CHAPTER 2
LITERATURE REVIEW AND RESEARCH METHODOLOGY

This chapter is an attempt to review literature, discuss need of the study, objectives of the study, research methodology and limitations of the study.

2.1 Review of Literature

There is no doubt that training and development is central to the success of modern organizations and in many ways bear the central role of ensuring a work-force capable of responding to the competitive needs of the increasingly global framework in which modern organizations function. Argyris (1994) argues that business and industry will find it hard to survive in the 21st century unless employees are adequately equipped with the skills needed to allow them to increase significantly their contribution to organizational goals and objectives.

From time to time special needs arising from technical, legislative, and knowledge need changes. These needs can be combined through 'training loop'. Training in general has many dimensions, so training programs may be conducted to enhance skills, teach procedures or ensure security, all of which should benefit both the individual employee and organizations. Training can be defined in many different ways but there is a general agreement on the vital role of training and development to achieve the optimum goals for the individual and the organization. According to Cohen (2001), training is one of the best ways to stretch staffing resources.

Alonzo (1998) states that training and development is an instrument for achievement and no organization can ignore it because it is necessary for fulfillment of most human resource objectives and to enhance performance. The main aim in training individuals is to provide well organized and systematic training activities to attain strategic objectives and to prepare the trainees to cope with present and future environmental changes. At the organizational level, enterprises need people with appropriate skills, abilities and experience. These qualities can be bought from outside the organization through recruitment, consultancy and subcontracting, or grown by training and developing existing employees.

83
Training can be a valuable tool for the organization and the manager, provided it is the right tool to solve the problem or address the identified issues. Even then, there must be supports in the organization so the training can be effective. Training and development refers to a "planned effort by an organization to facilitate the learning of job-related behavior on the part of its employees". Training and development is also a means to provide employees with relevant skills so as to improve the efficiency of their organization. Many people have traditionally considered training and development to deal only with increasing a person's specific job-related skills such as word processing, electrical wiring, reading a blueprint, setting priorities or handling an employee grievance. 'Training' is now considered to be learning related to the present job while 'Development' is learning for growth of the individual which may not be related to a specific present or future job. Training and development programs can have one or more of these three goals: such as to improve an individual's level of self-awareness, to improve an individual's skill in one or more areas of expertise and to increase an individual's motivation to perform his or her job. But for the present study, both the training and development were formed part of it. This is more so because as a matter of fact banks do not make a difference between training and development, and take them to be more or less the same.

Training has been variously surveyed by authors based on their value systems. It has been viewed as the process of assisting people in enhancing their efficiency and effectiveness, by improving and updating their knowledge, developing their skills and inculcating appropriate behavior and attitude in people towards work. Thus training is seen as a technique of development of human resource and jobs in an organization so as to attain their set targets. Also development is a natural manifestation of man's potentials. From another stand point development has been defined as creating conditions for realization of human potential.

In general, training is the systematic development of the attitude, knowledge, and skill required by a person to perform a given task or job adequately and development is 'the growth of the individual in terms of ability, understanding and awareness'. Within an organization all three are necessary in order to:
1. Develop workers to undertake higher-grade tasks
2. Provide the conventional training of new and young workers (e.g. as apprentices, clerks, etc.)
3. Raise efficiency and standards of performance
4. Meet legislative requirements (e.g. health and safety)
5. Inform people (induction training, pre-retirement courses, etc.)

Revans (1972) argued that classroom-based management education is not adequate. He devised a systematic, experiential or Action Learning program based on job exchanges which place managers in unfamiliar situations and ask them to take on challenging tasks. Revan's ideas are consistent with the principles of the learning organization discussed earlier in this chapter. The emphasis lies with learning rather than training and with meeting the changing needs of an organization in a competitive world. His approach is also mirrored in many current programs aimed at training and developing accepted as a good example of the "right" way to measure training success, Kirkpatrick's (1979), four levels of training evaluation are hard for organizations to do, especially level three and four evaluation is infrequent. The first level measures the learners' reaction to the training program. The second level measures the learning that has occurred. Third level training evaluation measures the changes in behavior the participants' exhibit on the job as a result of the training program. Level four measures the results of the training program as these results affect the organization's bottom line. Training professionals who want to stay in business and add value to their organization are evaluating training processes and programs on all four levels. According to the Learning Resources Network, 77 percent of organizations use reaction measures; 36 percent use learning evaluations; 15 percent measure behavior change; and eight percent measure results. All of the measures of effectiveness are increasingly used to assess training. Organizations that are maximizing the potential of the money they invest in learning processes are asking about measurable outcomes.

After reviewing top British companies, Goldsmid & Cutterbuck (1984) concluded that training was a major contributing factor, both as a tool to increase efficiency and as means of instilling the company's values into all of its employees.
Goldstein & Gillian (1990) identified four reasons why training and development programs in the 21st century are essential requirements for the development of every workforce:

a. The entry into the workplace of large number of people who are not qualified and educated gives rise to a general need for training and development.

b. There is a need to integrate neglected minorities, (women as well as older workers) into the workforce.

c. It is essential for business development that the workforce keeps up to date with all technological advancements.

d. Rising international competitiveness and its effect on business calls for special training.

