

**TRAINING AND DEVELOPMENT POLICIES OF PUBLIC  
AND PRIVATE BANKS- A CASE STUDY OF SOME  
SELECTED BANKS IN KARNATAKA**

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**Abstract**

All the activities that are undertaken in banking sector can be directly related to human resources from the point of procurement of employees till his/her retirement. So the policy of the banking sector has its programmes pertaining to the human resource management includes the following aspects. However, here an attempt is made to study the policies of both banks; this is crucial in order to be familiar with the policies of the banking industry, since it's these policies which underline the progress of the banking sector and its human resources. Some of the policies that are practiced include Planning Policy, recruitment policy, training policy, performance appraisal policy, promotions policy, transfers policy, wage and salary administration policy, motivation policy and retirement policy.

**Key Words:** Human resources, policies, Training and Development and banks.

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### **Introduction:**

During the last ten years, there has been an increasingly rapid change in the society as well the banking world. As a sequel, every business entity worth its reputation is placing utmost importance on the development of Human Capital - the knowledge, skills and motivation embodied in employees. The growing share of economic output in the services sector, including that of banking is turning to be knowledge and information-intensive. This in itself is placing a high premium on the continued upgrading of skills and competencies of the workforce.

The growth of the knowledge economy that has, of course, partly been stimulated by demand for the new types of goods and services, increasing globalization of economic activities and technological changes, have only multiplied the need and urgency for new or additional type of competencies, such as team work, problem solving communication skills and capacity to see workplace development in a broader context, among the employees. With the kind of reforms and the resulting changes that are currently overawing the Indian banks, the urgency to inculcate such competencies among the workforce is getting intensified in the banking sector. The present - day economy is very much dependent upon the various functions of banking practices; it is unthinkable for the country's economy for its growth, sustenance and development without the role of banks. The role of banks is essentially carried out by the people and therefore it is essential to have a well - trained and motivated staff to manage the banking operations. Success of the banking operations depend upon the people, the employee in particular depending on the training input given to them. Training is not static, it has to be periodically reviewed, updated and upgraded in tune with demanding situation of the economy, banking policy, advancements in Information Technology and expectations of customers.

### **Objectives of the Study:**

1. To study the role of T&D in empowering employees for the success of the banking industry.
2. To examine the policies and practices of the banking industry in relation to employees development.
3. To draw light on the various methods of T&D in use in the banking industry.
4. To analyze the benefits of training for both the banking industry and employees.

5. To study the extent of use of various methods of evaluation of training, and the extent of use at various levels of evaluation of training in the banking industry.
6. To analyze the levels at which management evaluates employees training in the banking industry.

### **Hypotheses:**

Ho: The Training undertaken in the banking industry does not benefit employees

H1: The Training undertaken by the banking industry does benefit employees

Ho: The training materials provided by the training institutions are not at all useful

H1: The training materials provided by the training institutions are useful

### **Methodology:**

The population of the present study is defined as all the banking organizations operating in Karnataka State. Therefore targeted banks reflect the whole population rather than a sample of the population. The main reason for choosing the entire population is to ensure that the sample is a representative and not biased. Appendix one shows the name, group and the number of banking organizations. In total 30 banks were taken as the population of the study. These were 18 public banks and 12 private banks. The rationales behind targeting these organizations as a subject of study refer to the important role they play in enhancing Indian economic performance. The banking sector which is a very active sector in India is one of the main pillars of the national wealth and its pushing the whole economy forward. Moreover banking organizations in Indian are known for their commitment to develop their employees to offer better quality customer services. These financial institutions pay more attention to T&D and expend more effort on money in T&D than any other Indian organizations. A purpose sampling technique of sampling was applied in determining the participants that will best enable the researcher to answer the research questions and to meet the research objectives. Thus the study targeted the banking organizations T&D, Employees and Managers. these people were chosen to be the respondents of this study, because they the people who have the required information about T&D issues,

management and its importance for organization success and also for their critical roles in their banks. A total of 1220 questionnaires were returned which was about 86 percent response rate and 15 interviews were conducted by the end of October 2010. The reason for relatively high response rate may be due to the fact that the questionnaire were distributed and collected by the researcher in addition to his follow up letter and visit to the banks. A total of 12 questionnaires were returned from public banks with a letter explaining that their bank policy does not permit them respond to surveys and two questionnaires were unusable because of missing data. In sum 30 banks were the population of the current study, 86 questionnaires targeted T&D and HRM managers in each bank, and 15 semi structured interviews were done with 15 managers from each bank. Despite the intention to interview 22 managers of whom 15 responded. The inputs from managers can be considered as favorable.

