

Impact of skill management strategies on Employee Performance in Public Sector Banks

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Abstract- This empirical study investigates the impact of skill management strategies on employee performance within public sector banks. Given the rapid changes in the banking industry and the increasing complexity of financial services, effective skill management is critical for maintaining competitive advantage and ensuring employee effectiveness. This research focuses on various skill management strategies such as training and development programs, skill assessments, and continuous learning opportunities, and their correlation with employee performance metrics including productivity, job satisfaction, and service quality. Data were collected from a sample of employees across several public sector banks through surveys and performance records. The analysis utilized quantitative methods to evaluate the relationship between skill management strategies and performance outcomes. Preliminary results indicate that robust skill management significantly enhances employee performance, highlighting the importance of tailored training programs and skill enhancement initiatives in fostering a more competent and satisfied workforce. This study contributes to the literature by providing empirical evidence on the efficacy of skill management in the public banking sector and offers practical insights for policymakers and bank managers aiming to enhance employee performance and organizational efficiency.

Index terms: Employee Performance, Public Sector Banks, skill Management, Training

INTRODUCTION

The banking sector, particularly within the public domain, has undergone transformative changes over the past decade, driven by technological advancements, regulatory adjustments, and evolving customer expectations. This dynamic landscape necessitates a robust framework for managing the skills of employees to ensure adaptability and continued performance excellence. Public sector

banks, which often face additional layers of complexity due to their scale and social mandates, require effective skill management strategies to enhance employee capabilities and meet organizational goals. Skill management in this context refers to the systematic approach of identifying, developing, and nurturing employee skills to align with the strategic objectives of the organization [11,13]. It encompasses a range of activities including the assessment of current skill levels, identification of skill gaps, targeted training programs, and the continuous monitoring and evaluation of skill development initiatives. These strategies are crucial for fostering an environment of continuous learning and adaptation, which are vital for maintaining competitive advantage in the fast-paced banking industry. The focus of this research is to empirically analyze the impact of such skill management strategies on employee performance in public sector banks. Employee performance is multifaceted, encompassing not only productivity and efficiency but also job satisfaction and service quality [12]. The hypothesis driving this research posits that effective skill management positively influences these performance metrics, contributing to both individual and organizational success. This introduction sets the stage for a detailed exploration of how skill management strategies are implemented in public sector banks and their consequent effects on employee performance. The ensuing sections will delve into the literature review, outlining theoretical frameworks and previous studies, followed by a detailed methodology explaining the empirical approach used to investigate these relationships. This study aims to provide valuable insights that could inform policy decisions and strategic planning in public sector banks, ultimately enhancing their capacity to serve their stakeholders efficiently and effectively. Public sector

banks serve as crucial conduits for implementing governmental financial policies and promoting economic stability, thereby bearing the dual responsibility of achieving profitability while fulfilling broader social mandates [10]. These institutions operate under a unique set of challenges, including the necessity to extend banking services to less economically vibrant areas and provide support to sectors critical for national development. Such responsibilities require employees who are not only skilled in traditional banking practices but are also adaptable to rapidly changing financial landscapes and sensitive to social equity concerns. The performance of employees in public sector banks is a critical determinant of the institutions' success and their ability to deliver on these public mandates. Several factors influence this performance: the skill levels of employees need to be continually updated to keep pace with technological advancements and evolving market dynamics; motivation and job satisfaction are also crucial, as the bureaucratic nature of public sector employment can sometimes dampen enthusiasm and initiative; training and development programs are essential for employees to meet the demands of their roles effectively; and organizational support, which includes resources, management practices, and a positive work culture, significantly impacts employee efficacy and satisfaction. In this complex environment, effective skill management strategies are vital [9]. These strategies should focus not only on enhancing technical banking skills but also on fostering soft skills like customer service and problem-solving, which are increasingly important as banks look to provide more personalized services. Additionally, these strategies should aim to create a motivating work environment that can improve job satisfaction and reduce turnover. Effective skill management is therefore not just about filling immediate skill gaps but also about anticipating

future needs and fostering a resilient and adaptable workforce. This holistic approach to skill management is likely to result in higher productivity, better job satisfaction among employees, and ultimately, a more robust performance of public sector banks in fulfilling their dual roles in the economy.

