Delineation Of A Training & Development Model For Banking And Financial Sector Of India (With Special Reference To Mumbai Region)

Researcher
Geetika Dhoot

Supervisor
Dr. Vinod S. Khapne
Department of Commerce
Taywade College, Koradi

1.0 Introduction

In accordance with the International Financial Markets, India's diverse and comprehensive financial services industry is also growing rapidly, owing to demand drivers (higher disposable incomes, customized financial solutions, etc.) and supply drivers (new service providers in existing markets, new financial solutions and products, etc.). The overall Indian financial services industry comprises of several important sub segments, which include, but are not limited to-mutual funds, pension funds, insurance companies, stock-brokers, wealth managers, financial advisory companies, and commercial banks- ranging from small domestic players to large multinational companies. All the above mentioned Banking, Financial Services and Insurance (BFSI) sectors provide services (Chen et al., (2007) to a diverse client base- including individuals, private businesses and public organizations ().

This diversity is not only limited to the clients, but also the service providers i.e. employees of these companies (Bushardt et al., 1994). Moreover, it is the skill set and knowledge of these employees that determines the growth and development of these organizations. BSFI workforce requirement between 2008 and 2022 is expected to be about 4.2 million and sector may create up to 20 lakh new jobs in the next 5-10 years. For meeting this demand there is a need of well trained manpower for Indian BFSI sector (Haridas and Chandawarkar, 2017; Kumar and Prakash, 2018). Advantaged by issuance of new licences and efforts being made by the RBI and the Government to expand financial services into rural areas, the hiring trend may further get a boost from the public sector banks. Since most banking workforce is scheduled to retire in the times to come, they would be in dire need of fresh talent. As McCracken et al., (2012) has said that the knowing how a positive organizational training climate can help get a more commited workforce.

Presently, the BFSI sector is witnessing use of many unconventional methods like use of social media for higher profitability (Latif, 2012; Elnaga and Imran, 2013). Although the addition of such factors is very fast, the sector itself has seen a lot of changes throughout history that demanded its employees to remain highly skilled to be considered relevant in the field (Zehra, 2016). All the skill development in this sector has been traditionally through the various trainings (Al-Athari et al., 2002) organized by the human resource department of the respective organization. However, currently, in view of the high competition in this field it is necessary to know the most important factors that govern the capacity building (Ahmad et al., 2015; Kaur, 2016) of these employees. And for this a systematic study for identification of critical success factors in the training and development process was carried. Also, a Mumbai region specific model for improving effectiveness of training and development initiatives was delineated.

2.0 Research Methodology

The present study was carried out in three steps involving reconnaissance, data collection and analysis, followed by interpretation of statistics.

2.1 Scope of the study

The Scope of the study is restricted to study the training and development practices implemented in Banking and Financial Sector in the context of capacity building of employees and with special reference to Mumbai region.

2.2 Study Area

The Mumbai area was selected for this study as it is the main financial hub of Indian economy. Moreover, the availability of respondents who are exposed to varied Training and Development programs in this area is ample.

2.3 Design of Study and Sample Selection

The design of the study was random group design, where the BFSI organizations (operational during the years 2010 and 2016) in Mumbai region were selected randomly. Prior to sampling a reconnaissance survey was carried out and on the basis of this survey, it was observed that the total population i.e. the people working in the BFSI sector was found to be more than five lacs. Hence, for this size of population a representative sample selection was done using the sampling model proposed by Krejcie and Morgan (1970). According to this model, the above mentioned population needs 384 samples, which are to be selected randomly. Thus, the sample size for this study was 384; however, while conducting the survey, researcher could get data from more number of respondents and the final sample size for this study was 460.

2.4 Collection of Data

In the present study, all the data generation was done by using standard procedures. Data collection was carried out by using a structured questionnaire (research instrument) and by following survey method. For the collection of primary data, a structured research instrument, which was prepared on the basis of generally accepted principles of instrument design, and was carried out according to the standard methodology.

2.5 Reliability Estimation

Reliability of the questionnaire was assessed using the Cronbach's alpha procedure as well as test-retest method, which allowed determining the repeatability of the instrument. The criterion suggested by Nunnally (1978) i.e. a coefficient value larger than 0.6 demonstrates the internal consistency was used. The computed value of Cronbach's Alpha was 0.869, which confirmed acceptable level of reliability of the research instrument.

2.6 Validity

The validity of a measure refers to the extent to which it measures what it intends to measure. In this study, three different types of validity were considered:

2.6.1 Content validity

Content validity of the research instrument was determined on the basis of comprehensiveness of the literature used for development of the research instrument.

