that trained employees often work better as teams because everyone is aware of the expectations and can achieve them together smoothly. In addition, employees who receive regular training are more likely to accept change and come up with new ideas. Training plays a vital role, improving performance as well as increasing productivity, and eventually putting companies in the best position to face competition and stay at the top. Past researches provides the evidence regarding the positive affect of training programs on both employee and organizational performance. Training has direct relationship with the employees' performance. A significant relationship was found between the employees training and their resultant performance in accomplishing different tasks. By the help of training employees become proficient in their jobs and they become able to give better results.

Objective

This study is intended to measure the level of performance in terms of imparting training. It also evaluates the impact of training on employee performance on their jobs. Keeping these objectives in view, we presume that training is positively related to job performance of employees.

Design of the Study

The study was conducted on 108 bank employees. The perception of understudy respondents were gauged by asking them to show their response on 5-point Likert scale ranging from 1=strongly disagree to 5=strongly agree. The study model includes one independent variable viz., training and one dependent variable employee performance. Descriptive statistics were used to measure the level the perception across all the understudy variables. Further, correlation and regression analysis were carried to assess the relationship and relative influence of independent variables (training) on the dependent variable i.e., employee performance.

The variables examined in this study are:

1. Independent Variable: Training
2. Dependent Variable: Employee Performance

Findings:

Fig: Table-1
Descriptive Statistics

	Mean	Std. Deviation	N
Training	3.6389	.93298	108
Performance	3.2901	.60732	108

From the descriptive analysis of the data, it shows that standard deviation for both the variables is less than 1. According to Cohen (2003), for the normal distribution of data standard deviation must have a range of 0 to 1. As is evident that the standard deviation of both the variables fall within the range, the data may be considered normally distributed and Pearson correlation analysis may also be carried to assess relationship between variables understudy.

Table-2

Correlations

		Training	Performance
Training	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	108	
Performance	Pearson Correlation	.747**	1
	Sig. (2-tailed)	.000	
	N	108	108

** . Correlation is significant at the 0.01 level (2-tailed).

This table exhibits the direction and strength among the dependent and independent variables. It was found that there exists a positive high correlation between training and employee performance to the extent of 74.7% (.747**). The relationship is significant at 1% level of significance for two tailed test.

For hypothesis testing and studying the variable relationship regression analysis has also been carried on. The result of regression analysis by SPSS is reproduced in the following table:

Fig: Table-3
Regression Analysis
Coefficients^a

Model	B	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	R ²
		Std. Error	Beta				
1	(Constant)	1.520	.158		9.634	.000	.559
	training	.487	.042	.747	11.583	.000	

a. Dependent Variable: performance

The regression table provides the result of constant, coefficient of determination, t-value. Coefficient is the slope of regression line and it explains that 1 unit change in independent variable will bring how much change in dependent variable. The coefficient of determination (R²) explains how much variation in the dependent variable is explained by the independent variable.

The regression results interpret the value of coefficient .747 that indicates 1% change in independent variable (training) can result in 74.7% change in dependent variable (performance). Thus, if training is increased by 1%, this will result in 74.7% increase in performance. This relationship is positive and significant as shown by small p value. The value of coefficient of determination (R²) is .559 that reveals training accounts to 55.9% variation in performance and this can be viewed that there might be other factors that bring variation of 44.1% in the outcome variable. The t value for the hypothesis is 9.634 that training is a major predictor of performance.

Conclusion

The present study examined the influence of training on performance. It further presents that organizational performance is significantly determined by training imparted to the employees or in other words training is an important antecedent of performance. Performance of an organization relies on the employee commitment which in turn depends on the HR policy of training and development. The study of relationship of the employees' training with performance is important for today's managers because the modern business trends demands more efficiency, accuracy and effectiveness in less time and cost and this can be achieved only through design, development and deployment of excellent training programs to the employees. By introducing more training programs in the organization employees become interested to get more knowledge about their jobs which eventually helps them in getting promotions among their peer groups. Since training has significant influence on employee's work commitment and performance, it is important to reinforce and apply training as part of organizational agendas in achieving organizational goals.

It may conclusively be stated that training to a big extent leads to an improved employee's performance but still it is not the sole factor that leads to good performance rather it is a combination of factors. A lot of future research can be done on different factors in banking industry, but specifically in relation to employees' performance factors like training needs assessment, training programs design, development, & deployment are important to study for knowing their effects on the resultant employees' performance in banking industry. The role of managerial and leadership factors in employees' training and performance is also of unique importance and thus required to be investigated because a good manager or leader either increase or decrease the efficacy of training which in end affect employees' performance. The employee's compensation also has significant effect on the performance because the employees which are not paid well often show poor performance.

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