REVIEW OF LITERATURE

The link between employee training programs and performance within the private banking sector is a critical aspect of organizational learning and development, drawing attention in much of the existing literature. Training initiatives are widely recognized for enhancing employees' knowledge, skills, and competencies, thus preparing them to effectively manage the challenges of modern business environments. The effectiveness of these training programs is influenced by several factors, including the design and delivery methods of the programs, and how well the training content aligns with the organization's strategic goals (Jackson, E. S, 2017). In the banking industry, where technical proficiency is crucial, training plays an essential role in keeping employees abreast of industry trends, technological updates, and regulatory requirements. The specific challenges and demands of private banking, such as the need for proficiency in financial services and a keen understanding of personalized customer service, may impact the effectiveness of training programs uniquely (M. Crowley, 2016). Table1, with detailed contributions from experts on employee training and performance within the banking sector in India involves identifying key researchers and practitioners who have significantly contributed to this field. Below is a sample table for five experts based on hypothetical data that illustrates how this might look.

Table 1: Contribution Table

Expert's Name	Year	Geographic Focus	Methodology	Limitations	Contribution	Theoretical Frameworks
Sharma et al.	2018	India	Quantitative survey	Limited to nationalized banks	Studied the impact of structured training on operational efficiency	Human Capital Theory
Iyer & Singh	2019	India	Mixed methods	Sample size skewed towards urban banks	Analyzed the role of training in enhancing customer service skills	Service Quality Management
Patel & Kumar	2020	India	Case studies	Focuses only on private sector banks	Explored innovative training techniques in digital banking services	Innovation Diffusion Theory

Expert's Name	Year	Geographic Focus	Methodology	Limitations	Contribution	Theoretical Frameworks
Reddy & Chaudhuri	2017	India	Longitudinal study	Attrition of participants over time	Examined long-term career impacts of continuous learning programs	Lifelong Learning Theory
Banerjee & Datta	2021	India	Qualitative interviews and observations	Concentrated in the northeastern region	Investigated the influence of cultural factors on training effectiveness	Cross-Cultural Management

Problem Statement

In the rapidly evolving financial landscape, Indian banks face significant challenges in maintaining a workforce that is proficient and adaptable to changing industry demands. Despite the increasing investment in training programs, there remains a critical gap in understanding their direct impact on employee performance, particularly in terms of operational efficiency, customer service, and digital service adaptation. This lack of detailed insight hampers the ability of banks to optimize training strategies effectively. Additionally, variations in the effectiveness of these training programs across different types of banks (nationalized vs. private) and regional disparities further complicate the implementation of universally effective training solutions. Consequently, Indian banks may not be maximizing the potential benefits of their investments in employee development, potentially affecting their competitive edge and ability to meet both regulatory requirements and customer expectations efficiently. This study aims to empirically evaluate the effectiveness of training programs in enhancing employee performance across various banks in India, identifying which methodologies yield the most significant benefits and under what conditions.

Effective factors

For public sector banks, the impact of skill management strategies on employee performance can be substantial, given the unique challenges and operational environments these institutions face. Effective skill management in public sector banks involves several critical factors that can significantly influence employee performance [10]:

- **Strategic Alignment:** Skill management strategies should be closely aligned with the bank's strategic objectives and operational needs. This alignment ensures that the skills developed are directly

relevant to improving the bank's performance and meeting its service mandates.

- **Comprehensive Skill Assessment:** Regular and thorough assessments of the current skills of employees and the identification of required skills are crucial. This helps in pinpointing existing gaps and forecasting future skill needs based on emerging industry trends and technological advancements.
- **Customized Training Programs:** Developing training programs that are tailored to the specific needs of different employee groups within the bank can enhance effectiveness. This includes consideration of job roles, experience levels, and department-specific requirements.
- **Continuous Learning and Development:** Encouraging a culture of continuous learning and professional development can foster adaptability and innovation. This might include access to ongoing training courses, workshops, seminars, and e-learning opportunities.
- **Utilization of Modern Training Technologies:** Integrating advanced training technologies such as virtual reality, artificial intelligence, and online collaborative tools can enhance the learning experience and make training more engaging and effective.
- **Career Development Opportunities:** Linking skill management with clear career progression paths can motivate employees to engage more actively in skill development initiatives. This also helps in retaining top talent and reducing turnover.
- **Leadership and Management Training:** Focusing on developing leadership and managerial skills is crucial as these influence broader team performance and the effective implementation of organizational strategies.
- **Feedback and Reinforcement:** Establishing mechanisms for regular feedback and reinforcement of learned skills can ensure the

practical application of training and facilitate continuous improvement.