2.6.2 Criterion-related validity

The criterion-related validity of the research instrument was determined by examining the correlation coefficients between the different measures. The positive correlation coefficients obtained for all the variables indicated that the measures have a high degree of criterion-related validity when taken together.

2.6.3 Construct validity

In this study, convergent validity was checked for validation of the construct.

2.7 Statistical Analysis of Data

Statistical analysis of data was done with the help of various statistical tests. The descriptive statistics, such as mean, standard deviation, standard error, etc. was determined from the collected data. Factor Analysis procedure was used to develop a model for improving effectiveness of Training and Development Programs in BFSI sector. All statistical analysis of the data was done by using Statistical Package for Social Sciences (SPSS) 18.0 Software. The significance level was chosen to be 0.05.

3.0 Statistical Analysis of Data

3.1 Factor Analysis of Data Pertaining to Training in BFSI – Mumbai Area

The data pertaining to training related aspects like the planning for training, actual organization of training programs, quality of training, adequacy of training programs, relevance of training programs, resource persons, alignment of training programs to organization goals, satisfaction of the BFSI sector employees vis-à-vis training programs, etc. was subjected to factor analysis for the purpose of identifying the critical factors related training in the study area i.e. Mumbai. Factor analysis was used as it is a means by which the regularity and order in phenomena can be determined. This technique was used as it takes numerous measurements and qualitative observations and resolves them into distinct patterns of occurrence. Before analyzing the

data for factor analysis, multicollinearity was checked by determining the correlation coefficients (r^2). All the correlation coefficients (r^2) were observed to be less than 0.900, which confirmed the suitability of data for factor analysis. The results of the factor analysis are presented hereunder.

3.2 Kaiser-Meyer-Olkin (KMO) and Bartlett's Test

The sample sufficiency for Factor analysis was determined by calculating the KMO statistic. In the present investigation, the KMO statistics was found to be 0.895, which indicated adequate number of samples for Factor analysis (Kim and Mueller, 1978). Furthermore, for this data the Bartlett's test is highly significant (P<0.001), and therefore indicated a suitability of data processing employing factor analysis procedure (Bartlett, 1950) (**Table 4.25**).

Table 1: KMO and Bartlett's test results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.895
Bartlett's Test of Sphericity	Approx. Chi-Square	8280.576
	df	210
	Sig.	.000

3.3 Communalities

Proportion of a variable's variance explained by a factor was calculated by determining the communalities. With the present data sets, the extraction communalities were found to be fairly high, indicating that the variables fit well with the factor solution. The results of the communalities statistics are presented in **Table 4.26.**

Table 2: Communalities for all the Variables

Particulars	Initial	Extraction
Bank has a well-designed and widely shared training and development policy	1.000	.790
All training programs in my bank are well planned	1.000	.796
The quality of training and development programs in my bank is excellent	1.000	.812
Training programs are periodically evaluated and improved	1.000	.828
Training programs get adequate important in my bank.	1.000	.887
Participants in training programs are identified after careful analysis of development and training needs	1.000	.887
Trainings helps increases productivity of employees	1.000	.869
Training is part of the organizational strategy in my bank	1.000	.829
Training is encouraged and rewarded in my bank.	1.000	.814
Employees receives ample training and development relevant to their jobs	1.000	.864
Participants in training has helped my professional development	1.000	.754
Training and development has improved my productivity	1.000	.722
Training and development help us to achieve organizational goals.	1.000	.774
Trainings helps employees achieve individual professional goals	1.000	.605
Employees ge enough opportunities to participate in various training programs.	1.000	.810
Training and development programs are objectives based	1.000	.823
Participating in training programs has a positive impact on my promotion chances	1.000	.837
Participating in training programs will increase my job security	1.000	.896
Participating in training program has increase my job satisfaction	1.000	.870
Participating in training programs has a positive impact on my future employment prospects	1.000	.844
Overall, I am satisfied with the amount of training I receive on the job	1.000	.875
Extraction Method: Principal Component Analysis.		

3.4 Eigenvalues

The eigenvalues equal the sum of the column of squared loadings for each factor. **Table 3** lists the eigenvalues associated with each linear component (factor) before and after extraction. Before extraction SPSS has identified a total of 21 linear components (as the total numbers of variables are 21). The eigenvalues associated with each factor explains the variance explained by that particular linear component. The first components explain more than 50% of the variance. Since factor analysis is mainly used for data reduction, the minimum numbers of factors that explain more than 50% of variance (i.e. first factor) was selected.

