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Training and Development of Employees in Banking Sector

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ABSTRACT

It is imperative that individuals and organizations grow and evolve in tandem to ensure their survival and achieve shared objectives. Thus, human resource development is a necessary component of organizational development for any modern management. One crucial component of human resource development is employee training. The crucial component of human resource development is employee training. One of the core operational responsibilities of human resource management is the specialized function of employee training.

INTRODUCTION

Because of changes in the economic climate, globalization, political reform, and technology advancement, the work environment is dynamic by nature. Thus, businesses are up against more competition. (Barsoux, Evans, and Pucik, 2002).

Businesses must give their staff members the more advanced and essential training they need to meet these difficulties and improve even further. This is due to the fact that a company's people resources typically determine whether it succeeds or fails (Aruna, 2019).

People are thought to be one of the most valuable resources in modern businesses because they have access to tacit knowledge that can be used by the company to gain a competitive edge. The ability to develop people is a key component of every organization's modern competitive advantage because it satisfies the requirements of Barney's (1991) valuable, scarce, unique, and non-substitutable resource model for human capital.

Employee development necessitates a managerial approach that guarantees the use of human resources or capital in a way that creates value for the company by providing it with a competitive edge, ultimately resulting in the accomplishment of the organization's goals, vision, and mission (Kiiru, 2015).

"Capital is no longer used to describe only physical resources of an organization like plants, tools, buildings, and vehicles that are used in the production process" (Olaitan, 2013) is a statement that describes modern economics. The concept of capital, which is the investment in knowledge and training, is now expanded in modern economics to include human capital, also known as intellectual capital. The public's increasing demands and regulatory factors (Pérez, 2014; Sutton & Jenkins, 2007) are the main causes of the challenges facing the banking sector today. Other factors include the rise of competitors who are not in the banking sector but nevertheless provide the financial services that banks typically provide (Langley, 2016; Sutton & Jenkins, 2007). Banking organizations typically combine significant financial capital with highly competent human capital—both in terms of knowledge and skills—in response to these difficulties (Aldrich, Dietz, Clark & Hamilton, 2015).

Specifically, training is essential to meeting organizational goals by enhancing both organizational and individual performance (Rothwell & Kazanas, 2008; Salas & Stagl, 2009; Spitzer & Conway, 2002). It improves the skills, abilities, and attitudes required of workers to carry out a business's strategy (Ubeda, Lajara, Sabater, & García, 2013). It also raises motivation, productivity, quality of work, and workplace satisfaction (Niazi, 2011). Because of this, higher management anticipates that training expenditures will result in increased productivity and better business outcomes (Ubeda et al., 2013).

It is certainly not overstatement to say that human capital is an essential component of production input and that human resources are the most valuable asset of every firm, anywhere in the globe. This is due to the fact that, although systems and procedures aid in the accomplishment of organizational goals and objectives, people, or human resources, are ultimately responsible for the actual accomplishments as they are the ones who carry out the labor and provide the insights acquired through education and experience.

According to Armstrong (2001), training is the process of learning that alters behavior through instruction, growth, and organized experience. In the context of this study, training is understood to be a purposeful method directed at maximizing an employee's performance gains on the job and, consequently, facilitating their career advancement. Because of the rapid advancements in technology, the majority of firms today recognize the value of training in raising staff productivity. This is so that it can be focused on acquiring particular or specialized information and abilities for a certain goal. According to Cole (2002), training is the most important factor that a company can use to help employees improve their knowledge, abilities, and capacity to do their jobs well. According to De-Cenzo and Robbins (1996), training is a fundamental educational experience necessary for a long-term or permanent change in a person's aptitude, knowledge, abilities, attitude, and social conduct. This demonstrates that in order to become more productive workers, staff members need to receive greater training in order to develop their abilities, knowledge, attitudes, and social behaviors.