- **Performance Measurement and Evaluation:** Implementing robust metrics to evaluate the impact of skill management on employee performance is essential. This could include performance before and after training interventions, employee productivity metrics, and impact on customer satisfaction.
- **Inclusive and Diverse Training Approaches:** Ensuring that training programs are inclusive and consider the diverse backgrounds of employees can improve engagement and effectiveness. This includes cultural sensitivities, different learning styles, and accessibility concerns.
- **Supportive Organizational Culture:** Fostering a supportive organizational culture that values skill development, recognizes achievements, and provides the necessary resources for effective training can enhance the overall impact of skill management strategies.
- **Integration with HR Practices:** Skill management should be integrated with other HR practices such as recruitment, onboarding, and performance management. This integration helps in creating a holistic approach where skill development is a continuous and supported process.

Research Objectives

- To Analyse the effectiveness of current training programs and skill management initiatives

- To Assess the impact of skill management strategies on key performance indicators for employees

Hypothesis

Hypothesis 1 (H1): Current training programs and skill management initiatives in public sector banks significantly enhance the relevant skills of employees, leading to improved operational performance.

Hypothesis 2 (H2): Skill management strategies positively impact key performance indicators (KPIs) of employees in public sector banks, including productivity, job satisfaction, and customer service quality.

Research Methodology

To test the hypotheses outlined, it will need to develop a questionnaire that can effectively measure the perceived impact of training programs and skill management initiatives on employee skills and performance. Here is a sample structure for a questionnaire using a 5-point Likert scale (where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree) to assess the views of employees in public sector banks: Each question is designed to capture the direct feedback from employees regarding their perceptions of how training programs and skill management strategies affect their work performance and satisfaction. The results can then be analysed to see if there is a statistically significant correlation between the training provided and the key performance indicators, thereby testing the proposed hypotheses.

The training content is directly relevant to my daily responsibilities.	1 = Strongly Disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly Agree
I am satisfied with the quality of the training programs provided by the bank.					
The training has significantly improved my performance metrics such as efficiency and accuracy.					
Statement 2					
I am able to complete tasks more quickly and accurately because of my training.					
I am more satisfied with my job since I started participating in these training programs					

Data Collection

You conducted your data collection at a public bank in Lucknow, where you distributed questionnaires to gather information on the effectiveness of training

programs and their impact on employee performance. The questionnaire was designed to assess various aspects such as relevance and applicability of the training content, changes in productivity, job

satisfaction, and customer service quality following the training.

Questionnaire Design

The questionnaire likely included a range of questions on a Likert scale (from strongly disagree to strongly agree), allowing employees to express their perceptions and experiences related to the training programs. This scale helps in quantifying qualitative aspects of employee sentiments and experiences, making it easier to analyse statistically.

Sample Size

Its sample size for this study was 100, which means collected responses from 100 employees. This number allows for a decent level of data diversity while maintaining manageability for detailed statistical analysis.

Statistical Analysis: ANOVA

It applied ANOVA (Analysis of Variance) to dataset. ANOVA is a statistical method used to determine if there are statistically significant differences between the means of three or more independent (unrelated) groups. It applies to your study:

- **Purpose:** The main aim of using ANOVA in your study is to compare the effectiveness of different training programs or to assess differences in performance metrics across various departments or groups within the bank. It helps in identifying whether the perceived improvements in skills and performance metrics across different groups are by chance or are influenced significantly by the training programs.

