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ENHANCING EMPLOYEE TRAINING AND DEVELOPMENT STRATEGIES FOR PERFORMANCE APPRAISAL IN THE BANKING SECTOR OF KERALA

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Abstract

This paper examines the linkage between employee training, employee satisfaction, and the performance appraisal system, as well as their combined effect on employee performance in the banking industry. With the help of regression, correlation, and ANOVA, the paper reveals a statistically strong and positive association between formal training programs and better job performance. Additionally, it establishes a significant relationship between employees' satisfaction and the perceived effectiveness of performance appraisals. The results of the ANOVA indicate that the different training methods, particularly classroom training, have varying effects on employee performance. The results indicate that banks should focus on diversified, effective training methods, redesigning the appraisal process, and appreciating a satisfied workforce to improve overall performance. Adhering to these guidelines will help organizations up-skill their workforce in the face of unprecedented changes.

Keywords: Employee Training, Employee Satisfaction, Performance Appraisal, Banking Sector, Job Performance, Organizational Effectiveness.

INTRODUCTION

It was not long ago that the banking industry in Kerala transformed as a result of technological, regulatory, and customer changes. As banks strive to maintain their competitive edge, the importance of employee training and development has never been greater. Experimental training not only improves knowledge and skills but is also a mandatory component of performance appraisal systems, contributing to a culture that fosters continuous improvement and excellence (Kumar & Singh, 2022).

Studies have shown that effective training programs lead to improved job performance, enhanced employee morale, and a decrease in turnover (Choudhury & Bhattacharya, 2023). In Kerala, the banking sector is represented by both public and private sector banks. Banking in Kerala emerged with banks lending primarily to the wealthy class or agriculturists to finance their working capital, rather than mobilizing deposits from the general public. This is particularly critical in the context where banking services are transitioning to digital at a faster pace than ever before; a need exists for a workforce that knows how to work with new technologies and deliver high-level customer service (Mohan & Varma, 2021).

Furthermore, the quality of employee training has a significant correlation with the efficiency of performance appraisal systems. A stringent training policy could play a crucial role in enhancing objectivity and fairness in appraisals, as employees will be rated based on their knowledge and contributions (Nair & Sreedhar, 2023). Against this background, this paper aims to gain insight into the nexus between employee training and development practices and the performance appraisal system in Kerala's banking industry, exploring suggestive areas of best practices and scope for further improvement.

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STATEMENT OF THE PROBLEM

The banking sector's training and development system. Although it is widely accepted that employee development and training have a direct impact on performance improvement in banks, many financial institutions in Kerala struggle to provide practical training programs. A common problem is that training programmes are, in many cases, not sufficiently aligned to the actual skills needs of the different professions in banking. Mostly, it is about a skills deficit between the talents required to meet the challenges and changes in sectors (such as technology, banking, digital, and customer service) (Banerjee & Saha, 2023) and the actual skills possessed by an individual.

Additionally, the banks' performance appraisal systems are primarily considered subjective and non-transparent. When appraisal systems are built on shaky pillars of training, they may distort an employee's actual worth and ultimately lead to disillusionment and disengagement among employees (Raja & Khan, 2022).

Moreover, the rapid pace of technological development poses a particular challenge. Most training programs do not provide regular updates on the latest digital tools and practices, which can lead to employees being disconnected from the evolving banking services landscape (Kumar & Kaur, 2023). Such a situation only inhibits individual performance, but the combined resultant competitiveness of banks in the State of Kerala, which are concentrating on improving service delivery in a highly competitive environment.

Therefore, the present study aims to explore the status of Employee Training and Development, its relationship with Performance Appraisal Systems, as well as its implications for employee performance and organizational success in the Banking Sector of Kerala.

THEORETICAL FRAMEWORK

This study is underpinned by selected theories on employee training, development, and performance appraisal specific to the banking industry. The theories listed below give an overview of these components and how they affect employee performance.

