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Impact of Training Practices on Organizational Commitment of Bank Officials: A Comparative Study

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Abstract: In the era of highly competitive business environment Service sector is trying hard to win the mind of customers by providing value added service and quality innovative products to them to remain competitive in the market. Training programs contribute directly in the achievement of this competitive advantage. The objective of this study is to investigate the relationship of training practices with Organizational commitment of banking officials. The study revealed that training practices provide significantly an edge to employee's commitment towards an organization goal in the global competitive market. It was found that training practices doesn't show any significant influence on Organizational Commitment of officers in Public banks but of officers in Private Banks.

I. INTRODUCTION

Banking sector is an important component of financial sector for proper management of financial resources across the globe (Ahmad Ashfaq, et.al. 2010). Banking sector acts as an important pillar in the economic development of the country. Indian banking sector is growing with a remarkable pace since independence. They are racing with multinational banks and are touching the lives of millions of people every day. The total assets of the Indian banks contribute about 65% of the GDP of the country.

In current era, there have been significant reductions to the barriers of global expansion in the banking industry. Banks are extending their branches all over the world with the increase usage of telecommunications and other technologies enabling finance handling, as they no longer have to be near customers to manage their finances and risks. Banks in India are also performing remarkably like the Banks of developed countries and this can be analyzed with an expansion of their credits, profitability and productivity. Also, Banks have expanded to rural areas and as a result, banking sector has shown a great advancement from transactional to customer- oriented services. However, there are more intricacies in Retail Banking between Staff and Customers as

Employees provide services to their customers. So, losing a dis-satisfied employee of an organization can mean the loss of valuable customer relationship. Thus, Banks are very much keen to retain their talented employees. The choice of customers have increased tremendously due to more open economy, advent of IT and media resolution. Banks have also realized the fact and started giving an edge to the demands of customers even at the ground level. If banks will not pay much attention to the demands of customer then they may end up in loosing and shifting of customers to the competitors. So, in order to fulfill the requirement of customers, banks have started paying attention towards the retention of skilled employees by introducing HRM Practices. Thus, implementation of HRM Practices can keep employees satisfied in this competitive world. Also, Banks in earlier days, gave more preference to capital and technology but now the long term vision of Banking sector is to expand their

branches from domestic to International excellence and to achieve this, banks require combination of new technologies, better processes of credit and risk appraisal, treasury management, product diversification, internal control, external regulations and human resources with foremost preference. The Govt. of India introduced central banking system in 1935 and established Reserve Bank of India but nationalized it in 1949. RBI has the power to regulate, control, and inspect the banks in India. Also, no new bank or branch of an existing bank could be opened without a license from RBI.

In 1955, the State Bank of India took over all the assets and liabilities of Imperial bank of India. By 1960, Indian banking industry started playing a big role in country's economy. In 1969, Govt. of India **nationalized** 16 Banks except State Bank of India which is continued to be owned by private persons with a stake 60% held by RBI. All these banks contained 85 percent of bank deposits of the country (RBI. org.in, 2010). The main objective behind nationalization of banks was to break the ownership and control of banks which was owned by few families and also to prevent the concentration of wealth and economic power of the country.

In 1990's, Govt. introduced the policy of Liberalization and provided license to Private banks. As a result, *New Generation tech-savvy banks* that included Global Trust Bank (the first of such new generation banks to be set up), which later on amalgamated with Oriental Bank of Commerce, UTI Bank (renamed now as Axis Bank), ICICI Bank and HDFC Bank were opened. This move revitalized the economy and banking industry of the country. Banking industry is then divided into three sectors namely Public banks, Private banks and Foreign banks.

II. ORGANIZATIONAL COMMITMENT

Organizational commitment is the individual's psychological attachment to the organization. Higher is the rate of commitment, more is the attachment towards the organization. Commitment represents something beyond mere passive loyalty for an organization.

Organizational Commitment is a sort of strong magnetic force which binds employees with their willingness to remain attached to their existing organization. If employees are committed towards their organization they will perform their job well and the ultimately performance of the organization will be better.

In most of the organizations, the high rate of stress leads to lower satisfaction, more turnover and high rate of absenteeism of the employees. High rate of disappointment or low satisfaction leads to low commitment of employees towards their organization. In contrast to it higher level of communication in organization led to higher level of commitment and there by increased performance of employees. There are different models of Organizational Commitment but in this study the researcher has taken up the model of Meyer and Allen.