Gabriel (1991), in a research on “the impact of management development programs in selected companies”, conclude that with effect of training and development programs in national mineral development corporation to find the responses and reactions of the trainees to training and development inputs such as lecture, their participation are used. The major finding established correlation between training and development inputs and changes that occurred in the trainees’ knowledge, attitude, action plans and creativity.

Keep (1992) points out that training and development activities affect relative economic performance and competitiveness both at the level of the individual enterprise and the national economy.

Dhameja (1993), in his paper titled “Privatization Experiences: lessons for developing countries”, discussed the experience of privatization in U.K. and the Latin American countries. He stressed on the need of giving due consideration to special terms for employees after privatization, i.e. whether the organization should go in for retrenchment or training for redeployment. He held the view that redeployment of the workforce after privatization is an important socio-political factor in developing countries.
Reed, et al. (1994), in a paper on “Job Satisfaction, Organizational Commitment, and Turnover Intentions of United States Accountants, the Impact of Locus of Control and Gender”, indicated that at the entry level, accounting has increasingly become a non-gendered profession. They suggest that an employee’s dissatisfaction with the nature of specific work tasks and/or the environment of the workplace interacts with the strength of that individual’s identification with a particular organization to stimulate consideration of resignation.

Wright & McMahon (1996) have indicated that training plays a central role in the development of core competencies in the firm and leads to the development of business strategy. These factors apply to both developed and developing country contexts.

Dwivedi (1998), in article titled “Empowerment: theoretical perspective and applications in Indian organizations”, examined the different aspects of empowerment that include empowering leadership, attitude and skills and its process with eight case examples from industrial setting to illustrate how empowerment is being practiced in India. Although advocated by the USA consultants the concept of empowerment is rooted in Indian culture and has been implemented in different forms in Indian work setting. Thus it can be applied in its present forms for accomplishing commitment better service for the customer, transformation of the individual and continuous improvement in Indian enterprises. Moreover, the empowerment must be implemented taking into account the needs and abilities of each individual i.e. they have to seek and accept it with accountability. The only way to remain competitive is the full utilization of innovation and commitment of people with the help of empowerment. However, its effective implementation necessitates preparation of executives and employees through a series of empowerment workshops designed for conceptual understanding, attitudinal change, skill building and development of an empowering culture.

Oshagbemi, T. (1999), in the paper on “Overall job satisfaction: how good are single versus multiple-item measures?”, Observed that managers interested in finding out the overall job satisfaction levels of their workers often face the problem of the appropriate measure of job satisfaction to adopt: single versus multiple-item? In the study he set out to compare the results of a single versus a multiple-item
measure employed to investigate the job satisfaction of university teachers. The purpose of the study was to ascertain the superiority or otherwise of the measures in ascertaining the overall job satisfaction of workers. The outcome of the study shows that the single-item measure overestimated the percentage of people satisfied with their jobs and grossly underestimated both the percentage of dis-satisfied workers and those who show indifference in comparison with the figures of the multiple-item measure. Our conclusion, therefore, is that the results from the single item measure tend to paint a rosier picture of job satisfaction than the impression conveyed from the multiple-item measure would justify.

According to the author of the article, training is provided both for the companies own sake to make people more productive and effective, and also because employees themselves have a desire to progress and to learn. Neelamegham (2000), in his article entitled “managerial challenges in the new millennium”, viewed globalization as the corporate response to meet the requirements of the fast changing global business environment. The response has been vastly aided by the structural adjustment programs pursued by both the developing and the developed countries. With the growing trends towards liberalization and transformation of more and more regulated or guided economies, “one world on the market” is no longer a distant dream but is fast becoming a reality”. “Cut your chain and you become free”. “Cut your root and you die” and differentiation between the two requires good judgment, something that we acquire only through experience and overtime.

Shah (2001) showed that the more successful companies, who show the best growth in output, profit, and investment of people, are those that provided higher level of training. Accordingly, they argue that an organizational emphasis on the training and development function is likely to be central to moving developing economics into the more competitive position in the global economy. Organizations that give priority to training and development are likely to be more successful in meeting their own goals and also to be among the chief factors driving the whole economy as it moves into internationally competitive markets. The factors are reinforced by pressures from national governments and international agencies and also by pressure from employees. Employees in general report that they want their company to provide training that will help them to do their jobs better. If a company wants
training programs to be productive, there must be a serious commitment to developing a strong training function to stimulate the desired returns (Shah, 2001) however these may be defined by the organization.

Jim, B. & Paula (2003), in the article titled “Systematic performance improvement refining the space between learning and results”, indicted that planned learning can be applied to a range of education and training interventions and events in an organization. Its value can be directly measured through observable performance improvement of trainees in job contexts following the planned learning highlighting transfer of learning. More specific and directly related organizational metrics need to be identified. This should relate both to the trainee performance and learning and to the broader organizational performance.

Steven W. S. (2004), in his study on “The relationship between satisfaction with on-the-job training and overall job satisfaction”, examined the relationship between satisfaction with employer-provided workplace training and overall job satisfaction. A significant relationship was found between job training satisfaction and overall job satisfaction. Time spent in training, training methodologies, and type of training were determined to be significant in their relationships to job training satisfaction. The methodology used in training made a significant difference in job training satisfaction. The methodologies most preferred by respondents were those that involved face-to-face interaction provided by an instructor or job coach. What they also found were significant interactions between job tenure and employment type when examined with job training satisfaction.