### **Sources of Data:**

#### **Primary Data**

Primary was collected from the sample of both public and private banks in Karnataka by adopting simple random method through a well structured questionnaire. Some banks were selected covering the entire Karnataka region. The banks that were selected were, Canara Bank, Corporation Bank, State bank of India, Indian bank, Allahabad bank, Syndicate bank, Punjab National bank, State bank of Hyderabad, Dena bank, Central bank of India, Union bank of India, Uco bank, IDBI bank, State bank of India, Indian Overseas bank, Vijaya bank, Bank of baroda and State bank of Indore this were in the public sector, in the private sector the banks were, HDFC bank, ICICI bank, Vikas Grameen bank, Dhanalaxmi bank, catholic Syrian bank, Ratnakar bank, Karnataka bank, Federal bank, Karur Visya bank, IndsInd bank, UTI bank and South Indian bank.

#### **Secondary Data**

The secondary data has been collected from a number of sources like books, journals, bank annual reports, bulletins, published articles, news papers and dissertations. In addition to this the study also made use of online journals and websites.

#### **Tools and techniques**

The data collected from different sources was cross checked and coded in the code sheet. Later the coded data was entered into master code sheet after cross checking if any entry was missing. Different statistical tools and techniques were used like mean, t-test, F-test or ANOVA and Chi-square.

**Planning Policy**

Planning is a vital policy function in the banking industry and integral part of the process of management. Planning is of critical importance in view of large scale expansion, diversification of activities and complexities of functions in banking. Planning is the process of determining the types of skills and capabilities, number of people, location and timing. However, here an attempt is made to study some of the objectives of public and private banks in relation to their planning policy and whether the policy is aimed at developing its human resources. The table below shows some of the objectives of planning in the banking sector.

**Table 1 Objectives of the Planning policy of Public and Private Banks**

Objectives	Respondent Bank		
	Public	Private	Total
	Respondent	Respondent	
Acquire and possess the right people	120(21.4)	109(24.8)	229 (22.9)
Helps the banks to prepare profit plan	111(19.8)	105(23.9)	126(12.6)
Ensures regular and smooth supply of personnel	98(17.5)	78(17.7)	176(17.6)
Helps to identify the training needs	101(18.0)	89(20.2)	190(19.0)
Helps to assess or forecast the future skills	130(23.2)	59(13.4)	189(18.0)
Total	560(100)	440(100)	1000(100)

**Source: Field Survey (Figures in parenthesis indicate percentage to column total)**

It can be inferred from the table above that the policies of public and private banks are evenly poised. 22.9 percent of the total respondents observed that planning helps to acquire and to possess the right people in the right jobs at the right times. 12.6 percent of the total respondents opined that planning helps the banks to prepare profit plan by assessing the additional staff required and thereby ascertaining the establishment expenses in terms of salary

and wages. 17.6 percent of the total respondents observed that planning ensures regular and smooth supply of personnel as and when required. 19.0 percent observed that planning helps to identify the training needs of the bank to make it an integral part of the human resources development. 18.0 percent opined that planning enables the bank to discover, at an early stage, the critical points in labour force where shortages are mostly likely to develop. Planning helps to assess or forecast the future skills requirement. Planning facilitates in ascertaining the possibility of detecting personnel within the bank possessing required skill who can be promoted.

