

Impact of Training on Employee's Performance in Private Banks

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Abstract

Human Resources have played a significant role in the economic development in most developed countries such as United States of America, Britain and Japan among others. Concluded that a developing country, with its rich natural resources and the necessary financial support can also experience such economic success if the appropriate attention is given to the training of its human resource. It is thus seen that in the government is taking adequate steps to ensure that people acquire the necessary knowledge and skills. Because, today we believe that an organization's competitive success is achieved through people. It follows, then, that the skills and performance of people are critical.

1. Introduction

Hales (1986) stated that due to this fact, many organizations spend much money on training, believing that training will improve their employees performance and hence the firm's productivity hence many organizations meet their needs for training in an ad hoc and haphazard way. Training in these organizations is more or less unplanned and unsystematic.

Hales (1986) further stated that other organizations however set about identifying their training needs, then design and implement training activities in a rational manner, and finally assess results of training. It is worth noting that has a huge private sector. The role of private sector is very crucial for the socio-economic development of developing country. The technological improvement, economic prosperity, and social change are possible only through an efficient and effective system of private institutions.

According to Ismail and Zawiyah, 2009, private banks efficiency and effectiveness have always been important issues for many countries. The main objective of private bank is to increase service quality to customer approach and to provide social benefits based on limited budgets. For non-profit oriented organizations like the public sector, knowledge sharing can help to increase continuous performance, service delivery, and also customer and staff satisfaction. Since knowledge is a central source of government services, effective knowledge sharing among employees is a significant management challenge for providing excellent service to the public at all levels. Without the requisite knowledge and skills public officials may not be able to perform their responsibilities and duties effectively, efficiently and with high standards of performance.

2. Statement of the Problem

Many organizations indeed the private banks engaged in training of staff. Banks are one of such sectors that have been participating in training for a long period of time. However, for a certain condition it appears that training in private banks is unsystematic. Hence, the main reason that the researcher wanted to conduct this research is to investigate the impact of training on employee performance in the private banks.

2.1 Research Questions

The general objective of the study is to investigate the actual training practice of the private banks. Research questions are:

- 1) What are the training methods of the private banks?
- 2) What is the impact of training on employee's effectiveness?
- 3) What is the impact of training on employee's commitment?
- 4) What is the impact of training on employee's efficiency?

Hypotheses:

H1: training influences employee's effectiveness

H2: training influences employee's commitment

H3: training influences employee's efficiency

2.2 SIGNIFICANCE OF STUDY

The study will help to develop and maintain a quality work life, which will provide an opportunity for employee's job satisfaction and self actualization. Besides, it will aid management of private banks to introduce modern schemes for training, to be able to meet the challenges of change in the future.

Due to lack of resources, the scope of this research is delimited only to private banks. Due to certain limitations the research is only focused on the training aspect of the private banks.

3. LITERATURE REVIEW

3.1 Overview of training

According to Hales (1986), one major area of the human resource management function of particular relevance to the effective use of human resources is training. Few people these days would argue against the importance of training as a major influence on the success of an organization. It is the view of Hales (1986) that the general movement towards downsizing, flexible structures of organizations and the nature of management moving towards the devolution of power to the workforce give increasing emphasis to an environment of coaching and support. He also added training is necessary to ensure sustain economic growth and effective performance and for adequate supply of staff that is technically and socially competent.

Bernatek, 2010 said that training has emerged as formal corporate function, integral element of corporate strategy, and is recognized as profession with distinct theories and methodologies as companies increasingly acknowledge the fundamental importance of employee growth and development, as well as the necessity of a highly skilled workforce, in order to improve the success and efficiency of their organizations.

Training in a work organization is essentially a learning process, in which learning opportunities are purposefully structured by the managerial, HR and training staffs, working in collaboration, or by external agents acting on their behalf the aim of the process is to develop in the organization's employees the knowledge, skills and attitudes that have been defined as necessary for the effective performances of their work and hence for the achievements of the organizational aims and objectives by the most cost-effective means available (Tyson and York, 2000).

Abdullah, 2009 further said that training is the most important tool of a business to develop commitment, effectiveness, efficiency and loyalty and to create a culture of cooperation among employees. Sometimes the top management and managerial level employees are found to be uncooperative towards HR training, whilst lower level employees lack the commitment to participate in training activities.

As Meyer et al., (1993) indicated that employee commitment has become increasingly important in many organizations. Meyer et al., 1993 defines commitment as purely psychological it is a measure of the extent to which an employee has formed a strong psychological attachment to an organization.

According to Morrow (1996), the concept of commitment is four folded, it account for an employee's personal involvement in the decision, the attraction of alternative options, the degree of ambivalence-as well as employee satisfaction. Weiner, 1982 said that measuring commitment enables an understanding of why an organization may be losing satisfied employees whilst keeping the complainers as well as why an organization may keep employees despite clear better offers from competitors. Committed employees are one of the greatest assets any company can have. Each year organizations invest substantial amount of money in training their work force only to see talented and productive employees applying for other job, potentially to join the competition. Employee commitment plays a major role in overall business efficiency and profitability.