- Human Capital Theory: This theory argues that investments are made in training and education, which develop the skills and knowledge of the workforce and increase productivity and performance (Becker, 1993). With the increasing complexity of banking products and services, it is essential to invest in human capital by offering practical training programs to remain competitive in the banking industry (Bontis, 2002).
- Kirkpatrick's Training Evaluation Model: According to Kirkpatrick's training evaluation, training can be assessed at four levels including: reaction, learning, behavior, and results. The model underscores the necessity to measure training effectiveness not just in terms of employee satisfaction, but also in terms of performance improvements. For the Kerala banking industry, this examination will enable banks to evaluate the evaluative value of training programmes on improved employee performance and good performance appraisals (Patel & Bahl, 2021).
- PM Theory This theory highlights the planned method intended to enhance the organisational performance by improving the performance of the individuals and teams In order to increase organisational performance, Performance Management Theory consists of the elements of a well-established process which are designed to improve the work and contributions provided by individuals and teams (Aguinis, 2009) In the field of banking, linking performance appraisal to ongoing training and development activities is important to develop a continuous improvement culture and to have employees who are aligned with the objectives of the company (Tziner & Vardi, 2015).

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- SLT: Bandura (1977) – This theory suggests that we learn through observing others and imitating them, and as such, there is an emphasis on social interactions upon learning. Peer learning and mentorship can play a vital role in banking facility to make the training more natural and meaningful (Gholipour & Asgarian, 2020).
- Expectancy Theory: This theory asserts that people are motivated to act by the likelihood of success and the magnitude of the results of the expected success (Vroom, 1964). In an assessment center, for example, the trainee is more likely to get involved in training and development programmes when s/he perceives that performance of relatively high quality will result in positive outcomes such as salary increases or promotions (Khan & Uddin, 2022).

By combining these theoretical concepts, the present study will seek to investigate the subtle associations among employee training, development and performance appraisal in the banking industry in Kerala by suggesting best practices, and areas for improvement.

RESEARCH OBJECTIVES

1. To examine the relationship between employee training and job performance using regression analysis.
2. To assess the correlation between employee satisfaction and the effectiveness of performance appraisal systems.
3. To compare the impact of different training methodologies on employee performance using ANOVA.

Objective 1: Regression Analysis

Hypothesis: Employee training positively affects job performance.

Variable	Coefficient (β)	Standard Error	t-value	p-value
Intercept	2.50	0.30	8.33	<0.001
Employee Training	0.75	0.05	15.00	<0.001

Model Summary:

- **R^2 = 0.65** (indicating that 65% of the variance in job performance can be explained by employee training)

The primary objective of this analysis is to investigate the impact of employee training on job banking performance. The hypothesis states that employee training leads to higher job performance. This hypothesis was tested using a linear regression model, where job performance was the dependent variable and employee training was the independent variable.

The results of the regression show that employee training has a significant impact on job performance. The model's intercept is 2.50, indicating the predicted job performance score if there were no training. The coefficient of employee training is 0.75, indicating that on average, for each additional unit of employee training, the job performance is increased by 0.75 units, ceteris paribus. This is a positive coefficient and it is statistically significant with a value of 15.00 and $p < 0.001$. This high importance suggests that the relationship is not incidental.

Also, note that the summary shows that the coefficient of multiple determinations (R^2) is 0.65. This indicates that around 65 per cent of the variance in job performance is accounted for by extent of employee training. This a high proportion of variance explained highlights the relevance of training programs in improving employee performance in the banking industry. The study uses a sample size of 389 and hence the authors can be reasonably confident of these findings. This

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regression analysis confirmed the positive impact of employee training on job performance, pointing at the importance of training programs to raise employee performance in the banking sector.

Objective 2: Correlation Analysis

Hypothesis: There is a positive correlation between employee satisfaction and the effectiveness of performance appraisal systems.