**Table 2 Reasons for Human Resources Planning**

<b>Respondent Bank</b>			
procedures	Public	Private	Total
	Respondent	Respondent	
Up grading Technology	365(65.2)	299(68.0)	664 (66.4)
Avoid obsolescence	174(31.0)	45(10.2)	219(21.9)
Optimal use of resources	21(3.8)	96(21.8)	117(11.7)
Total	560(100)	440(100)	1000(100)

**Source: Field Survey (Figures in parenthesis indicate percentage to row total)**

From table 3.2 we can infer that technological advancements (66.4) and need for complete automation of services rendered by the banks makes it very important for the banks to make it as a part of their HR policy to train their staff and equip them to accustom to the technical infrastructure for enhancing their efficiency at their work place and to provide satisfactory services to their customers, complete automation of the banking services per regulation of RBI also make it important for the banks to take Technological training to their staff on priority as a part of HR policy. Obsolescence of service methods (21.9) is another important consideration to be taken by the banks, so that the staff could make optimal use of their resources and provide satisfactory services to their customers. Employees have to be trained on recent trends and be always updated. The last consideration mentioned by the respondents is the optimal use of resources. Employees have to be trained on how they can make use of the available resources in the most economical way as opined by 11.7 percent of the respondents.

**Table 3 Opinions of the Respondents towards the Department involved in designing contents of Training**

Respondent Bank			
Dept. concerned with Designing objectives	Public	Private	Total
	Respondents	Respondents	
HR. Dept.	293(52.3)	203(46.1)	496(49.6)
Training Dept.	157(28.0)	116(26.4)	273(27.3)
Head Office	46(8.2)	60(13.6)	106(10.6)
Training Colleges	20(3.6)	35(8.0)	55(5.5)
Trainees	31(5.6)	23(5.2)	54(5.4)
Cannot Say	13(2.3)	3(0.7)	16(1.6)
Total	560(100)	440(100)	1000(100)

**Source: Primary Survey (Figures in parenthesis indicate percentage to column total)**

Table 3:4 above shows the responses of employees as to the department involved in designing the training objectives to meet the various uncertainties on account of its human resources. The inference made from the above table is the major role played by HR department (49.6) in the banking sector. The department has to design the training objectives in relation to four aspects, objectives relating to new branches, existing branches, and administrative offices and on account of replacements. The training objectives in the new branches have to deal with tapping the business potentiality of an area and proper and adequate staffing. Hence, the objectives have to be made on the basis of business expansion, and the number of branches that are planned to be opened during the coming years. The objectives relating to administrative offices are created for guiding, directing, controlling the branches and ultimately to coordinate different functions so as to achieve, the corporate objectives. The objectives relating to replacement has also to be assessed by the HR department for this is the most difficult part due to uncertainty in nature on account of death, resignation and retirement.

**Recruitment, Selection and Placement Policy:**

Recruitment and Selection are the basic ingredients in the manpower management which have considerable impact on the employee attitude towards work. Hence, employee’s recruitment and selection should be devised in such a way that the banks get people who have the aptitude for bank work and get the job satisfaction in it. Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. Selection refers to the process of offering jobs to one or more applicants from the applicants. The table below indicates the criterion used for selected employees.

**Table 4 Approaches used in Recruitment and Selection of Employees**

Modes used	Sex						Total
	Public			Private			
	Male	Female	Total	Male	Female	Total	
Examination and Interview	175 (57.7)	154 (60.2)	329 (58.8)	122 (49.4)	93 (48.2)	215 (48.9)	544 (54.4)
Reservations	90 (29.6)	80 (31.3)	170 (30.4)	92 (37.3)	69 (35.8)	161 (36.6)	331 (33.1)
Compassionate Grounds	39 (12.8)	22 (8.6)	61 (10.9)	33 (13.4)	31 (16.1)	64 (14.6)	125 (12.5)
Total	304 (100)	256 (100)	560 (100)	247 (100)	193 (100)	440 (100)	1000 (100)

**Sources: Field Survey (Figures in parenthesis indicate percentage to column total)**

It can be inferred from the above table that examination and interviews is the most important way of used approach in recruitment and selection of employees (54.4). The banks have banking service recruitment board (BSRB) which sets and evaluates the exams and there after the results of recruits are announced before they are selected. it show the transformation the banking sector has undergone from the early one where it used to recruit and select employees based on the family background and good reports from the managers.



To uplift people belonging to certain communities who are socially, educationally and economically backward and to give them a place in a society and also to remove social injustice done to them for decades, certain privileges have been given to them. The banking service recruitment boards also have to follow the directions of government in this regard while making recruitment into the banking industry. 15 percent has to be reserved for scheduled caste (ST) and 7.5 percent reserved for scheduled tribe (SC). They are also required to pay application and examination fees only to extent of 25 percent of the actual fee paid by other candidates. They are eligible for travelling allowance to and fro to extent of single railway fare from their residence to the place of interview. Some case are there when they banks are moved to recruit and select employees on compassionate grounds.

