

A Study of Training and Development Towards Employee Retention in Banking Sector

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INTRODUCTION

ABSTRACT

The banking sector plays a vital role in the economic development of a country and is currently undergoing rapid transformation due to technological advancements, regulatory changes, and increasing customer expectations. In such a dynamic environment, retaining skilled and competent employees has become a major challenge for banks. High employee turnover leads to increased recruitment and training costs, loss of expertise, and deterioration in service quality. Training and development have emerged as key human resource strategies to enhance employee skills, job satisfaction, organizational commitment, and long-term retention.

This study aims to examine the impact of training and development practices on employee retention in the banking sector. The research focuses on understanding employees' perceptions of training effectiveness, career development opportunities, and continuous learning initiatives, and how these factors influence their intention to stay with the organization. A descriptive and analytical research design has been adopted, using both primary and secondary data. Primary data were collected through structured questionnaires administered to employees of public and private sector banks, while secondary data were sourced from journals, reports, and previous studies.

Statistical tools such as percentage analysis, correlation, chi-square test, and regression analysis were used to analyze the data. The findings of the study are expected to provide valuable insights for HR managers and policymakers to design effective training and development programs that enhance employee satisfaction, loyalty, and retention in the banking sector.

Training and development play a vital role in enhancing employees' skills, knowledge, and competencies to meet these dynamic challenges. Effective training programs not only improve job performance but also contribute to personal growth, motivation, and job satisfaction. When employees perceive that their organization invests in their professional development, they are more likely to feel valued, engaged, and committed—leading to improved employee retention. However, despite substantial investments in training, many banks still face high employee turnover rates. Factors such as job stress, lack of career advancement opportunities, and the availability of better offers in competing institutions contribute to this issue.

This study is significant as it explores how training and development influence employee retention within the banking sector. It aims to identify whether banks' investment in employee learning and career development leads to improved loyalty, engagement, and organizational commitment. The findings will help banking institutions evaluate the effectiveness of their current HR policies and adopt evidence-based strategies to enhance workforce stability. Moreover, the research will contribute to academic literature by bridging the gap between theoretical concepts of human resource development and practical applications in the banking industry. It will also assist policymakers, HR managers, and executives in designing targeted retention strategies that align with employee expectations and organizational objectives.

In today's competitive business environment, the banking sector is undergoing rapid transformation driven by technological advancements, regulatory changes, and evolving customer expectations. To

remain sustainable and competitive, banks require a skilled, adaptable, and motivated workforce. One of the critical challenges faced by organizations in this sector is employee retention, as high turnover not only increases recruitment costs but also affects service quality, customer satisfaction, and organizational performance. Training and development play a vital role in addressing this challenge. By providing employees with opportunities to enhance their knowledge, skills, and competencies, banks not only improve individual performance but also strengthen organizational commitment and loyalty. Employees who perceive that their organization invests in their professional growth are more likely to remain engaged, satisfied, and committed to their long-term career within the institution. The success of any organization depends on its ability to attract, develop, and retain competent employees.

This study is significant because it examines how training and development influence employee retention. Helps identify the most effective training practices that enhance satisfaction and loyalty. This Study aims to explore the relationship between training and development initiatives and employee retention within the banking industry. It will examine how structured training programs, skill enhancement opportunities, and career development plans influence employee motivation, engagement, and long-term commitment.

OBJECTIVES

- 1)To examine the relationship between training and development programs and employee retention in the banking sector.
- 2)To assess employees' perceptions and satisfaction levels regarding training and development practices in banks.
- 3)To identify the role of training and development in improving employee performance and career growth opportunities.
- 4)To identify the key challenges faced by banks in implementing effective training and development programs for employee retention.

REVIEW OF LITERATURE

Employee retention is a critical human-resource challenge in the banking sector because high turnover raises recruitment and training costs and disrupts customer relationships. Training and development (T&D) programmes are widely proposed as an HR

strategy to enhance retention by improving employees' skills, job satisfaction and organizational commitment.

Trilok Kumar Jain, Aditi Sharma(2014):- Source Available at SSRN 3316856. This is a review paper, based on secondary sources, it is found that training and development contributes significantly towards performance enhancement on whole in all aspects of retail companies including customer survey, customer relationship management etc.

Ashish Dikshit, Trilok Kumar Jain (May 18, 2016):- This is a review of research papers on Banking Industry in India. The government policy of less restriction in governmental regulations, liberalization, globalization and privatization have all contributed majorly towards Public Sector Banks in India to forcefully compete with Private and Foreign Banks.