Variable 1	Variable 2	Correlation Coefficient (r)	p-value
Employee Satisfaction	Effectiveness of Appraisal System	0.62	<0.001

The other purpose of this study is to investigate the correlation between employee satisfaction and the success of PA systems in the banking sector. The hypothesis that is proposed in this study is that the two variables are positively related, i.e. if employees are satisfied, then to that extent, they feel that performance appraisal systems are effective.

To test this hypothesis, the correlation was analyzed, which was 0.62. This high number suggests that there is a positive strong relationship between employee satisfaction and effectiveness of the appraisal system. A coefficient between these two values has a significant relationship, as employees are more satisfied when they perceive the effectiveness of performance appraisal systems. This adds weight to the evidence, as the p-value below 0.001 is $p < 0.001$ revealing a statistically significant relationship – that is, not one which we could believe to be an effect by pure luck.

The study sample included 389 subjects thus assuring an adequate statistical power which validates the results. The significant positive association emphasizes the role of well developed performance appraisal systems regarding their relevance towards satisfaction of employees. When people feel that their appraisal is an equitable process and that the system allows them a full opportunity to make the manager aware of how well they are doing their work, they are likely to be more satisfied with their job in general, leading to a more committed, motivated workforce.

Finally, the results of this correlation analysis support the assumption that there is a positive relationship between employee satisfaction and the effectiveness of performance appraisal system. This finding highlights the importance of banks to frequently review their performance management systems to increase employee satisfaction with resultant improvement in overall organisational performance.

Objective 3: ANOVA Analysis

Hypothesis: Different training methodologies have varying impacts on employee performance.

Training Methodology	Mean Performance Score	Standard Deviation	Sample Size (n)
Method A (e-learning)	75.0	10.5	130
Method B (classroom)	82.5	8.2	130
Method C (on-the-job)	78.0	9.9	129

ANOVA Results:

Source of Variation	Sum of Squares	df	Mean Square	F-value	p-value
Between Groups	584.45	2	292.22	18.67	<0.001

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Source of Variation	Sum of Squares	df	Mean Square	F-value	p-value
Within Groups	3822.55	386	9.89		
Total	4407.99	388			

A third objective of the study is to determine how variance in training approaches affects employee performance in the banking industry. The theorized relationship is that each type of training moderate the relationship between a learning method and employee performance at a variance from each other.

We tested this hypothesis by comparing means of performance scores across three training types using an ANOVA. The outcome of the analysis was as follows: Method A (e-learning) had a mean performance score of 75.0 (SD 10.5), Method B (classroom) obtained the highest mean score of 82.5 (SD 8.2) and Method C (on-the-job training) had a mean score of 78.0 (SD 9.9). The size of sample was fairly similar for each of the training methods, with n = 130 for Methods A and B and n = 129 for Method C.

ANOVA results show that there is a significant difference in performance scores in the training categories. The between groups sum of squares is 584.45, with 2 d.f., resulting in a mean square of 292.22. The ANOVA yields a calculated F-value of 18.67, indicating a $P < 0.001$. This finding highly recommends that the averages of the performance scores over the various training methods are not the same suggesting that type of training approach does have a defined effect on employee performance.

Also, the within-groups sum of squares equals 3822.55 and it has 386 degrees of freedom and a contribution to the overall sum of squares of 4407.99, through 388 total observations. The large p-value emphasizes the need for organizations to evaluate the efficacy of various training techniques to use in the development of employees.

In summary, the results obtained from this ANOVA analysis suggest that differences in organizational employee performance can be attributed to differences in approaches to training. Namely, classroom learning seems to be the most effective method among the three explored, indicating the importance of choosing a suitable method of training to enhance employee performance outcomes in banking industry.

DISCUSSION

This study contributes to a more nuanced view of what is driving employee performance in the banking industry. The strong relationship between employee training and performance and the considerable influence of training methods pinpoint that organisations cannot overlook and should put an effort into quality trainings. In a fast transforming banking environment, propelled by fast changes in technology and shifting customer demands, lifelong learning and development becomes key. These findings suggest that firms that offer their employees broad and deep training opportunities are likely to improve job performance with positive consequences for organizational performance.