**Training and Development Policy:**

Training is essential to impart the practical knowledge of the job. Training has been compulsory for both new and experienced staff. For the experienced, training raises the level of performance on their present job assignment. For new employees, it helps to acquit them with latest methods of performing the job and improving further their work efficiency. Training may be defined as a process of developing an understanding of some organized body of facts, rules methods. Or is the increasing of knowledge and skills of an employee for doing a particular job.

**Table 5 Opinions of Managers towards benefits of Training Employees**

Benefits to the banks	Respondents		Total
	Public Banks	Private Banks	
Increased productivity	6(40.0)	7(22.7)	13(43.3)
Reduced employee turnover	2(13.3)	1(11.6)	3(10.0)
Increased efficiency	4(26.7)	5(37.5)	9(30.0)
Decreased supervision	3(20.0)	2(28.1)	5(16.7)
Total	15(100.00)	15(100.00)	30(100)

**Source: Field Survey (Figures in parenthesis indicate percentage to column total)**

It's a known fact that training the human resources has a lot of benefits to the Banking industry if not in the short term then in the long term the benefits of training will be realized. Banks have set aside a certain percentage of its expenditure in training its workforce. Training is not a waste of money and time but an investment that will bear fruits in the future. It can be inferred from the above table that banks invest in the training of its human resources have experienced an increased productivity as cited by 43.3 percent of the total respondents. Employees who are trained performs better and meets the target set by the banks, hence as a result productivity will automatically increase in turn banks profitability will also.

It's a known fact that the bank benefits from training its employees in the form of increased efficiency as opined by 30 percent of the total respondents of the banking industry. Efficiency of employees who are trained increases as there are better placed with the new methods of performing work easier and faster. Training also will help the bank in reduction of supervision. Trained workforce needs less time or no supervision in performing the various duties of the banking industry to its customers. The banking industry will benefit immensely from training its employees in the form of reduced turnover.

In comparison of the two banking sector on the benefits of training and development of its human resources it can be noticed that 40.0 percent of the public bank respondents cited that T&D increased productivity, while 22.7 in the in the private sector opined to the same. 37.5 percent of the private and 26.7percent of public opine that it has led to increased efficiency. In all it has been accepted fact that the banks befits a lot from training and developing its employees.

Training is also a two way aspect; both the banking industry and employees are equally benefited. We posed a question to the respondents in confirming whether they benefit from the training they received. The table below shows the benefits of training to the human resources (employees).

**Table 6 Age and Opinions of Employees towards the benefits of Training**

Employees Benefits	Age										Total
	Public					Private					
	20 -30	31-40	41-50	Above 51	Total	20-30	31-40	41-50	Above 51	Total	
Better Relations	18 (25)	187 (60.9)	137 (64.6)	4 (44.4)	346 (61.8)	10 (22.7)	70 (31.5)	47 (28)	2 (33.3)	129 (27.5)	475 (47.5)
Job Satisfaction	10 (31.3)	89 (29)	48 (22.6)	3 (33.3)	150 (26.8)	30 (68.2)	121 (54.5)	107 (63.7)	2 (33.3)	260 (59.1)	410 (41.0)
Promotion	4 (12.5)	24 (7.8)	20 (9.4)	1 (11.1)	49 (8.8)	1 (2.3)	22 (9.9)	10 (6)	1 (16.7)	34 (7.7)	83 (8.3)
Not Helpful	-	7 (2.3)	7 (3.3)	1 (11.1)	15 (2.7)	3 (6.8)	9 (4.1)	4 (2.4)	1 (16.7)	17 (3.9)	32 (3.2)
Total	32 (100)	307 (100)	212(100)	9 (100)	560 (100)	44 (100)	222 (100)	168 (100)	6 (100)	440 (100)	1000 (100)