Model of commitment

According to Meyer and Allen's (1990) three-component model of commitment and prior research indicated that there are three "mind sets" which can characterize an employee's commitment to the organization:

- **Affective Commitment (AC):** AC is defined as the employee's positive emotional attachment to the organization. An employee who is affectively committed strongly identifies and adds his efforts for achieving the goals of the organization and desires to remain a part of the organization. In this component employee commits to the organization because he/she "wants to".
- **Continuance Commitment (CC):** The individual commits to the organization because he perceives high costs of losing organizational membership, including economic costs (such as pension accruals) and social costs (friendship ties with co-workers) that would be incurred. The employee commits to the organization because he/she "has to".
- **Normative Commitment (NC):** The individual commits to the organization because of feelings of obligation. These

feelings can be derived from many sources. For instance, the organization may have invested various resources in training an employee who then feels a 'moral' obligation to put forth effort on the job and remain with the organization to 'repay the debt.' It may also reflect an internalized norm, developed before the person joins the organization through family or other socialization processes, that one should be loyal to his organization. The employee commits with the organization because he/she "ought to".

However, affective commitment is more important for organizational performance in comparison to continuance or normative commitment. Researchers express less confidence and faith in the concept of normative commitment and question the clarity of the concept (Meyer and Allen, 1990).

Organizational commitment of employees can also be increased by committing the values by giving them proper compensation, promotion, training etc. Also, by communicating and clarifying the mission, vision and objectives of the organization, comprehensive grievance procedure provide for extensive two way communication, support employee development, security etc. (Luthans Fred,2002).

III. TRAINING PRACTICES

After recruiting 'outstanding human talent', employers of an organization need to ensure that these people remain at the forefront of their field, in terms of professional expertise and product knowledge but also by working in teams or in interpersonal relations. For this, Training plays a very important role. Training is the process of increasing the knowledge and skills of an employee for doing a particular job. The purpose of training is basically to bridge the gap between requirements of the job and present competence of an employee. Training is aimed at improving the behavior and performance of employees. Training is allotted and given according to the requirement of the job. Employees selected for the job might lack qualifications required to perform the job or when the person is new and inexperienced employees require the detailed instructions for effective performance of the job. Increasing use of fast changing technology also requires training to be given to the employees. Also, to survive and grow in changing environment, an organization must adapt to provide training to its employees. It is also necessary when employees move from one job to another due to promotion or transfer.

There are different types of training like Orientation training, Job training, Safety training, Promotional training, Refresher training, Remedial training etc. In Orientation training, newly appointed employees are made familiar with rules and regulations of the organization. It helps in creating self confidence among the employees. Job training is provided with a view to increase the knowledge and skills of an employee for improving performances on the job. Safety training is provided to minimize the accidents and damage. Promotional training is given to the selected employees before they are promoted to higher rank, to enable them to perform higher level jobs. When existing techniques becomes obsolete due to the development of better techniques, employees have to be trained in the use of new methods and techniques, Refresher training is given to employees at that time. In Remedial training, shortcomings in the behavior and performances of old employees are overcome. Introduction of training programs, a practice that often improves productivity, is likely also to have a positive influence on employee perceptions of supporting the task.

For imparting training, HR Department should select and motivate the target group where training is required. The type and method to be used in imparting training will depend upon the type of persons to be trained. For all these purposes, trainer should be appointed and prepared and should be aware about both the job to be taught and how to teach it to the persons selected for training. Appropriate training package and training methods should be chosen according to the targeted group. Training can be provided on-the job work place or it can be provided at a place where actual work conditions can be duplicated. Trainer then demonstrates and instructs in order to put over new knowledge and operations. Trainee is asked to do the job several times, his mistakes are then corrected and if required complicated steps are explained again by the trainer. Follow up is then taken to assess the effectiveness of training program.

Thus, imparting fair training programs to the desired employees shall increase their commitment level towards their organization.

IV. LITERATURE REVIEW

Organizational Commitment

Affective Commitment varies significantly by country and is strongly related to dimensions of personality. AC is high in countries where the population is extravert and low in countries where the population is neurotic. AC is also found to be high in countries where the population is happy. AC tends to be slightly higher in countries with low levels of unemployment and high economic activity rates but is unrelated to per capita national income. AC is negatively related to societal cynicism and positively to egalitarian commitment (Garry A. et. al, 2006).