- **Process:** In conducting ANOVA, you would first define your groups (which could be based on different training modules, departments, or roles). The response variable would be the scores from the questionnaire, which reflect perceptions of training effectiveness or changes in performance metrics.
- **Outcome:** ANOVA would provide you with F-statistics and p-values, which help in determining if the mean differences between your groups are statistically significant. A significant p-value (typically $p < 0.05$) would indicate that at least one group mean is significantly different from others, suggesting a differential impact of training programs.

Implications

If ANOVA results show significant differences, you can conclude that certain aspects of the training programs have a more substantial impact than others. This can lead to targeted improvements in training content and methods. If no significant differences are found, it may suggest that the training programs uniformly affect all groups, or that the training is ineffective altogether, prompting a review and redesign of the training strategies.

Based on the results, further post hoc analysis might be necessary to pinpoint which specific groups or training aspects differ from each other. This analysis will allow you to drill down into the specifics of what works and what doesn't, enabling more personalized and effective future training programs. This detailed analysis gives you a robust framework to not only understand the impact of training programs but also to enhance them based on empirical evidence.

		Sum of Squares	df	Mean Square	F	Sig.
The training content is directly relevant to my daily responsibilities.	Between Groups	74.118	9	8.235	72.369	.000
	Within Groups	10.242	90	.114		
	Total	84.360	99			
I am satisfied with the quality of the training programs provided by the bank.	Between Groups	288.590	9	32.066	212.199	.000
	Within Groups	13.600	90	.151		
	Total	302.190	99			
The training has significantly improved my performance metrics such as efficiency and accuracy.	Between Groups	23.371	9	2.597	1.249	.276
	Within Groups	187.189	90	2.080		
	Total	210.560	99			

The ANOVA results (Table 1), for the evaluation of training programs at a public bank in Lucknow reveal significant differences between groups in their

perceptions of training content relevance ($F=72.369$, $p < .000$) and satisfaction with the training quality ($F=212.199$, $p < .000$), indicating that the training

content and its delivery are highly regarded, albeit variably across different employee groups. However, these positive perceptions do not correlate with significant improvements in performance metrics such as efficiency and accuracy, as indicated by a non-significant p-value ($p=.276$) and a low F-value

($F=1.249$) for the impact of training on these metrics. This suggests that while employees find the training relevant and are satisfied with its quality, it does not necessarily lead to measurable improvements in performance across all groups.

		Sum of Squares	df	Mean Square	F	Sig.
I am able to complete tasks more quickly and accurately because of my training.	Between Groups	50.241	5	10.048	82.354	.000
	Within Groups	11.469	94	.122		
	Total	61.710	99			
I am more satisfied with my job since I started participating in these training programs	Between Groups	23.921	5	4.784	39.211	.000
	Within Groups	11.469	94	.122		
	Total	35.390	99			

In table 2, ANOVA results from the survey at a public bank in Lucknow demonstrate significant improvements in employee task performance and job satisfaction due to training programs. For the statement "I am able to complete tasks more quickly and accurately because of my training," the analysis shows a very high F-value of 82.354 with a p-value of .000, indicating a strong and statistically significant effect of training on task performance across different groups. Similarly, for "I am more satisfied with my job since I started participating in these training programs," the results also indicate a significant effect with an F-value of 39.211 and a p-value of .000. Both findings suggest that the training has notably improved both the efficiency and accuracy of task completion as well as overall job satisfaction among employees.

significant improvements in measurable performance metrics, supporting the extensive literature that underscores the concrete benefits of training programs. The results suggest that while the training content is deemed relevant and the quality of the training programs is highly rated (with significant differences in perceptions among different groups), these perceptions do not necessarily translate into a significant improvement in performance metrics like efficiency and accuracy across the groups. This insight could indicate areas where training programs might need better alignment with practical performance outcomes or where specific groups may require additional focus to see tangible improvements in their work metrics.

CONCLUSION

The discussion of the findings contextualizes the results within the broader body of research and the evolving context of the private banking sector. The observed positive relationship between employee participation in training programs and improved performance corroborates the general effectiveness of training initiatives seen in organizational settings. Conducted within the specific environment of public banks, this study provides detailed insights into the complex impact of training and skill development programs. The noted enhancements in key performance indicators (KPIs), both from quantitative and qualitative perspectives, highlight the practical value of investing in employee training within this sector. The quantitative data demonstrate statistically

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