Chaudhuri (2004), in the article entitled “Employee training: Grooming for a better tomorrow”, explained that training is vital for the growth of the organizations. Thus they irrespective of their size, structure and industry have to give due importance to training. The article focuses on various aspects of training and explains why continuous training is important for any organization to become successful. According to the author training is essential for every organization big or small, productive or non productive, economic or social, old or new, should provide training to all employees, irrespective of their qualification, skills, suitability for the job etc. Thus, training remains to be quite essential for most if not all business set-ups. Specifically, the need for training arises due to certain key issues:
1. To match employees qualifications with job requirements and organizational needs.

2. To increase employee effectiveness influenced by environmental pressures.

3. To cope with technological advances.

4. To solve organizational complexity like automation, extension of operations, etc.

5. To improve human relations.

6. To effectively manage change in job assignment e.g.; promotion and transfer.

According to the article, training and development should focus on certain key areas: such as leadership/management training, technical training, custom-designed training for specific needs, team work and team problem solving, diversity training, workforce security/safety training, sexual harassment prevention, conflict resolution training, and quality control/quality management. Also the author in another study titled “training scheme at State Bank of India” concluded that the training portfolio encompasses quite a variety of areas including credit program, marketing program, behavioral training program, international business program, etc. The organization emphasizes on development of a training calendar, which is an illustration of month-wise and discipline-wise training activities and programs.

Jones & Sloane, (2005), in their study on “Training, Job Satisfaction and Workplace Performance in Britain: Evidence from WERS”, analyzed the relationship between training, job satisfaction and workplace performance using the British 2004 Workplace Employee Relations Survey (WERS). Several measures of performance were analyzed including absence, quits, financial performance, labor productivity and product quality. They conclude that while there is clear evidence that training is positively associated with job satisfaction; and job satisfaction in turn is positively associated with most measures of performance, the relationship between training and performance is complex, depending on both the particular measures of training and of performance used in the analysis.
Clinton O. L. & Laurence S. F. (2005), in an article on “Management Training: Benefits and lost Opportunities”, indicate that organizations that want to effectively compete in the ultra-competitive business environment of the twenty-first century must pay careful attention to management training. A managerial training system should be incorporated into the corporate culture if an organization to avoid the negative individual and organizational consequences caused by ineffective training practices. Effective training requires knowledge, time, and discipline, and is best achieved when managers at all levels and HR managers function in unison to achieve the common goal to create a high performance management workforce. Training must be planned and budgeted for all managers, regardless of level, and must be a top management priority. Those involved in management training should be recognized and rewarded for their participation in this critical activity.

Manikandan & Anwer (2005), in their article on “HRD through training”, indicated that people working in various organizations need to be constantly updated with appropriate skills that would help them to perform their roles with increased efficiency, effectiveness, and excellence. Perceptible changes have already come in organizations world over in realizing the need for training and retraining people. Due to the fact that the training is an important mechanism for human resource development (HRD), certain issues that ail training functions in the organization need to be given due consideration for making the training function effective in organizations. According to the researcher, with the increase of globalization and economic liberalization, organizations the world over have started facing challenges to cope with the increased completion, demands, and expectations. These changing demands that are made on organizations and their consequent streamlining have created both new challenges and other paradoxes. ‘People are our greater assets’ is on the lips of many leaders, yet the development budget is often the first target when lagging economies need to be revived. The researcher concluded that the best way to improve the training function in organizations is to have high expectations from it and to communicate and reinforce those expectations. In order for this to happen, every individual in the system must develop positive attitude toward training and provide proactive support in promoting the cause of improving organizational performance. Keeping in mind that great benefit that would be derived from the training function and intervention, it is to be realized by every member of the
organization that learning is not necessarily a linear event where a learner has to go through a formal learning program. Either through training development or education, if the learner views work life as a “learning program”, then the learner can continue to learn from almost from every thing in life.

**Heathfield (2006)**, in an article on “Looking for New Directions for Your Training Processes, Products and People”, stated that the wave of the future of training is breaking on the shore. It's dissolving old ways of thinking and asking organizations to look at training in a whole new way. Why? Because much of what organizations did for years in training failed to produce the desired results, if expected outcomes were defined at all. It's no longer acceptable to hope an employee learns something or maybe gets entertained at a training session. The agile, changing organizations that will succeed in the future are thoughtfully developing their most important resource: the people they employ. Several of the trends highlighted have already attracted attention and followers for a number of years but not all organizations have caught the wave. Others are just beginning to dissolve traditional training methods.

**Allen, W.C & Swanson, R.A. (2006)**, in the article entitled “Systematic Training Straightforward and Effective”, went on to say that people who go through training should end up with new knowledge and be able to do new things when they complete a training program. Knowledge is not enough. The watershed training within industry project implemented throughout the United State during world war-II is believed to be the root of contemporary systematic and systemic training of workers in organizations. The massive training within industry effort fed three workplace movements:

- performance-based training
- quality improvement
- human relations

According to the authors, the core tools of training within industry were the famous four-step methods, including the four-step training method. After the World War- II the training within industry project was disbanded and the nation’s first standing military was established. The training demands of the post world war- II military
were the inputs for the developments of the analysis, design, develop, implement, and evaluate phases constituted a systematic instructional design system to train military personnel to know and perform their job. It was well suited for the mass training of a homogeneous group of young male recruits to perform in a well-defined and structured work system. The heavy research and development funding around analysis, design, develop, implement and evaluate titled the training literature and provided a conceptual training framework that dominate the profession to this day.