**Source: Field survey (Figures in parenthesis indicate percentage column total)**

The benefits of training cannot be exaggerated as it's a known fact that if you hire good you ought to invest in their training. In table 3:6 we saw the benefits the banks receive as a result of training its human assets. Banks that ensure investment in their employees will reap their investments promptly. It is also a regulation from RBI that banks have to invest in the training of its employees. As it can be inferred from the table above employees is benefited mostly in managing relations (47.5) with other working colleagues and the management. Trained employees will be in a better position to understand how to handle range of activities even when things are not proper, an employee's who has undergone training knows how to face and handle the situations in the most amicable ways. There is increased morale in the form of job satisfaction (44) in the part of employees as result of training. Employees are trained in the latest ways of performing tasks which earlier looked cumbersome, but after training employees enjoy the way it has been simplified to their delight. Training has also been cited by (8.3) that has

benefited employees in assuming higher responsibility in the form of promotion. Promotions are encouraged for employees who have performed well in their respective departments and it's a source of encouragement to the promoted and the rest who may also try to work hard in order to be promoted in the near future. Training employees will help them to widen the scope of promotions as they are trained in various areas and in handling range of responsibilities. Some employees may be promoted to head new branches or be financially uplifted. The rest of the respondents (3.2) were unable to cite whether they had benefited from training. It can be concluded that majority (61.8) of the public bank employees have benefited from training in handling relations in a better way, while majority (59.1) of the private bank employees have immensely benefited in the form of job satisfaction.

**Hypothesis 1**

Ho: The Training undertaken in the banking industry does not benefit employees

H1: The Training undertaken by the banking industry does benefit employees

**Table 7 Benefits of Training to Employees and F-test**

Respondent Bank										
Between / Within Groups	Public					Private				Sig.
	Sum of Squares	df	Mean Square	F	Sig.	Sum of Squares	Df	Mean Square	F	
Between Groups	.070	1	.070	.138	.710	3.50	1	3.501	6.026	.014
Within Groups	222.47	438	.508			324.20	558	.581		
Total	222.54	439				327.70	559			

**Source: Field survey**

ANOVA test is conducted to check whether any significance difference exists in the benefits employees receives from training among the two banking sector as cited by the respondents. As per the ANOVA test as shown in the table above, there is no significant difference among the two banking sector as far as the benefits received by employees through training as the P value is more than 0.05. The F value of response as per private bank is higher than that of public

indicating favorable benefits in the private sector than public sector banks (6.026 and 0.138). Hence, we reject the null hypothesis which states that training undertaken in the banking sector does not benefit employees, as the F calculated values are more than P value and accept the alternative hypothesis that training has benefited employees.

**Administration of Training Policy:**

The entire training programme in banking is need based. There is no prescribed syllabus. It is devised depending on the need. The training colleges or training department in some banks ascertain the training requirements from the branches. Then the training college will draft a training programme depending on the requirements, followed by an annual training plan and get it approved by the management. As far as possible the programme will be conducted as per the plan. But a change in the schedule is also permitted. After obtaining the approval, call letter will be sent to the different branches to enable them to send the employees to the colleges for training.

**Table 8 Opinions of respondents about Colleges attended for Training**

Respondent Bank			
Colleges Employees Attend Training	Public	Private	Total
	Respondents	Respondents	
The Bankers Training College- Bombay	148(26.4)	119(27.1)	267(26.7)
National Institute of bank management	165(29.5)	142(32.3)	307(30.7)
The Indian Institute of Bankers	121(21.6)	89(20.2)	210(21.0)
Training Colleges and centres of State Bank of India	124(22.1)	90(20.5)	214(21.4)
Total	560(100)	440(100)	1000(100)

**Sources: Field Survey (Figures in parenthesis indicate percentage to row total)**

It can be inferred from the table above that employees have attended the colleges/centers of training. The attendance among the colleges is evenly posed. Once training has been planned and employees have been identified they are sent to this colleges either for refresher training or to learn new ways of performing tasks. The most important point in these colleges is that once employees have come for training, their training is arranged beforehand. 26.7 percent of the total respondents, 26.4 percent of the public respondents and 27.1 percent of the private banks respondents cited to have attended the training in bankers training college of reserve bank of India. They further opined that the Reserve bank of India has taken a lot of initiative and played active role in building up of institutional arrangements to impart training to banking of human resources. This is for the purpose of providing facilities for training in banking and for promotion of research. At present, the Reserve Bank of India maintains three training colleges and four zonal training centres. 30.7 percent of the total respondents, 29.5 percent of the public bank respondents and 32.3 percent of the private bank respondents observed that they have attended training in training college/centres of state bank of India. They further opined that from the days of its predecessor Imperial Bank of India, the state bank of India, has been following systematic policy of providing training to its employees. After establishment of state bank of India, special training institutions have been set up by this bank. It can be noticed further that state bank of India established its training college at Hyderabad with the objectives of trying to improve decision making, develop problem solving ability and to develop desirable attitudes. The college offers regular training courses for probationary and staff officers and officers of associate banks of the state bank. Besides regular courses, seminars on various subjects of banking and its organization are arranged in this college.