Table 3: Total variance explained

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.598	50.466	50.466	10.598	50.466	50.466	10.186	48.507	48.507
2	1.235	5.880	56.347	1.235	5.880	56.347	1.434	6.829	55.336

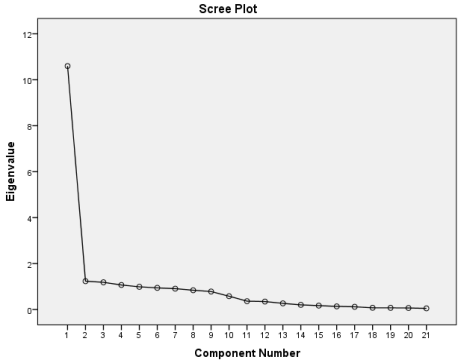
3	1.185	5.644	61.990	1.185	5.644	61.990	1.345	6.407	61.743
4	1.068	5.084	67.074	1.068	5.084	67.074	1.120	5.332	67.074
5	.988	4.706	71.781						
6	.944	4.494	76.275						
7	.907	4.321	80.596						
8	.839	3.996	84.592						
9	.783	3.730	88.322						
10	.580	2.761	91.082						
11	.364	1.732	92.814						
12	.347	1.651	94.465						
13	.269	1.281	95.746						
14	.202	.963	96.709						
15	.170	.811	97.520						
16	.137	.650	98.170						
17	.118	.564	98.734						
18	.075	.355	99.089						
19	.074	.351	99.440						
20	.066	.316	99.756						
21	.051	.244	100.000						

Extraction Method: Principal Component Analysis.

3.5 Scree Plot

A graphical method is the *scree* test first proposed by Cattell (1966). Based on the factors explained by the Kaiser criterion (Scree Plot), only one factor was confirmed. The scree plot (**Figure no. 1**) showed the presence of factors arranged in a descending order.

Figure no.1--: Scree plot of all Variables



Component Matrix

The "Component Matrix," un-rotated and rotated (**Tables 4**), indicates the factor loadings. The loadings above .6 are considered "high" and those below .4 are "low" (Hair, 1987).

Table 4: Component matrix (un-rotated) for all Variables

	Component			
	1	**2**	**3**	**4**
Participants in training programs are identified after careful analysis of development and training needs	.928			
Training programs get adequate importance in my bank.	.927			
Employees receives ample training and development relevant to their jobs	.915			
Training is part of the organizational strategy in my bank	.896			
Training is encouraged and rewarded in my bank.	.891			
Training programs are periodically evaluated and improved	.887			
The quality of training and development programs in my bank is excellent	.885			
Employees get enough opportunities to participate in various training programs.	.882			
All training programs in my bank are well planned	.881			
Bank has a well-designed and widely shared training and development policy	.873			
Participants in training has helped my professional development	.802			
Training and development help us to achieve organizational goals.	.799			
Trainings helps increases productivity of employees	.787			
Training and development programs are objectives based	–			
Overall, I am satisfied with the amount of training I receive on the job	–			
Participating in training program has increase my job satisfaction		.566		
Participating in training programs will increase my job		.549		

security				
Trainings helps employees achieve individual professional goals			.611	
Participating in training programs has a positive impact on my future employment prospects			.610	
Participating in training programs has a positive impact on my promotion chances				.872
Training and development has improved my productivity				–

Table 5: Rotated component matrix of all Variables

Rotated Component Matrix[a]				
	Component			
	1	2	3	4
Training programs get adequate important in my bank.	.939			
Participants in training programs are identified after careful analysis of development and training needs	.924			
Training programs are periodically evaluated and improved	.907			
The quality of training and development programs in my bank is excellent	.901			
Training is part of the organizational strategy in my bank	.897			
All training programs in my bank are well planned	.888			
Employees receives ample training and development relevant to their jobs	.882			
Training is encouraged and rewarded in my bank.	.878			
Employees ge enough opportunities to participate in various training programs.	.862			
Bank has a well-designed and widely shared training and development policy	.860			
Trainings helps increases productivity of employees	.758			
Training and development help us to achieve organizational goals.	.724			
Participants in training has helped my professional development	.718			
Training and development programs are objectives based	–			
Overall, I am satisfied with the amount of training I receive on the job	–			
Participating in training programs has a positive impact on my future employment prospects		.695		
Participating in training program has increase my job satisfaction		.665		
Trainings helps employees achieve individual professional goals			.735	
Participating in training programs will increase my job security			.515	
Participating in training programs has a positive impact on my promotion chances				.890
Training and development has improved my productivity				–
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