Allen, W. C. (2006), in his article titled “Overview and evolution of the analysis, design, develop, implement, and evaluate (ADDIE) training system”, indicated that the workforce of 21st century is in a continual state of flux. This has created a need by human resource development scholars and practitioners to continue to review best practices in developing a work force with the latest technology, knowledge, and expertise. Revisiting traditional trading models and process is important as a means of moving forward. Although there are many system models, almost all are based on the generic analysis, design, develop, implement, and evaluate (ADDIE) model that evolved from instructional systems research following World War II. The end of article he conclude that the conceptual phase of systematic training analysis, design, develop, implement, and evaluate have stood the test of time. Part of the reason for their resilience is that they have allowed adaptation and revision. The original ADDIE phase and steps that were created for the US military training establishment have blossomed into many variations some of which represent advances while some others represent losses.

McClernon (2006), in his article titled “Rivals to systematic training”, indicates managers have multiple approaches to choose from in determining how best to develop their workforce and organizational performance. Systematic training is but one option among many development strategies. Advocates of training need to be fully-aware of rivals compete for limited resources such as time and budget. Better understanding of these alternatives allows human resource development training professional to participate more fully in development discussion with decision makers. In this article he tried to explore the rival alternatives. He concluded in summary, the rival alternatives available to managers as they consider how to best
improve their organizations. Summarizing the research, these rivals were considered at three levels of performance: individual, work flow, and organization. At the individual level, the options of hiring better people, aligning compensation and rewards, and developing leaders were reviewed. At the work flow level, the options of redesigning the work, coaching and managing performance, and improving work unit climate were discussed. At the organizational level, the options of outsourcing the work, engaging in business planning, and changing the culture were seen as options to systematic training. It is critical to note that the rival options are interdependent.

Cowell, C., Hopkins, P. C. & Jorden, D. L. (2006), in their article titled “Alternative training models”, make a case that systematic training includes elements that facilitate the methodical planning and organization of the instructional events that lead to an effective learning experience. By applying a systematic approach to the design and development of an individual program or an entire training function, it is far more likely that the important learning outcomes will be realized. The author in this article discusses several systematic training model alternatives to the analysis, design, develop, implement, evaluate (ADDIE) model. According to the writers of this article (ADDIE) has been described as the most commonly used training model in the workplace and in conclusion from among the numerous alternatives he explored a selection of, seven models arranged in to three groups first there are models providing a systematic focus that acknowledge that training is needed and that leads the trainer through a process of crating an effective program. These models offer tools for establishing individual lessons and entire courses. Second, there are performance –focused models that emphasize the analysis and evaluation phases and their connection to the host organization. Finally these models present practical variations.

Rose (2006), in an article on “Building HR skills of newly promoted managers”, sought that new managers need to be trained in HR policies and procedures. Developing training modules that will address their needs will help build consistency company-wide. A common component of managerial training programs is a section on human resources. New managers need to be aware of HR policies and procedures including strategic staff planning, job analysis and design, recruiting,
interviewing, selection, orientation, professional development, succession planning, health and safety and managing the performance of their direct reports.

These skills may or may not come naturally to the new manager. It depends entirely on their attitudes towards human capital and the importance it plays in their alignment with business strategies and philosophies. Managers who focus more on the numbers and less on managing talent tend to let HR responsibilities slip. The irony is that to be highly productive, talent needs to be optimized. Good HR practices go a long way in ensuring that talent is optimized and productivity is high.

Developing a program to train new managers can be effectively structured by creating modules on the topics listed above. Modules that can be delivered in 1-3 hours will be practical. Expecting new managers to be pulled away from their duties for more time is not respecting the needs of operations and may result in poor attendance. It is important to develop a roll out plan that works around operational constraints like seasonal busy times, major projects and events or staffing shortages. If program participants are located all over the country, then look at delivering part or all of the training online, as seminars are tied-in with meetings or other events that will bring them together in one location. Some companies, especially newer start-ups may not have a formal HR department. This requires hiring managers to be HR generalists and other staff to take on the roles normally assigned to junior HR staff like offer letters, enrollment in benefits, provisioning and so on. In this case, it is wise to have training available and policies in place to ensure corporate culture. These policies and procedures will help ensure that fair practices are maintained and that there is consistency from one business unit to another.