21.0 percent of the total respondents, 21.6 percent of the respondents of public sector and 20.2 percent private sector banks respondents cited that they have attended training at the national institute of bank management (NIBM) established at Bombay in 1969, with the support of the government of India, to serve the nucleus of all training, research, and development activity.

### **Mobile Training Units:**

In recent years, many public sector banks have established mobile training units. They are commonly known as “Roving Instructors”. The unit consists of a team of selected staff. The unit

visits different places or branches where the training is to be imparted. The team carries with it all teaching materials such as reference books, audio visual equipments etc. necessary for class room teaching. The camp usually in a regional office, for a specified period either one month or so and conduct training programme to cater to the needs of branches of that area either during office hours or after office hours. These mobile institutions have reduced to a great extent the expenditure of travelling allowance (T.A), dearness allowance (D.A) and other incidental charges payable to trainees. The bank can also have optimum utilization of the training staff. The team carries with it all teaching materials such as reference books, audio visual equipments etc. necessary for class room teaching. The table below shows the responses of employees towards the teaching materials provided by these mobile training units.

**Table 9**

**Age and Opinions of the Respondents about the Training Materials provided by training Institutions**

Age	Are the training materials /handouts provided useful								Total
	Public				Private				
	Most Useful	Useful	Not Useful	Total	Most Useful	Useful	Not Useful	Total	
20-30	4 (12.5)	26 (81.3)	2 (6.3)	32 (100)	16 (36.4)	27 (61.4)	1 (2.3)	44 (100)	76 (7.6)
31-40	170 (55.4)	124 (40.4)	13 (4.2)	307 (100)	126 (56.8)	93 (41.9)	3 (1.4)	222 (100)	529 (52.9)
41-50	77 (36.3)	132 (62.3)	3 (1.4)	212 (100)	62 (36.9)	95 (56.6)	11 (6.6)	168 (100)	380 (38.0)
Above 51	3 (33.3)	6 (66.7)	-	9 (100)	2 (33.3)	4 (66.7)	-	6 (100)	15 (1.5)
Total	254 (45.4)	288 (51.5)	18 (3.2)	560 (100)	206 (46.8)	219 (49.8)	15 (3.4)	440 (100)	1000 (100)

**Sources: Field Survey (Figures in parenthesis indicate percentage to row total)**

It's clear from the table 3.18 above showing the age and responses of the respondents towards the training materials provided by the Mobile Training Units. It can be inferred that in all the

study materials were found to be useful in both banking sectors. 51.5 percent of the opined that they were useful while 49.8 percent of the private also opined that the materials provided were useful. 46.8 percent of the private employees and 45.4 percent of the public opined that the training materials were most useful. 3.2 percent and 3.4 percent of public and private cited that the training materials were not useful.

It can be inferred from the table and graph that the training materials were mostly useful to the age group of between 31-40 and 41-50. While the age group between the ages of 20-30 and above 51 ages the training materials. The respondents of ages 20-30 wanted materials in the form internet and not in books form while above ages said the materials were nothing new since they are experienced in all respects of bank matters.

**Hypothesis 2**

Ho: The training materials provided by the training institutions are not at all useful

H1: The training materials provided by the training institutions are useful

**Table 10 Usefulness of Training Materials, F-test (ANOVA)**

Between / Within Groups	Public					Private				
	Sum of Squares	df	Mean Square	F	Sig.	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.500	3	2.167	7.179	.05	7.788	3	2.596	8.761	.05
Within Groups	131.589	436	0.302			164.755	556	0.296		
Total	138.089	439				172.543	559			

**Source: Field Survey**

The calculated (actual) value is 7.179, at the degree of freedom of 3, 436 at 5% level of significance is 8.53 in the case of public banks, hence there is no significant variation between the training materials provided. Meanwhile in the case of private banks the calculated value is 8.761 at degree of freedom of 3, and significance level of 5% is 8.53 which is less than the calculated value. The value is negligible variation on the part of training materials provided.