Clifford J. Mottaz, 1987 tried to find the relationship between individual characteristics, work rewards, work satisfaction and organizational commitment among workers. It was found by authors that work rewards and work satisfaction has a greater impact on Commitment level of workers. Among Pakistani male and female workforce relationship between work motivation, job satisfaction and organizational commitment was analyzed by Smeenket.al., 2006. The study analyses that the general behavior of the private sector employees towards work motivation and job satisfaction may build higher levels of organizational commitment. In Downtown hotel, survey of employees revealed that there is a relatively strong correlation between job satisfaction and organizational commitment (Cote S., et. al., 2003).

Meyer's and Allen's approach of Organizational Commitment with three dimensions: Affective commitment, continuance commitment and normative commitment among IT Professionals in Turkey was studied by Dr. KirmiziAbdulkadiret.al. in 2009. Survey was conducted among IT Professionals working in Turkish private **banks**. Authors have found that affective commitment is higher among IT professionals in comparison to other types of commitment. Normative commitment is at the lowest level. In retail banks, where dealing with customers require services from employee's shows that out of three different types of Employee Commitment namely Internalized, Identification and Compliance Commitment, that findings were worrying because employees show unexpected low level of internalized commitment (Durkin Mark et al, 2009).

Shore Harry McFarlane et al in 1989 studied the associations that job satisfaction and organizational commitments have with the job performance and turnover intentions among sample of bank tellers and hospital professionals. It was found that organizational commitment was more strongly associated with turnover intentions than job satisfaction for the tellers, but the results were not same for the hospital professionals. Job satisfaction was related more strongly than organizational commitment with supervisory ratings of performance in both the samples. Emery Charles R et al, 2007 examined the effect of transactional and transformational leadership on the organizational commitment and job satisfaction with a sample of customer contact personnel in banking and food store organizations. The results indicate that the transformational factors of charisma, intellectual stimulation and individual consideration are highly correlated with job satisfaction and organizational commitment than the transactional factors of contingency reward. In the banks of Greece, organizational commitment of frontline employees plays a mediating role on work motivation and job performance (Trivellas Panagiotis, 2011).

HRM Practices

Haines Victor Y. et. al. 2010, tested the influence of thirteen human resource management practices on voluntary turnover rates. Analysis of data from 4,160 workplace representative of Canadian industries found that training is associated with higher turnover, whereas internal labor markets and formal dispute resolution procedures are associated with lower turnover.

MarwatZubairAslamet.al. in 2007 studied the impact of HRM Practices on Employees Performance from 60 Executives of Telecom Companies. Human resource management practices including selection, training, career planning, compensation, performance appraisal, job definition and employee participation were taken in the study. Authors found that all the tested

variables are positively correlated but correlation of compensation and training are highest in respect to others.

AnvariRoya, et al, 2010 determined the relationships among psychological contracts, affective organizational commitment and three dimensions of personal needs assessment in strategic training. The study sample comprised of employees from universities of medical sciences in Iran. The results further demonstrated that psychological contract is a partial mediator between strategic training practices and affective organizational commitment.

In SriLankan Public sector banks, the impact of HRM Practices on Human Resource Management outcomes such as employee satisfaction, commitment and retention was studied by RathnaweeraRaigamaet.al. in 2008. Sample of employees working in different departments were taken. Through Multiple Regression, Cronbach alpha, Pearson correlation coefficient and descriptive statistics it was revealed that Human Resource Management practices mainly training and performance evaluation are significant predictors of employee satisfaction, commitment and retention as compared to grievance handling.

V. OBJECTIVES

1. To find out the impact of training practices on organizational commitment of bank officials of selected public & private banks.
2. To compare the organizational commitment of the bank officials of selected public & private banks.

VI. HYPOTHESES

1. Training practices are likely to influence positively on organizational commitment of bank officials of selected banks.

VII. RESEARCH METHODOLOGY

Selection of Sample: SBI, PNB, CBI in Public sector banks and HDFC, ICICI, AXIS in Private Banks.

Sample Area : Data was collected for the present study from Haryana, Chandigarh and Delhi.

Sample unit: Sample was selected from Scale I to Scale V level Officers proportionately.

Sample Size: 400 Officers (200 from Public and 200 from Private Banks) were taken.

Data Collection: Primary Data was collected with the help of Questionnaire and Secondary Data was collected from Journals, Magazines, HR Manuals of the banks, Intranet, Newspapers etc.

Analysis of Data: Data was analyzed with the help of SPSS Software package.

VIII. DATA ANALYSIS

- (I) Data was analyzed to study the Training methods used in Public and Private sector banks with the Mean, Median, Mode, Skewness and Kurtosis.