In the business sector, a number of things affect an organization's development, growth, and goodwill. Training is one of these elements that has a significant impact on improving both worker performance and organizational productivity. As a result, the company has to determine what training needs it has and give its staff members better instruction (Aruna, 2019).

The body of research on the subject shows that employee and organizational performance can both be enhanced by training. Training and career advancements go hand in hand. It is a method for lifelong learning created to improve a person's needs, skill level, and aspirations in relation to present or future organizational demands. According to Rastogi (2000), human resources are essential components of any firm, particularly when it comes to the ongoing development of personnel.

"The knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social, and economic well-being" is how career development is thus defined (OECD, 2001). Career development, according to Nadler and Nadler (1970), is a course of action taken in an organization to induce behavioral change, enhance individuals' abilities, and result in an increase in performance. The opinions of Nadler and Nadler (1970) were endorsed by Werner and DeSimone (2006). According to their perception, career development is an ongoing process that is created by an organization with the goal of giving staff members the chance to acquire and improve the skills they'll need to perform well in both their current roles and any future ones. Career development, according to Solkhe and Chaudhary (2011), is a managerial choice and practice that essentially acts as a guide for the human resources, influencing and controlling how they perform on the work. Becker (1964) asserted that human capital theory sets itself apart from the development of human capital in terms of both firm-specific and general-use abilities. In his groundbreaking Employers, according to Becker (1964), won't spend money on general training in competitive labor markets.

They are, nevertheless, prepared to spend money on specialized internal training and education that isn't transferable to other companies. There is a claim that while broad training boosts employee productivity at many firms outside of those that provide it, specialized training yields benefits in an ongoing education with the training firm, or the sponsored firm.

There is a claim that while broad training boosts employee productivity at many firms outside of those that provide it, specialized training yields benefits in an ongoing education with the training firm, or the sponsored firm. This theory considers each of these events independently and comes to two key conclusions. The first finding said that businesses will split the costs and benefits of investing in individuals with firm-specific talents. Second, because they can't reap the benefits of investing in their employees' general abilities in a labor market that is competitive, businesses won't do so.

The basic neoclassical model of supply and demand in the labor market, which is based on wage levels and the relative benefits of work compared with non-work, is attempted to be modified by the human capital theory. It acknowledges that disparities in experience, education, and training lead to disparities in costs and wages across a wide range of labor markets.

The profitability of the items in such marketplaces and the degree of skills required to manufacture those products—skills that are acquired via education and experience—have a direct bearing on wage levels. However, Katz and Ziderman (1990) contend that if a worker's degree of training is not recognized by the market, the company might be ready to invest in his general skills. Acemoglu and Pischke (1998), who created a study model in which the training business receives better information on the worker's abilities during the training term, support this. Adverse selection results from companies' informational disadvantage in the external labor market; that is, the equilibrium market wage is less than the marginal product of highly trained workers. As a result, a training company can profit from general training and has some monopoly control over its employees. This theory holds that the most prosperous nations and businesses are those that manage their human capital in the most effective and efficient ways possible. These methods include investing in employees, encouraging employees to invest in themselves, and offering a good learning environment that includes social capital in addition to skills and training (Becker, 1964). This hypothesis has a lot to do with employee performance as well as career development and training. The reason is that it demonstrates how career growth and training will result in higher employee performance.

CONCLUSION

There is sufficient data to demonstrate that employees who receive frequent training are the ones who offer their clients higher-quality services. Ad hoc initiatives are not sufficient to create an integrated and proactive training and development strategy; instead, a cohesive corporate culture is needed. People are one of the most valuable assets in a service-oriented industry like banking, and in order to compete, banks must effectively manage their employees at every stage of their careers. It is concluded that public sector banks provide their staff with training and development opportunities in order to boost productivity. Banks offer training programs to improve employees' knowledge and abilities in order to better serve their clients. The expansion of the banking industry in India is attributable to the skilled labor force that arises from training and development.

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