Hence we can conclude that there was some effectiveness of the training materials in the part of private banks than in the public banks.

**Performance Appraisal Policy:**

Performance Appraisal forms an essential part of human resources development. There can be a choice between the methods of appraisal but no institution can have a choice as to whether or not to appraise its human resources and their performance. In any organization there is some sort of evaluation of its employees. In banking, performance of employees touches every aspect of social and economical activity due to its importance. Performance appraisal, therefore gains added importance.

**Table 11 Education Level and Opinions of Respondents about Performance Appraisal**

Employees Appraisal in Banks											
Education level	Public					Private					Total
	Didn't work	Lack of confidence	Little feedback	Didn't improve service	Total	Didn't work	Lack of confidence	Little feedback	Didn't improve service	Total	
High school	4 (30.8)	5 (38.5)	2 (15.4)	2 (15.4)	13 (100)	6 (42.9)	3 (21.4)	2 (14.3)	3 (21.4)	14 (100)	27 (2.7)
P.U.C	16 (48.5)	4 (12.1)	6 (18.2)	7 (21.2)	33 (100)	9 (52.9)	2 (11.8)	2 (11.8)	4 (23.5)	17 (100)	50 (5.0)
Graduation	155 (37.2)	110 (26.4)	75 (18)	77 (18.5)	417 (100)	104 (33.9)	94 (30.6)	54 (17.6)	55 (17.9)	307 (100)	724 (72.4)
Post Graduation	30 (42.9)	14 (20)	8 (11.4)	18 (25.7)	70 (100)	41 (50.6)	21 (25.9)	7 (8.6)	12 (14.8)	81 (100)	151 (15.1)
others (specify)	10 (37)	7 (25.9)	5 (18.5)	5 (18.5)	27 (100)	5 (23.8)	9 (42.6)	5 (23.8)	2 (9.5)	21 (100)	48 (4.8)
Total	215 (38.4)	140 (25)	96 (17.1)	109 (19.5)	560 (100)	165 (37.5)	129 (29.3)	70 (15.9)	76 (17.3)	440 (100)	1000 (100)

Source: Field Survey (Figures in parenthesis indicate percentage to row total)

It can be inferred from the above table that performance appraisal undertaken by the banking industry had a poor response from the respondents. Table 3.15 shows the responses of bank employees, considerable number of Bank employees who responded to the current performance appraisal undertaken by the banks. 72.4 percent of the total respondents opined that the current performance appraisal did not work. When the two banks are compared 38.4 percent of the public respondents and 37.5 percent of the private sector respondents opined that performance appraisal did not work to the satisfaction of their superiors. 25 percent and 29.3 of public and private bank respondents opined that employees lacked confidence in the system. 17.1 percent and 15.9 percent opined that employees received little or no feedback from their supervisors on their performance. While 19.5 percent and 17.3 percent of the respondents said that performance appraisal did not help them improve service.

It can also be inferred that majority of the respondents who gave opinions and had an understanding on how performance appraisal worked were those respondents with a graduation as level of education. The least who never understand well what performance appraisal is all about are those with SLIC as basic level of education.

**Promotion Policy:**

Promotions decisions are more sensitive areas in human development, as in this competitive scene and limited promotional opportunities these decisions may lead to frustration, if the deserving are not promoted in time. An employee has little incentive for self development if he has no opportunity to secure step promotion within the organization. It's therefore, necessary that promotional decisions should be very carefully handled. Here an attempt is made to study reasons for practicing promotions in the banking sector.