Training & Development							
	Recommendation by Reporting Authority	Nomination by Senior Management	HR Deptt.	Own Initiative	Performance Appraisal	Training Needs	Promotion
Mean (Public Bank)	3.76	3.92	4.31	2.96	4.09	3.88	3.90
Mean(Private Bank)	3.80	4.04	3.98	3.53	4.04	3.84	3.92
Median (Public Bank)	4	4	5	3	4	4	4
Median (Private Bank)	4	4	4	4	4	4	4
Mode (Public Bank)	4	4	5	3	4	4	4
Mode (Private Bank)	4	4	5	4	4	4	4
Standard Deviation (Public Bank)	1.136	1.113	0.853	1.136	0.928	0.799	0.702

Standard Deviation (Private Bank)	0.888	1.034	1.089	0.907	0.910	0.801	0.999
Skewness (Public Bank)	-1.145	-1.253	-1.379	-0.285	-0.931	-0.914	-0.828
Skewness (Private Bank)	-1.099	-1.283	-1.022	-0.462	-0.878	-1.355	-0.988
Kurtosis (Public Bank)	0.628	0.949	2.235	-0.656	2.463	1.407	2.326
Kurtosis (Private Bank)	1.468	3.352	0.266	0.007	4.506	2.672	0.743

Public Banks- From the above table, it can be analyzed that the dimensions among different Training methods ranges from 2.96 of Own initiative to 4.31 of HR Department Nomination. Thus, more preference is given to Nomination by HR Department and least preference is given to Own Initiative in Public Banks.

The values of mean 4.31 and 4.09, indicates that maximum no. of officers gives their view point in favor of Nomination by HR Department and Selection through Performance Appraisal. Also, the values of skewness -1.379 and -.931 indicates that graphs will be negatively skewed. Kurtosis values for both are 2.235 and 2.463 indicates that graphs will be almost peaked. Also, the values of mean for Nomination by Senior management and for Promotion also approaches to (4) i.e. 3.92 and 3.90 and the values are supported by median and mode. Also, both the graphs will be negatively skewed with the values of -1.253 and -.828. Also the value of kurtosis indicates that graphs will be wider.

Private banks- Table indicates that mean ranges from 3.53 of Own initiative to 4.04 of Senior management and Performance appraisal. The value of Senior management and Performance appraisal is 4.04 which states that maximum no. of bank officials agree for the above mentioned methods to be opted in Private banks. The values of median and mode are also supportive to the results. Skewness values -1.283 and -8.78 also supports that graphs will be negatively skewed and kurtosis value supports the peakness of the graphs. Training is also provided to officers at the time of Promotion and also by the nomination of HR Department.

Interpretation of results : Usually it is seen that in various organizations training is provided to employees at the time of poor appraisal of an employee or at the time of promotion of an employee to higher post or when the person is nominated by HR Department or if their seniors refer the individual. Similar results are evaluated in this study also.

(II) The Analysis of Variance for multidimensional variables was applied to study if there is any significant relation between Training and Organizational commitment of officers in Public and Private sector banks.

Subject	Significance
Training methods (Public sector banks)	0.675
Training methods (Private sector banks)	0

Public Sector Banks:The significant value in Training of Public Banks is .675 ($p > .05$), which states that null hypothesis is accepted. i.e. there is no significant relationship between Training and Organizational Commitment of officers in Public sector banks. The statement can also be simplified that Training and Development does not show any effect on Commitment level of officers in Public banks.

Private Sector Banks: Training in Private Banks shows a significant relation with Organizational Commitment of bank officials. The value of significance is .000 ($p < .05$), thus as per the rule, alternate hypothesis is accepted and null hypothesis is rejected. This suggests that there is positive and significant relationship between Training and Organizational Commitment.

IX. CONCLUSION AND RECOMMENDATIONS

It is concluded that Training methods adopted by Public and Private Banks are similar but Training methods in Public

sector banks doesn't show any significant relationship between Organizational Commitment but in Private sector banks there is significant relationship between the two.

The following recommendations are suggested to increase the organizational commitment of officers.

Need Analyses workshops in Training and Development need to be conducted by HR department for those bank officials, whose performance is below expectation, training certainly help to improve the performance. In addition to this, organization should also consider other ways such as task analyses/work analyses, which specify main duties and skill level required from an officer.

Regarding Training and Development some Work-Life balance workshops for bank officials should be conducted by HR Department. Officers lead a stressful life due to monotonous job profile and personal problems. So, workshops should be conducted to teach officers how to maintain work-life balance. Measures such as Yoga, Meditation, organizing family parties, recommending officials to avail leaves, LTA's etc. can be considered. This may help in reducing the stress of the bank officers from daily routine profile.

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