Mclean, G. N. (2006), in the article on “National human resource development: A focused study in transitioning societies in the developing world”, indicates that the world continues to be one that is marked by incredible disparities in wealth, education, employment, health, technology, infrastructures, safety, and other factors that contribute one’s sense of well-being. The renewed interest in national human resource development may be an effective, systematic approach to assist in reducing these disparities and in reaching the united nation’s target to accomplish the Millennium Development Goals by 2015. Such developments make it increasingly important for human resource development.
Halbesleben & Denise (2007), in the article on “Developing social support in employee: Human Resource Development lessons from same-career couples”, say that the research suggests significant links between social support and human resource outcomes, managers have been increasingly concerned with how to develop social support. One solution is to examine the experience of a group of employees with extremely high work-life integration, same-career couples, to develop lessons for human resource development. Same career couples are employees who work in the same work place or are in the same occupation as their partners. From their experiences and research concerning social support resources in organizations, the authors suggest mechanisms to develop social support with the intention of improving human resource outcomes. In the article they used the COR (Conversation Of Resources) model and research on same-career couples to develop HRD recommendations for the development of support that is instrumental in fostering positive employee and organizational outcomes. They recognized that there is variety of issues with the underdeveloped literature concerning same-career couples that still need to be addressed.

Krishnamurthi (2007), in the article on “Training sans need analysis”, indicates that challenges abound when a training session is held without a proper need analysis. According to the author, “decide what you want, decide what you are willing to exchange for it. Establish your priorities and go to work”. Also he believes training is a really wonderful experience, when it’s sans to be analyzed.

Davis (2007), in article on “developing executive talent as part of your corporate culture, a blueprint for the success and survival of your company”, indicated that success can be designed into the corporate culture and it can be taught as part of the way your company does business. Your HR department can become your greatest ally if you give them some guidelines on what you, as a leader in the company, expect to see accomplished over the next years. According to the researcher there are three major phases in the blueprint for the success of and survival of your company that start with a communication skills workshop. So every one in your organization knows and understands a common language. This communication skills workshop has very little to do with spoken or the native language of the majority of the population. It has to do with the use of words and behaviors that increase each person’s flexibility and understanding of what is being asked and expected. The
workshop enables the participants to listen carefully and then cautiously formulate the information they are giving to others in a way that is most helpful to the listener.

**Choo, S. & Bowley, Ch. (2007)**, in the article titled “Using training and development to affect job satisfaction within franchising”, demonstrated that, the effectiveness and efficacy of a training program are dependent on evaluation of training quality, course design and learning experience. Also employee satisfaction is found to be influenced by work environment, company values and job responsibilities.

**Jelena, V. (2007)**, in a study on “Employee training and development and the learning organization”, indicates that, the global competition and swiftness of changes emphasize the importance of human capital within organizations, as well as the swiftness and ways of knowledge gaining of that capital. In the economy where uncertainty is the only certainty, knowledge is becoming a reliable source of sustained competitive advantage. Knowledge is becoming basic capital and the trigger of development. Previously built on foundations of possessing specific resources and low costs, present day competition is based on knowledge possessing and efficient knowledge management. Modern organizations therefore use their resources (money, time, energy, information, etc.) for permanent training and advancement of their employees. Organizations which are constantly creating new knowledge, extending it through the entire organization and implementing it quickly inside the new technologies, develop good products and excellent services. These activities determine the company as a learning organization with constant innovation being its sole business. These are organizations which realize that learning and new knowledge are becoming the key of success, and that education is crucial for abundance.

**Booth, Simon & Hamer, K. (2007)**, in the paper on “Labor turnover in the retail industry predicting the role of individual, organizational and environmental factors”, concludes that environmental factors such as local labor markets have a major influence on labor turnover. Organizational factors such as company culture and values are a significant influence. Management behaviors as seen through operational and control variables are also of importance. Individual employee variables are also important in decisions concerning turnover.
Bo, H. (2007), in his paper titled on “Company-based determinants of training and the impact of training on company performance”, indicated that the provision of company training is largely determined by firm-specific factors, such as human resource management practices. The results further show that two widely used measures of training incidence and intensity are largely determined by different factors. Staff turnover does not appear to be a decisive factor in explaining the provision of training on a national or company level, although it is associated with lower profitability to some extent. However, the single most important factor associated with profitability is how much is invested in training (intensity), suggesting that the economic benefits of training outweigh the cost of staff turnover.

Snell, D. & Hart, A. (2007), in the paper on “Vocational training in Australia: is there a link between attrition and quality?”, showed that in many parts of the world a growing concern has emerged about the quality of training for apprentices and trainees in what has become an increasingly deregulated environment dominated by private interests. In Australia, where non-completion rates can be as high as 50 percent of those who commence training, government leaders at both State and Federal levels are taking a renewed interest in understanding the relationship between quality of training and non-completion rates. The paper finds that data suggesting training quality in Australia is being threatened by fully on-the-job training, the narrowing of training skills, the loss of transferable skills and a lack of training. It argues that these factors have contributed to high rates of non-completions among apprentices and trainees and that poor regulation of quality standards, government subsidies to employers and training organizations and abuse are contributing to these quality problems.

McNamara, C. (2008), in an article on “Overall Purpose of Training Analysis”, claims that a training analysis is conducted ultimately to identify training goals, that is, what areas of knowledge or skills that training needs to accomplish with learners in order that learners can meet organizational goals. Usually this phase also includes identifying when training should occur and who should attend as learners. Ideally, criteria are established for the final evaluation of training to conclude irrespective of the training goals being met or not.