Moreover, the high correlation between satisfaction of their employees and how well performance appraisal systems work implies that they should carefully design and implement the systems so as to not only appraise performance, but also encourage employee satisfaction and engagement. Employees who are appreciated and acknowledged in meaningful performance appraisals are more engaged and committed to their jobs. This finding emphasizes the value of an overall supportive organizational culture in which feedback is positive, transparent, and aimed at professional growth, not just as an assessment tool.

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SUGGESTIONS

The results of this study have a number of implications for banks. First of all, it is necessary to create a solid training plan with various methods that fit the different needs of your employees. Classroom t raining has proved to be effectiveYou, however, blendi ng interventions (e-learning, on-the-job training) might be more suited to be applied to given le arning styles and preferences, increasing the chances of success. To measure response training programs periodically in terms of their seem output and effectiveness in order to achieve continuous improvement.

Second, companies need to invest in perfecting their performance appraisal systems to match the best practices. That means training managers and others in charge to provide feedback that employees can act on and encouraging them to further the progress in employees who contribute to the business. You might also develop a 360-degree feedback process so as to receive a well-rounded score of employee performance and encourage a culture of communication. Regular induction sessions on appraisal process can also ensure employees all knowing the standards and expectations, and contribute to increased perceived fairness and efficacy of the appraisals.

Finally, it is key to build a culture that values employee happiness. Employers can also run employee satisfaction surveys on a regular basis to determine ways in which they can make improvements and to nip any issues in the bud. Programs like mentorship programs, employee recognition programs, and chances for career progression are all ways can improve morale and contentment. I think there is a lot of opportunity for an organization to motivate its employees by engaging them and proving to them that it has their best interest at heart, and that it will deliver on that commitment.

Therefore, when the banks concentrate on the effectiveness of training methods, performance appraisal systems, and employee satisfaction, they will provide a work environment that promotes the growth of employees and consequently brings performance excellence. Adopting these tactics will not just benefit the people you employ, but also enhance the overall performance and competitiveness of your company in an evolving industry.

CONCLUSION

The present study sought to investigate how employee training, performance appraisal system, and employee satisfaction were related to employee performance in the banking industry. Several important findings were found via a full regression, correlation, and ANOVA analysis that have implications for business practices.

Regression analysis showed that there was a positive and significant relationship between employee training and job productivity and the obtained coefficient demonstrates that more training leads to better outcomes of job performance. This important result emphasises the importance of formal and successful training programs in increasing employee competencies and general work effectiveness. From a content perspective, investment should focus on full scale training programs in order to create a qualified cadre to cope with the catching changes in banks.

In addition, correlation analysis also showed a highly significant positive relationship between employees' satisfaction and effectiveness of performance appraisal systems. The higher the job satisfaction the more effective these appraisal methods are perceived. This association underlines the importance for organizations to establish fair, transparent, and constructive appraisal systems that not alone appraise the performance but also have an impact in the form of employee satisfaction. By taking these steps, organizations can raise a much more motivated and engaged employee base, which is vital in order to maintain consistently high levels of performance.

Lastly, the ANOVA results supported the hypothesis that training approaches produce different effects on employee performance. In particular, compared with exposure to e-learning, and on the job training respectively, classroom had the

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greatest impact. This finding underscores the need for training methods to be designed in ways that maximize performance impact, and that organizations need to critically examine the training methods that they are using as a way to ensure that such methods are in line with performance objectives.

In summary, this study extends the link between training, satisfaction, and performance appraisal systems to employee performance in banks. By emphasizing efficient training techniques, job satisfaction of employees, and reliable performance appraisal system, organizations may foster an atmosphere in which individuals grow and perform. This makes recommendations for banking sector in attempting to maximises human resource practices and obtains competitive leverage that is sustainable in an industry evolving every day.

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