Muhammad Aleem, Zulfiqar Ahmad Bowra(06 March,2022):- The value of human capital can easily be increased with the help of training & development because investment made on personnel is very helpful for the success of the firms in the current competitive era to increase retention and commitment level of staff. The major objective of this study is to examine the role of training & development on employee retention and organizational commitment in the banking sector of Pakistan.

Jehanzeb & Bashir (2013):- Training and Development Program and Its Benefits to Employee and Organization: A Conceptual Study. The researchers aimed to investigate the relationship between training and development programs and employee retention, with a focus on how such initiatives enhance the Employee performance, Job satisfaction, Organizational commitment, and ultimately.

Hareth Alrazehi, Noor Aina Amarah(16June, 2020):- This paper seeks to propose a conceptual framework for defining the relationship between training and development and retaining employees through job satisfaction as the intermediary variable in Yemen's banking sector. Indeed, employee retention is a critical success factor for organizations worldwide. Training and development is also one of the most vital issues of human resource management.

Fakhre Alam Siddiqui, Hammad Zafar, Janat Ul Ferdo (17 March,2025): This study looks at previous data to find out how employee training and retention are related. This study looks at how training affects

employee retention and emphasizes that training is an essential strategy for retaining key employees. This study looked into the variables that affect staff turnover and retention in banks.

RESEARCH METHODOLOGY

A descriptive research design is used to describe the characteristics, opinions, attitudes, and behaviors of a particular group — in this case, employees in the banking sector — with respect to training and development practices and their impact on retention. The purpose is not to establish cause-and-effect relationships (as in causal research) or to explore unknown areas (as in exploratory research), but rather to provide an accurate and systematic description of existing conditions. The design helps in understanding how employees perceive training and development programs. It identifies the extent to which these programs influence their intention to stay in the organization. It assesses the relationship between training satisfaction, career growth opportunities, and retention levels.

Research Design:

Type of Research : Descriptive Research

Source of Data:

Primary Data: Collected through surveys and interviews with employees working in banks. Semi-structured interviews with HR managers and training officers. It focuses group discussions with selected employees.

Secondary Data: Gathered from journals, research papers, HR reports, banking sector publications, and organizational policies. The Annual reports of banks. HR policies, training manuals, and retention statistics. Previous research studies, articles, and industry reports.

Sample Size: A total of 100 Employees as respondents.

Sampling Technique: Sampling technique has two parts Sampling Method and Sample Size. The sampling method is Purposive and convenience sampling (since the study is limited to employees from selected banks).

HYPOTHESIS OF THE STUDY

Ho (Null Hypothesis): There is no significant relationship between training and development practices and employee retention in the banking sector.

H1 (Alternative Hypothesis): There is a significant positive relationship between training and development practices and employee retention in the banking sector.

HYPOTHESIS TESTING

(Ho): Training and development have no significant positive impact on employee retention in banking sector.

(H1): Training and development programs have significant impact on employee retention in the banking sector.

Chi-Square Test:-

Association between training frequency and retention intention

χ^2 value, p-value, hypothesis decision

Regression Analysis:-

Impact of training effectiveness on employee retention

Regression equation, β value, R^2 , hypothesis testing result

FINDING

The hypothesis testing clearly indicates that training and development programs significantly influence employee retention in the banking sector. The findings indicate a strong relationship between employee satisfaction with training programs and retention intention. This confirms that investment in employee training and development is an effective retention strategy, helping banks reduce turnover, improve workforce stability, and enhance overall organizational performance. Regression analysis indicated that training and development had a significant positive impact on employee retention. The results showed that improvements in training quality and development opportunities increased employees' commitment. Correlation analysis revealed a positive and significant relationship between training and development and employee retention. Employees who perceived training programs as effective showed a higher intention to stay with the organization.

CONCLUSION

The present study concludes that training and development play a crucial and strategic role in enhancing employee retention in the banking sector. The findings of this study reaffirm that effective

training and development initiatives significantly influence employees' intention to stay with their organization. Further, the research emphasizes that continuous learning opportunities help banks address challenges such as skill obsolescence, digital transformation, and increasing customer expectations, while simultaneously reducing employee turnover.

SUGGESTIONS

Banks should clearly link training and development programs with defined career progression and promotion policies. When employees perceive that training leads to internal mobility, leadership roles, or skill-based advancement, their intention to stay with the organization increases significantly. The study highlights the importance of employee motivation and satisfaction. Banks should implement mentoring and coaching programs, especially for early-career and mid-level employees, to build trust, emotional support, and long-term organizational commitment. Future training initiatives should be continuous, role-specific, and need-based, especially considering rapid digital transformation in banking. Customized programs for clerical staff, officers, and managers can improve relevance and retention.

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