Simmons, R. (2008), in an article on “designing effective employee training programs”, describes the elements of a successful employee training program and
explains the distinction between training and education, along with a discussion of why soft skills training initiatives are less effective than skill-based approaches. The critical role of the training manager in implementing a training program and the important considerations when developing a strategic training plan are also discussed. It also discusses several key factors that determine how employee training programs can best support company profitability. The article concluded that it is not necessary to reinforce learning if the skills and competences emphasized during the training really assist employees in the performance of their duties and responsibilities. External reinforcement become necessary only if the skills acquired are not instrumental in enhancing employee competence. Successful employee training programs result from thoughtful and serious planning. A great deal of attention must be paid to programs in order to get the desired outcomes. Difficulties arise when there is a lack of coherent foresight regarding what training is expected to accomplish and how those accomplishments will be measured and rewarded. If these preliminary considerations are not given careful thought and the program is not implemented in a logical, systematic and sensitive manner, it will be very difficult, if not impossible, to execute successful employee training.

Ramana (2008), in an article titled: “Training and development - A learning organization”, indicates that indeed the economic, political, technological and social dynamism of the modern era are under pressure to learn more consciously, more systematically and more quickly than in the past. According to the writer many consultants and academicians have been of the opinion that an organization, which is hierarchical tends to have a purely command and control structure and not a learning organization. The acquisition and development of technical skills, a spirit of innovation and creativity, cognitive skills, nurturing of teamwork, capability to adapt to diverse situations and environments and emerging trends are what a learning organization should be striving for. Within the realm of a learning organization it has been clearly established as to how a typical organization unit, the representative entity of the organizational whole, ensures that its individuals remain motivated at all times.

Petrescu, A. I. (2008), in his study on “Human resource management practices and workers’ job satisfaction”, after controlling for personal, job and firm characteristics, it is found that several HRM practices raise workers’ overall job satisfaction and
their satisfaction with pay. However, these effects are only significant for non-union members. Satisfaction with pay is higher where performance-related pay and seniority-based reward systems are in place. A pay structure that is perceived to be unequal is associated with a substantial reduction in both non-union members’ overall job satisfaction and their satisfaction with pay. Although HRM practices can raise workers’ job satisfaction, if the workplace pay inequality widens as a consequence, then non-union members may experience reduced job satisfaction.

The rapidly accelerating rate of technological innovation forces organizations to invest in employees’ training and development interventions. Consequently, human resource development interventions such as non-technical training, technical training, and coaching are designed to prepare the workforce for the future and for updating employees’ knowledge, skills, and abilities. From an organizational, strategic perspective, a development intervention has explicit as well as implicit goals. Most development interventions are designed to accomplish clearly defined, explicit organizational goals. For example, a one-and-half day leadership training that taught communication of a vision as part of charismatic leadership was designed and implemented; consequent evaluation demonstrated that this training increased leaders’ charismatic leadership. In addition to these explicit goals, most development interventions have implicit goals as well. For example, organizational socialization theory suggests that training also leads to more positive work-related attitudes such as job involvement and job satisfaction.

Alexandros & Bouris (2008) in the article titled “Employee perceived training effectiveness relationship to employee attitudes”, concluded that the results of the study indicate that there is a significant correlation between the employee perceived training effectiveness and their commitment, job satisfaction and motivation.

Zane, L. B. (2008), in his article titled “Why it is so hard to evaluate training in the workplace”, found that, essentially, training sometimes lacks planning, sponsorship, budget, or because training is done for the wrong reasons. Evaluation of training is also difficult because operating unit managers are looking for increased performance and not necessarily the increased learning on which trainers usually judge the success of their training. Additionally, in almost all cases, the lack of performance is only partially due to the need for training. Even when training is needed, a deficit of
skills and knowledge is often a small part - 15 percent - 20 percent perhaps - of the overall lack of performance. Training’s effectiveness in helping to increase performance is reduced even further since training is often wasted because the skills and knowledge gained in training are not applied on the job and thus have no impact. Add to these things, the antiquated accounting methods used to measure and evaluate training, and it becomes easy to understand why evaluation of the impact on training within the organization is difficult.

Antonio, D. & Sastre, C. (2009), in the article titled “The effects of training on performance in service companies”, indicated that the results obtained in their study have shown that training has a positive, significant coefficient. Consequently, they observed that training is a worthwhile investment for the companies.

2.2 Need of the Study

Employee training and development are part of good management strategies and practices. The following issues and changes in the banking industry indicate the need for employee training and development:

- Employee's request
- Employee survey results
- Evaluation deficiencies
- Individual development plan
- Law and regulation changes
- Need to develop new leaders
- New employee
- New equipment
- New manager
- New program
- New technology
- Reassignment
- Safety issues
At the same time as the need for employee training and development is increasing, it can be argued that the time and money available in organizations for traditional forms of learning such as formal training courses has decreased. To meet this gap between the need for training and its accessibility, variety of inexpensive methods for employee training and development had been identified. By using these methods in a deliberate and thoughtful way, performance of employees and organization can be improved.

After reviewing the literature, the following inferences have been drawn:

1. The world is getting closer in terms of business. Training and development has become integral part of it. It has become obligatory for one to study the training and development practices in today’s scenario.

2. The employees are the backbone of any business organization, they can require training and development for a variety of reasons, the reasons may be to fill a “performance gap” as identified during the performance management process of organization or to fill a “growth gap”, that is, to be promoted or be able to fill another open position in the organization that needs more study to cover the gaps.

