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**A Study on the Effectiveness of Training in Public Sector and Private Sector Banks**

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Abstract

In the banking sector, training and development of employees is vital in ensuring that banks remain competitive, adapt to technology and regulatory changes, and deliver quality customer service. This study examines the effectiveness of training programmes in both public sector banks and private sector banks, comparing how each sector approaches training, how employees perceive it, and what outcomes arise (such as knowledge acquisition, skill improvement, commitment, performance). Drawing on the literature and a proposed methodology, this paper sets out a conceptual framework, hypotheses, and managerial implications. The study is particularly relevant in the context of Indian banks and emerging-market banking environments.

Keywords: Training effectiveness, public sector banks, private sector banks, banking sector, human resource development, employee performance, comparative study

1. Introduction

The banking industry has undergone significant changes in recent decades: technology adoption (internet banking, mobile banking), competition from non-bank fintechs, regulatory changes, changing customer expectations, globalisation, and cost pressures. To meet these challenges, banks need a workforce that is skilled, adaptive and motivated. Training and

development (T&D) become critical in equipping employees with appropriate knowledge, skills and attitudes.

In India and many other markets, there are both public sector banks (PSBs) — state-owned or government-majority banks — and private sector banks (PrSBs) operating in the same regulatory environment but with different organisational cultures, incentives, structures and service orientations. It is useful to study how training effectiveness differs in these two types of banks, and what factors influence it. The purpose of this paper is to explore and compare the effectiveness of training in PSBs and PrSBs, identify dimensions of training effectiveness, propose a conceptual model and hypotheses, and discuss implications for bank managers and HR practitioners.

2. Literature Review

2.1 Training Effectiveness: Definitions and Importance

Training effectiveness refers to the degree to which a training programme achieves its intended outcomes — for example, knowledge or skill acquisition, behaviour change on the job, improved performance, organisational benefit. As per Donald Kirkpatrick's four-level model (1976): reaction, learning, behaviour, results. Many studies use variants of this model. Effective training is crucial in banking because errors, compliance failures, poor customer service and technology shifts can all lead to serious risks.

2.2 Training in Banking Sector

Banks have to train staff for diverse tasks: technical operations (clearing, settlement, risk), customer-service, sales, new products (digital banking, cards), regulatory/compliance tasks (KYC, AML), soft-skills, leadership. Empirical studies show that training is linked to employee performance, satisfaction, commitment. For example, a Bangladesh study found problems with training effectiveness in private commercial banks.

2.3 Public Sector vs Private Sector Banks: Differences in Training Context

Public sector banks often have larger workforces, more legacy systems, bureaucratic decision-making, job security culture, less aggressive sales culture; private sector banks are often more performance-oriented, faster in adopting new technology, more customer-centric. Several studies note that training in private banks tends to be more focused on performance, skill development and innovation.

For example, one study in Kanyakumari district found that private-sector bank employees rated training outcomes (learning capability, knowledge acquisition, performance, skill development) higher than public-sector bank employees.

2.4 Dimensions and Factors Influencing Training Effectiveness

Key dimensions used in research include: learning capability, knowledge acquisition, attitude change, skill development, organisational commitment, job performance. Covariates/factors include: trainee characteristics (motivation, prior experience), trainer quality, training content relevance, delivery methods, infrastructure/facilities, job relevance, organisational support, follow-up/transfer to job. For example, H1: If training content is aligned with job requirements, greater effectiveness; H2: Organisational support enhances transfer.

2.5 Empirical Evidence and Gaps

- Saikumar & NoorBasha (2010) compared training programmes in selected public and private banks in Hyderabad: They found both sectors do training but differences in perceived effectiveness.
- Studies in Indian banking, women employees, etc., show differences in number of trainings and effectiveness between sectors.
- Gaps: Many studies are descriptive rather than longitudinal; fewer studies compare PSBs vs PrSBs in depth; measurement of long-term results (job performance, business outcomes) is limited; transfer of training to job often unmeasured; context of emerging markets (India, Bangladesh) needs richer empirical work.

3. Conceptual Framework and Hypotheses

3.1 Conceptual Framework

We propose a model in which Training Input/Design (needs assessment, trainer quality, content relevance, delivery quality, facilities) → Training Output (learning: knowledge, skills, attitude) → Training Outcome/Impact (behaviour change, performance improvement, organisational results). Sector (public vs private) acts as a moderating variable (affects strength of relationships).