Ballout (2009) argue that greater level of employee commitment lead to organizational benefit such as continuous flow of improvements, costs and efficiency improvements and active employee participation. Committed employees are believed to enhance an organization as they fell secure in their jobs, are well trained, fell part of a team and are proud of and enjoy doing their jobs.

Clugston et al., 2000 said that affective commitment refers to a psychological attachment or connection individuals have to remain in an occupation or profession because they want to. Continuance commitment refers to a sense of costliness individuals have about leaving an occupation, thereby leading them to remain in the occupation because they need to.

According to Locke, 1968, commitment refers to a sense of obligation individuals have to remain in an occupation because they ought to. Whereas employee loyalty can be defined as employees being committed to the success of the organization and believing that working for this organization is their best option. Not only do they plan to remain with the organization, but they do not actively search for alternative employment and are not responsive to offers. According to Thompson (2010), employee effectiveness is the product of employee engagement and capability.

3.2 Definition of training

Different authors have defined the term training using their own words though they have used different wordings, all definition convey the same meaning. Some of the definitions by some of the writers are:

According to Mathis and Jackson (2008), training is the process whereby people acquire capabilities to perform jobs. The focus of training is the job or task for example, the need to have efficiency and safety in the operation of particular machines or equipment, or the need for an effective sales force to mention but a few.

Glueck, 1982 said that training is a systematic process of altering the behavior, knowledge, and or motivation of employees in a direction to increase organizational goal achievements. This means for any organization to succeed in achieving the objectives of its training program, the design and implementation must be planned and systematic, tailored towards enhancing performance and productivity. These two definitions explained above are more or less similar except that the Glueck give emphasis for the design and implementation of the training.

Chandan (1995) also defined training as a short term process of utilizing systematic and organized procedures by which non-managerial personnel learn technical knowledge and skill for a definite purpose.

According to Tyson and York, 2000, most organizations have long recognized the importance of training to its development. Helping employees to become effective in their job is one of the most fundamentally important tasks in people management that any work organization has to undertake. Employers depend on the quality of their employee's performance to achieve organizational aims and objectives; employees have motivational need for development, recognition status, and achievements that can should be meet through job satisfaction. Hence the initiative for providing this help must come from the employers.

3.3 The training process

According to Bratton and Gold, 1999, to accomplish the purpose of the planed training organizations should follow different process. Hence, the model below traces the steps necessary in the training process that most organizations practiced.

- Organizational Objectives
- Needs Assessment
- Training Objectives
- Select the Trainees and trainers
- Select the Training Methods and Mode
- Administer Training
- Evaluate the Training

3.4 Relationship between training & employee performance

Organ (1988) said that private service performance, i.e. the performance of employees and organizations in delivering public services, is a multi-faceted concept. It can be understood in an expansive or a more narrow way. The expansive understanding includes factors internal to an organization such as job satisfaction, organizational citizenship behavior voluntarily helping

others in the workplace, and organizational commitment (the strength of a person's attachment to and involvement in an organization).

Mwita, 2000 said that employee performance is an important building block of an organization and factors which lay the foundation for high performance must be analyzed by the organizations. Since every organization cannot progress by one or two individual's effort, it is collective effort of all the members of the organization. Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization.

Velada and Caetano, 2007 said that impact of training on employee performance is not only significant but studies prove that it also increases job satisfaction and commitment towards the organization and training transfer is more likely to increase performance, job involvement, and increases motivation to learn and transfer. Taiwo (2001) is of the opinion that the objectives of training are to: provide the skills, knowledge and aptitudes necessary to undertake required job efficiently. Therefore, she or he has the potentials, he may progress, increase efficiency by reducing spoilt work, misuse of machines and lessening physical risks. Obisi (1996) submitted that training aim at developing competences such as technical, human, conceptual and managerial for the furtherance of individual and organization growth. Also Taiwo (2001) postulated that the process of training is a continuous one. The need to perform one's job efficiently and the need to know how to lead others are sufficient reasons for training and the desire to meet organizations objectives. It is to increase personnel efficiency, professional growth, and smooth and more effective organization's operations.

According to Amisano (2009), employee performance may be related to numerous factors within the workplace, such as overall job satisfaction, knowledge, and management. But there is a definite relationship between training and performance, as training programs can address numerous problems that relate to poor performance.