3. The major challenges to the 21st century organizations are to create and maintain effective training and development environment.

4. To build a common understanding of the organizational purpose, and show management’s commitment and loyalty to employees and also developing people to increase their responsibilities and contribute to the organization in a new way. Training and development studies would be helpful direction.

5. Meeting the required changes in the bank, training and development of employees is of utmost importance. Today employees are trained to be organizations-fit as compared to yester years where they were trained to be job-fit.
2.3 Objectives of the Study

The study aims at examining the training and development challenges of banks in India and Iran with special reference to State Bank of India and Bank Melli Iran. Following are the main objectives of the study:

1. To study the training and development practices of banks in India and Iran.

2. To find out the impact of training and development on job satisfaction and overall performance of employees in State Bank of India and Bank Melli Iran.

3. To find out the relationship (if any) between training and development of the employees and the attrition in the two selected banks.

4. To find out the relationship between environmental factors with training and development program of two banks under study.

5. To examine the training & development challenges in the two selected banks.

6. To suggest ways and means of improving the training and development climate in the two selected banks which would in turn give rise to the effectiveness of the organizations’ performance.

2.4 Research Methodology

2.4.1 Defining Research Problem

In this study, the identified research problem was “training and development challenges of banks in India and Iran with special reference to State Bank of India and Bank Melli Iran”. The study aimed to integrate the theories, principles, and application of training and development discipline to provide an in-depth understanding of the subject and incorporates practical experience of in-service employees in the two selected banks.
2.4.2 Scope of the Study

The scope of this study includes the following two public sector banks to convey the training and development challenges and to identify the ways to overcome their practiced problems:

1. State Bank of India
2. Bank Melli Iran

The study concentrates on the managerial and clerical staff in both the banks, because it seems they need training and development in many transformations affected by technological and organizational innovations in this industry based on knowledge, skills and attitudes of the managerial and clerical staff. These banks have been selected for the present study due to the reason that, as these are considered to be the largest, older and dominant banks in the public sector in two the countries. The main purpose of the study is to find out the impact of internal and external environment on training and development in two banks. Further, the study is focused to find out the impact of training and development in the overall performance of employees and the relationship between training and development of the employees of banks and their job satisfaction. Finally, the study attempts to identify the relationship between training and development of the employees of banks under study and the attrition. This study has been carried out during the period starting from 2006 up to February 2010.

2.4.3 Sample Selection and Questionnaire Design

A sample is a small proportion of a population selected for analysis. So it is an important aspect of life in general and enquiry in particular. The primary purpose of any research is to discover principals that have universal application; but sometimes the population is so large that it becomes impossible to take the whole field. In this regard sampling plays an important role in the research. By observing the characteristics of the sample, researcher can make certain inference about the characteristics of the population from which it is drawn. The adequacy of a sample depends upon knowledge of population as well as the method used in drawing the sample.
The sample in this study consisted of managerial and clerical staff of the two banks under study. A sample of six hundred (600) managerial and non managerial staff was selected from both of the countries. The sample comprised three hundred (300) managerial and non managerial staff of State Bank of India, covering branches and Local Head office in Chandigarh, Mohali and Punchkula. Three hundred (300) managerial and non managerial staffs of Bank Melli Iran were also included, covering employees of branches in Ardebil and Gilan provinces. Out of six hundred distributed questionnaires in total, four hundred seventy six were collected, 206 from Indian and 267 from Iranian subjects (Table - 2.1). The study also covers the viewpoints, opinions and suggestions of trainers from both the banks.

Table 2.1 Sample profile of the employees of the two banks under study

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Banks</th>
<th>No. of Questionnaires distributed</th>
<th>No. of Responses received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Bank of India</td>
<td>300</td>
<td>209</td>
</tr>
<tr>
<td>2</td>
<td>Bank Melli Iran</td>
<td>300</td>
<td>267</td>
</tr>
<tr>
<td>3</td>
<td>Total</td>
<td>600</td>
<td>476</td>
</tr>
</tbody>
</table>

The questionnaire was designed in a way to obtain the view of respondents regarding the above-mentioned area of investigation. Construction of questionnaire has been finalized after pre-testing of questionnaire.

The questionnaire was divided into two parts:

Part A- covering the general information of the respondents.

Part B- covering the required information for research problem.

Likert scaling format from 1-5 was used ( 1= strongly disagree, 2= disagree, 3= undecided, 4= agree and 5=strongly agree), on the questions based on the impact of external and internal environment factors on training and development and impact of training and development on overall performance, job satisfaction and attrition of banks. This questionnaire also included demographic questions, categorical
questions and open ended to get the information on employees background, methods of training, the view of respondents on the reason of employee turnover.

The study has been conducted in three stages which includes selection of the samples and the collection of data. For selection, the random sampling, that is particularly appropriate when the population of research is infinite, was used. The data collection process was conducted in the following phases:

**Phase 1-** India: The investigator obtained list of State Bank of India Branches from State Bank of India, local head office in Chandigarh Sector 17, and some branches in Chandigarh, Mohali and Punchkula. The questionnaires were distributed to collect the views of the employees of the State Bank of India, (Appendix 1).