3.2 Hypotheses

- H1: Training design quality (needs alignment, content relevance) positively influences learning outcomes (knowledge, skills, attitude) in bank employees.
- H2: Learning outcomes (knowledge, skills, attitude) positively influence on-the-job behaviour and employee performance.
- H3: The indirect effect of training design on employee performance via learning outcomes is positive (mediation).
- H4: Private sector bank employees will perceive higher training effectiveness (both learning outcomes and performance outcomes) compared to public sector bank employees.
- H5: Organisational support and transfer mechanisms moderate the relationship between learning outcomes and performance outcomes — the effect will be stronger where support is higher.

4. Methodology

4.1 Research Design

A quantitative comparative cross-sectional survey of employees in selected public sector banks (PSBs) and private sector banks (PrSBs).

4.2 Sample and Data Collection

- Population: Employees (officers, clerks) of banks (PSBs and PrSBs) in a selected city or region (e.g., Hyderabad, Karnataka, etc.).
- Sample size: For instance, 200–300 respondents (100 from PSBs, 100 from PrSBs) to enable comparison.
- Instrument: Structured questionnaire with items measuring training design quality, learning outcomes (knowledge, skills, attitude), transfer support, performance outcomes, perceptions of training effectiveness. Use Likert scale (e.g., 1–5).
- Sampling method: Stratified sampling based on bank type and designation; random selection of respondents within strata.
- Analysis methods: Descriptive statistics (means, standard deviations); t-tests / ANOVA to compare PSBs vs PrSBs; correlation/regression / structural equation modelling (SEM) to test hypothesised model; mediation/moderation analysis.

4.3 Measurement Scales

- Training design quality: items for needs assessment, trainer competence, content relevance, delivery method, facilities.
- Learning outcomes: knowledge acquisition, skills improvement, attitude change.
- Transfer support: supervisory support, peer environment, opportunity to apply new skills.

- Performance outcome: self-reported job performance improvement, productivity, job commitment.
- Training effectiveness: overall perception of training programme effectiveness.

4.4 Limitations

- Self-report measures may introduce common-method bias.
- Cross-sectional design limits causal inference and long-term outcomes.
- Sample limited to one region may reduce generalisability.
- Performance outcomes are subjective; objective performance data may be difficult to access.

5. Discussion and Managerial Implications

The anticipated findings (based on prior literature) are that training design quality is crucial for learning outcomes, which in turn drive on-the-job performance. Private sector banks may show higher perceived effectiveness due to more focused performance orientation and transfer mechanisms. For bank managers and HR professionals, key implications include:

- Conduct thorough training-needs assessment (TNA) to align training with job requirements.
- Ensure content is current (digital banking, customer service, sales) and delivered by competent trainers, using varied methods (e-learning, simulation, case studies).
- Design follow-up mechanisms: supervisors should support transfer, employee should have opportunity to apply new skills, monitoring of behaviour change.

- Recognise that training in PSBs may need additional emphasis on motivation, culture change, responsiveness to market orientation and technology.
- Measure training effectiveness beyond satisfaction: track behaviour change, performance indicators, business results.
- Tailor training programmes to employee segments (officers vs clerks, branches vs head office) and bank type (PSB vs PrSB) with differentiated strategies.

6. Conclusion

Training effectiveness is a vital element in banking HR strategy. The comparative study of public and private sector banks reveals both similarities and differences — while all banks recognise training significance, private banks may lead in execution details and outcomes. Effective training requires alignment, quality design, transfer support and performance linkage. For PSBs, revisiting culture, speed, and flexibility in training may be necessary to remain competitive. Future research should undertake longitudinal studies, use objective performance measures, and expand across multiple regions.

7 Future Research Directions

- Conduct longitudinal research to observe long-term outcomes of training (e.g., 6 months to 1 year post-training) and link to business metrics (customer satisfaction, sales volume, branch performance).
- Use objective performance data (branch profits, productivity metrics) rather than only self-report.
- Expand to multiple geographic regions and bank types (including foreign banks, cooperative banks) and compare cross-country.
- Study moderating variables such as employee motivation, organisational culture, technology adoption, and demographic factors (age, experience, designation).

- Explore training impact on specific outcomes: digital banking/cyber-risk training, compliance training, customer-service training, leadership development.

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