Factor Naming

Rotation (which is the step in factor analysis) allows identifying meaningful factor names or descriptions. In the present study, the rotation is *oblique*. Naming factors is a theoretical and inductive step, where the procedure usually considers three or four items with the highest loading on a particular factor, are selected and studied in relation to the prevailing concepts in the domain (training and development aspects in the BFSI sector in Mumbai region in this study) under investigation i.e. impact of training and development on BFSI sector. A common theme representation by different elements (items) was assessed for all the factors to get deeper insight about each factor. In naming the factor (**Table 6**), care was taken so as to have a simpler name for the factor, which was suggestive as to what dimension that factor represented. In general, the subjective assessment was carried out for naming the factors obtained. The factor analysis revealed that the training and development related aspects, which revolve around the one factor, is named as follows.

Table 6: Description of factors - All variables

Factors	Factor's Name	Loading Variables
Factor 1	Regular and Adequate Training Programs are planned after critical assessment	• Training programs get adequate important in my bank. • Participants in training programs are identified after careful analysis of development and training needs • Training programs are periodically evaluated and improved • The quality of training and development programs in my bank is excellent • Training is part of the organizational strategy in my bank • All training programs in my bank are well planned • Employees receives ample training and development relevant to their jobs • Training is encouraged and rewarded in my bank. • Employees ge enough opportunities to participate in various training programs. • Bank has a well-designed and widely shared training and development policy • Trainings helps increases productivity of employees • Training and development help us to achieve organizational goals. • Participants in training has helped my professional development
Factor 2	Positive Impact of Training Programs	• Participating in training programs has a positive impact on my future employment prospects • Participating in training program has increase my job satisfaction
Factor 3	Personal growth due to participation in trainings	• Trainings helps employees achieve individual professional goals • Participating in training programs will increase my job security
Factor 4	Improved promotion chances	• Participating in training programs has a positive impact on my promotion chances

Model for Effective Training and Development Programs in BFSI sector

Based on the factor analysis results, an empirical data based model for improving effectiveness of the training and development practices in the BFSI sector in the Mumbai region was developed. It was observed that the improvement in effectiveness of the training and development practices in the BFSI sector is a function of few main aspects, which are

- ❖ Adequacy of Training Programs
- ❖ Organization of Need Based Training Programs
- ❖ Periodic Evaluation of Training Programs

Model for Improving Effectiveness of Training & Development Programs in BFSI Sector

Bibliography

1. Ahmad, T., Farrukh, F and Nazir, S. (2015). Capacity building boost employees performance, Industrial and Commercial Training, 47(2), pp.61-66.
2. Al- Athari, A and Zairi, M. (2002). "Training evaluation: an empirical study in Kuwait", Journal of European Industrial Training, 26(5), pp.241-251.
3. Bushardt, S. C., Fretwell, C and Cumbest, P. B. (1994). Continuous Improvement through Employee Training: A Case Example from the Financial Services Industry, The Learning Organization, 1(1), pp.11-16.
4. Chen, C., Sok, P and Sok, K. (2007). "Exploring potential factors leading to effective training: An exclusive study on commercial banks in Cambodia", Journal of Management Development, 26(9), pp.843-856.
5. Elnaga, A and Imran, A. (2013). The Effect of Training on Employee Performance, European Journal of Business and Management, 5(4), pp. 137-147.
6. Haridas, S. R and Chandawarkar, M. R. (2017). Is employee training crucial for improving employee

performance in Indian banking sector?, Intercontinental Journal of Human Resource Research Review, 5(3), pp. 33-38.

7. Kaur, J. (2016). Impact of Training and Development Programmes on The Productivity of Employees in The Banks, Journal of Strategic Human Resource Management, 5(1).
8. Kumar, K and Prakash, A. (2018). "Developing a framework for assessing sustainable banking performance of the Indian banking sector", Social Responsibility Journal, https://doi.org/10.1108/SRJ-07-2018-0162
9. Latif, K. F. (2012). An integrated model of training effectiveness and satisfaction with employee development interventions, Industrial and Commercial Training, 44(4), pp.211-222.
10. McCracken, M., Brown, T.C and O'Kane, P. (2012). Swimming against the current: Understanding how a positive organisational training climate can enhance training participation and transfer in the public sector, International Journal of Public Sector Management, 25(4), pp.301-316.
11. Zehra, N. (2016). Training & Development Barometer for Effective Transformation of Organizational Commitment and Overall Performance in Banking Sectors of KPK, Pakistan: Qualitative study of Workforce of Bank of Khyber, International Journal of Academic Research in Business and Social Sciences, 6(6), pp. 246-267.