**Phase 2-** Iran: 43 Branches of Bank Melli from Rasht, Hashtpar, Anzali, Astara, the cities in the province of Gilan and Ardebil, Nir, Meshkin Share, the branches in the province of Ardebil were selected randomly by the investigator. For the purpose of data collection from Bank Melli Iran the questionnaires were translated to Persian language, and then were distributed to have the views of Iranian employees, (Appendix 2).

**Phase 3-** Statistical analysis of the collected data: the procedure for scoring the responses on each item was based on the directions and criteria laid down in the manual of the tools used. The next step was to tabulate the observations of the respondents pertaining to each variable. The version 11.5 of Statistical Package for the Social Science (SPSS) computer software package was used for analyzing the data.

### 2.4.4 Sources of Data

The study used primary and secondary data sources. Primary data was collected based on the questionnaires and the interviews. The secondary data was collected from the available and relevant documents such as RBI Bulletins Reports on Trends and Progress of banking in India, Periodical Reports in banking, books, dissertations, notebooks, official documents manuscripts, article of association prospectus, journals, advertisements and official website of selected banks and other sources from the internet.
The following web sites have also been consulted:

- www.accenture.com
- www.ashridgeconsulting.com
- http://www.bloomberg.com
- ttp://www.bpoindia.org
- http://capart.nic.in
- www.cprn.org/doc.cfm
- www.cipd.co.uk
- http://dget.nic.in
- http://dictionary.factmonster.com
- http://education.nic.in
- http://EzineArticles.com
- www.emeraldinsight.com
- www.forbes.com
- http://www.geocities.com
- http://hrera.com
- http://www.iranica.com
- Http : //ibi.ac.ir/index
- www.indiaeducation.ernet.in
- http://iie.nic.in
- http://www.ilo.org
- http://www.indiaeducation.ernet.in
- http://labour.nic.in
- www.livemint.com
- http://managementhelp.org
- http://mediakit.businessweek.com
- www.mit.gov.in
- www.ncert.nic.in
- http://ncuis.nic.in
- http://nieshbud.nic.in
- www.nsicindia.com
- www.nstedb.com
- http://wcd.nic.in
- http://www.ncct.info
- http://www.rashmipriya.com
- http://socialjustice.nic.in
- http://ssi.nic.in
- www.sbi.ae
- http://www.sbi.co.in
- www.statebankofindia.com
- www.suite101.com
- http://www.sap.com
- http://tribal.nic.in
2.4.5 Hypotheses of the Study

The study includes six major following hypotheses in the light of its non-descriptive objectives as the other objectives are descriptive in nature:

H01: There is no impact of internal and external environment on training and development in State Bank of India and Bank Melli Iran.

H02: There is no impact of training and development in the overall performance of employees in the banks selected under study.

H03: There is no relationship between training and development of the employees of banks under study and the job satisfaction.

H04: There is no relationship between training and development of the employees of banks under study and the attrition.

H05: Training and development methods are not vital in the process of employees training.

H06: Training and development challenges do not have impact on training and development programs.

2.4.6 Data Analysis Methods

The collected data was processed by applying statistical and quantitative tools like percentages, arithmetic mean, frequency tabulation/distribution, statistical tables and scaling techniques such as rating scales and ranking system. The purpose of using percentages is to simplify the problem of comparison between State Bank of India and Bank Melli Iran, while frequency distribution is the simplest form of representing research findings. Statistical tables and tools were used to evaluate the data. Scaling techniques have been used to turn a series of qualitative factors into quantitative series known as variables. To arrive at pertinent analysis, the collected data has been put to plan statistical analysis using the version 11.5 of SPSS package. The data thus obtained was subjected to statistical analysis. The following statistical techniques, such as T-Test, U Mann-Whitney test and descriptive analysis were employed to analyze the data obtained from the questionnaire in order to test the hypotheses.
The T-Test is used to assess whether the means of the two banks employees perception (India and Iran) are statistically different from each other. This test is appropriate to compare the means of these two groups. The Mann-Whitney U test is used because it is a non parametric test for assessing whether two independent samples of observations come from the same distribution. It is one of the best-known non-parametric significance tests.

Descriptive Statistics are used wherever required, graphical analysis, presentations through bar graphs, or diagrams are also used.

2.5 Chapter Scheme

The study is divided into five chapters:

Chapter 1 Entitled “Introductory Remarks and Profile of Banks” is introductory in nature. It highlights training and development definitions, current status of training and development programs in India and Iran in general and in banking industry in particular. It also covers the profiles of State Bank of India and Bank Melli Iran.

Chapter 2 Entitled “Literature Review and Research Methodology” comprises review of literature, need of the study, objectives of the study, research methodology and limitations of the study.

Chapter 3 Entitled “Theoretical basis” includes training and development overview, methods, the factors affecting training and development, training and development challenges, training and development impact on performance, training and development impact on job satisfaction and training and development impact on attrition.

Chapter 4 Entitled “Data presentation and analysis” comprises analysis and process of collected data in three sections as below:

Section-1: Descriptive analysis

Section-2: Inferential analysis

Section-3: Data analysis conclusion
Chapter-5 Entitled “Summary, Conclusions and Recommendations” includes the summary and conclusions along with suggestions for improving the training and development climate in the banks under study, which would in turn give rise to the effectiveness of the organizations’ performance. This chapter also presents an appropriate training and development structure to cope with challenges of the banks.