**Table 12 Reasons for Practicing Promotions in Banking Sector**

Reasons	Respondent Bank		
	Public	Private	Total
	Respondents	Respondents	
Promote Change	167(29.8)	223(50.7)	390(39.0)

Instill Status and Prestige	113(20.2)	116(26.4)	229(22.9)
Offer more Responsibilities	241(43.0)	90(20.5)	331(33.1)
Avoid Conflicts	39(7.0)	11(2.5)	50(5.0)
Total	560(100)	440(100)	1000(100)

**Source: Field Survey (Figures in parenthesis indicate percentage to column total)**

The table above shows the reasons for practicing promotions in banks. It can be inferred that the sector has promotional policies for its human resources. 39.0 percent of managers observed that promotions involve change in the status and responsibilities. Hence, banks have to practice this policy as opined by 29.8 percent respondents of public bank and 50.7 percent of private sector respondents. 22.9 percent of the total respondents, 20.2 percent of the public and 26.4 percent of the private sector respondents observed that promotion is the movement to a position in which responsibilities and presumably prestige are increased. Hence, the banks do promote their employees to these positions to accost them the responsibilities and prestige. 33.1 percent of the total respondents, 40.3 percent of public managers and 20.5 percent of private managers observed that promotion is the advancement of employee to a better job, better terms of responsibilities, more prestige and status, greater skill, higher grade and salary and increased privileges. Ordinarily, promotion is regarded as change that results in higher earnings but increased earnings are not essential in promotion. In some cases promotions are undertaken with the aim of avoiding conflicts as opined by 5.0 percent of the rest of the total respondents, 7.0 percent of the public respondent managers and 2.5 percent private manager's respondents.

### **Transfer Policy:**

Transfers are inevitable in banking due rapid expansions in the banking. Transfer is a management function. But it involves the welfare and working conditions of the employees. Hence, the issue, of transfer should be approached with humanitarian touch and handled carefully. A transfer involves the shifting of an employee from one job to another with special reference to changing responsibility or compensation. The table below shows whether training is linked to transfers.

**Table 13**

**Education level and Opinions Managers about Bank Policy of T&D is linked to Employee`s Placement/Transfers**

Education level	Is the bank policy linked to employees placement/transfers						
	Public			Private			Total
	Yes	No	Total	Yes	No	Total	
Graduation	6(85.7)	1(14.3)	7(46 100)	2(66.7)	1(33.3)	3(100)	10(33.3)
P.Graduation	4(66.7)	2(33.3)	6(100)	6(60)	4(40)	10(100)	16(53.3)
Others	1(50)	1(50)	2(100)	1(50)	1(50)	2(100)	4(13.3)
Total	11(73.3)	4(26.7)	15(100)	9(60)	6(40)	15(100)	30(100)

**Source: Field Survey (Figures in parenthesis indicate percentage to row total)**

Table 3.26 above shows the managers opinions relating to the T&D policy of the banking, whether it's linked to employees transfers/placements. In the cause of banking businesses, transfers have to be effected. 53.3 percent of the total respondent's emphatically opined with a yes, T&D policy of the banking sector is linked to employee's transfers/placements. They further cited that the need for transfer/placements in the banking industry to provide greater job satisfaction and make employees contribute their best to the organization. Transfers are needed to retain efficient employees. Transfer may be necessary to rectify the wrong placement of employee. Transfers are initiated due to the fact that keeping an employee continuously at one place leads to his/her ineffectiveness due to monotony in the job, besides the possibility of developing certain vested interests or indulging in frauds etc. Sometimes transfers are made to meet the needs of the bank, occasioned due to rapid branch expansion. When the employee does not get well along with fellow employees or superiors or branch manager's transfers are made to solve such conflicts.

Transfers may generally result in changes in responsibilities and duties. They may also involve changes in pay. Transfer consists of a re-assignment of an employee to another job of similar pay, status and responsibility. A transfer is a horizontal move from one job to another. Normally

the initiative for a transfer is taken by the bank but in certain cases an employee may initiate the process of transfer.

### **Conclusions:**

Changes in technology, especially information technology, generate knowledge spreading up at tremendous speed, as well as its quick obsolescence. The period of mass production is over and the customers are very selective. Increased consumer demands require new solutions and knowledge. Due to increasing competition, the banking industry is required to constantly revise its product and service mix, managerial methods, and to increase human development. Modern conditions of dynamic competition, sophisticated information technology, knowledge economy, market globalization, have changed the relation to importance of human resources in sectors. These conditions actualize the human capital as the strategic resource of every sector. In a more and more global, complex and turbulent environment, training and development is the only reliable source of competitive advantage. Traditional factors of manufacturing as the soil, labor and capital did not disappear, but their significance is not primary anymore. It is crucial for the banking industry to align all its policies to its pivotal and indispensable asset (Human resources).

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