Operational Definitions:

S. NO.	VARIABLE	OPERATIONAL DEFINITION
1	On-the-job training	According to Amisano (2009), with on the job training, employees receive training whilst remaining in the workplace. The main methods of one-the-job training include:

		<p>a) Demonstration / instruction - showing the trainee how to do the job</p> <p>b) Coaching - a more intensive method of training that involves a close working relationship between an experienced employee and the trainee</p> <p>c) Job rotation - where the trainee is given several jobs in succession, to gain experience of a wide range of activities (e.g. a graduate management trainee might spend periods in several different departments)</p> <p>d) Projects - employees join a project team - which gives them exposure to other parts of the business and allow them to take part in new activities. Most successful project teams are "multi-disciplinary"</p>
2	Off-the-job training	<p>According to Amisano (2009), this is any form of training which takes place away from the immediate workplace. Off-the-job training includes more general skills and knowledge useful for work, as well as job-specific training. Training may be provided by specialist trainers working for National Grid or by an outside company hired to help with training. Off-the-job training is particularly effective for non-technical skills, as employees can use these across different areas of the company.</p>
3	Employee Effectiveness	<p>According to Amisano (2009), the degrees to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing."</p>
4	Employee Commitment	<p>According to Amisano (2009), for the purpose of this study employee commitment has been defined as an employee's psychological attachment to his/her organization. Mainly the three component model of employee commitment by Herscovitch (2002) is used, which says that the commitment level itself consists of three parts; affective,</p>

		continuance and normative commitment. Somers (1995) defined Affective commitment as an employee's emotional attachment to an organizational goals and values.
5	Employee Efficiency	According to Amisano (2009), efficiency is a measurable concept, quantitatively determined by the ratio of output to input. a simple way of distinguishing between efficiency and effectiveness is the saying, "Efficiency is doing things right, while Effectiveness is doing the right things." This is based on the premise that selections of objectives of a process are just as important as the quality of that process.

3.5 Theoretical Framework of Research

The theory that the researcher used is the social identity theory. According to Wexley and Nemeroff, 1975, Social Identity Theory developed with the purpose of understanding how individuals make sense of themselves and other people in the social environment. In addition to this, there are other theories which can show the relationship between training and performance of worker, such as the Identical Elements Theory.

According to Spitzer, 1984, Principles Theory suggests that training should focus on the general principles necessary to learn a task so that the learner can apply them to solve problems in the transfer environment. This theory suggests that it is possible to design training environments without too much concern about their similarity to the transfer situation, so long as it is possible to utilize underlying principles. Even if these and other theories helped to see the relationship between training and performance the researcher has considered the social identity theory which relates training and development with performance of employee by disregarding employee development.

Hence, Theoretical Framework can be seen from the following model.

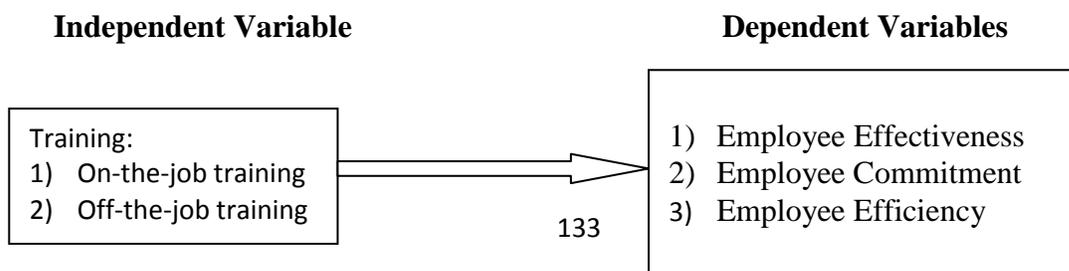


Figure 1: Theoretical Framework, relationships between training & employee`s performance

4. RESEARCH METHODOLOGY

4.1 Sampling size

Sample size would be 200 employees from public sector banks.

4.2 Sources of data

The researcher would use primary and secondary data sources for this research.

4.3 Data Collection Procedures

The researcher will use questionnaire to collect data. The purposes of questionnaire are to investigate the awareness of training program and the role of banks in the training of its employees. In addition, secondary sources of information will be collected from banks, magazine, books and journals on human resource management, and previous researches. In these procedures the researcher will collect data about the effect of training on employee performance by considering both the independent variable that is training and the dependent variables which were employee effectiveness, commitment, and efficiency which can be combined as performance.

4.4 Data Analysis Procedures

After collecting the data through different techniques, the researcher will organize and prepare the various data depending on the sources of information. The data analysis will be done by the use of SPSS software. The techniques for quantitative data analysis will be the frequency distribution and percentages besides regression and correlation which is used to determine the proportion of respondents choosing the various responses and to see the relationship between training and performance. This will be done for each group of items relating to the research questions. Tables and charts will also be used to ensure easy understanding of the analysis.

5. Conclusion:

This study directly focuses on the impact of training on employee performance in the public sector bank. This research can be further enhance to explore that how training programs can be strategically design and aligned with organizational goal to meet the desire performance. Future research could also investigate factors that may mediate the relationship between training and

employee performance. Another aspect of future study is that this study can be performed in terms of the role of training to create successful public organization. In general, this research can pave the way to study other related issues regarding public organization.

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