



Training and development and employees' performance: A study based on state banks in Jaffna

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Abstract

The present study aims to identify the impact of Training and Development on employees' performance in state Banks in Jaffna. Training and development were analyzed based on three variables: knowledge, skill and attitude and employees' performance were measured based on quality of the work, handling the problems, positive behavior of employees, and teamwork. The state banks covered in the study include Bank of Ceylon, People's Bank and National Savings Bank. 107 employees participated in the study and a simple random sampling method was used to select the samples. Data were collected using questionnaires. The study's findings show that Training and Development have a positive Impact on employees' performance in State Banks in Jaffna. Further, it was found that the number of training attended does not moderate the impact of Training and development on employees' performance. Findings of the study will help top management plan the training and development activities efficiently in the future.

Keywords: banking sector, employee performance and training and development

Introduction

Banking in Sri Lanka is transforming, year by year. Due to the increasing competition, rapid technology advancement, and severe viability norms, it becomes inevitable for the banks to use all of their employees' abilities to face future challenges. For this, banks are introducing various training and development techniques. The dynamic process of training and development in banks bridges the gap between the competitive environment's demands and the supplies that the bank could afford. Training improves the knowledge, skill and attitude of employees. Knowledge may be job knowledge and knowledge related to other fields like legal aspects. Skill includes technical skills, leadership skills, decision-making skills, computer literacy and communication skill. Likewise, attitude means positive thinking, behavior and loyalty to the work or organization.

There are licensed commercial banks, licensed specialized banks, licensed financial companies, and other financial institutions in Sri Lankan financial



system. Among these banking institutions, Bank of Ceylon, Peoples Bank and National Savings Bank are spending more money on training and development than other private banks. In 2016, Hatton National Bank spent Rs.30 million; Commercial Bank spent Rs.107 million rupees while Bank of Ceylon spent Rs.298.8 million rupees for their employees. (Annual reports of Bank of Ceylon, Hatton National Bank and Commercial bank). Therefore, it is important to analyze if the investment made on training and development results in increased employees' performance. Effective training programs are contributing to increase in employees' performance. However, some ineffective programmes may not contribute much for employees' performance and those training programmes may waste the time of employees and increase the cost of organizations. Sometimes sending employees for training may cause problems or disturbances to the managers and the continuity of the customer service and banking process. Some employees also feel that it is a waste of time. To find out the actual outcomes of training and development, many researchers did several studies on this issue. There are mixed findings about the impact of training and development on employees' performance. Therefore, the researchers are interested in doing a study on this issue. Do Training and Development positively affect the employees' performance in the State Banks in Jaffna? The research's main objective is to identify the impact of training and development on employees' performance in state banks in Jaffna. Sub objectives include identifying the impact of skills, knowledge, and attitudes provided through training and development on employees' performance and identifying the moderating effect of the number of training attended on the impact of training and development on employees' performance.

Literature Review

According to Flippo (1980), training is increasing an employee's skills for doing a particular job. Training provides employees with skills that improve their performance. As human performance increases, the business performance also improves. Garavan (1997) emphasizes through his study that without any pre-training employees cannot perform efficiently. The recognition of the importance of training in recent years has been heavily influenced by the intensification of competition and organizations' relative success where investment in employee development is considerably emphasized (Sultana, Irum, Ahmed & Mehmood, 2012). Training is necessary to ensure an adequate supply of technically and socially competent staff and capable of career development into specialist departments or management positions. Therefore, there is a continuous need for staff development, and training fulfills a vital part of this process (Sultana et al., 2012).



Despite the strong assumptions that workplace training influences employee outcomes (e.g. motivation, commitment, withdrawal behaviour and work performance), a limited number of studies in field settings address these issues empirically (Dysvik & Kuvaas, 2008). These sentiments are supported by Burgard and Görlitz (2011), who argued that non-monetary returns to training are less often examined in the empirical literature. Sahinidis and Bouris (2008) note that the role of training programs is seen as a measure of improving employee capabilities and organizational capabilities, i.e. when the organization invests in improving its employees' knowledge and skills investment is returned in the form of more productive and effective employees. While indirectly, they highlight that as companies train their employees to enable them to handle both current and future issues. In Kenya, Wachira (2013) linked employee training and development activities to business growth in Barclays Bank. She posits that the bank's training and development activities have been used to ensure that it had well-grounded staff to support the growth agenda and as a result, many of the employees got opportunities to take on higher responsibilities. This was supported by a study by Otuko, Chege and Douglas (2013) looking at the effect of training dimensions on employees' work performance, focusing on Mumias Sugar Company. The study indicated that there was a positive and significant effect between training needs assessment, training contents and employee performance in Mumias Sugar Company Limited.

Methodology

This research attempts to find the impact of training and development on employee performance. Training and development can be analyzed based on three variables: knowledge, skill and attitude. It means training and development activities should improve employees' knowledge and skill and change their attitude in a better way. These improvements and changes could increase the performance of employees. Based on this, the conceptual model is developed.

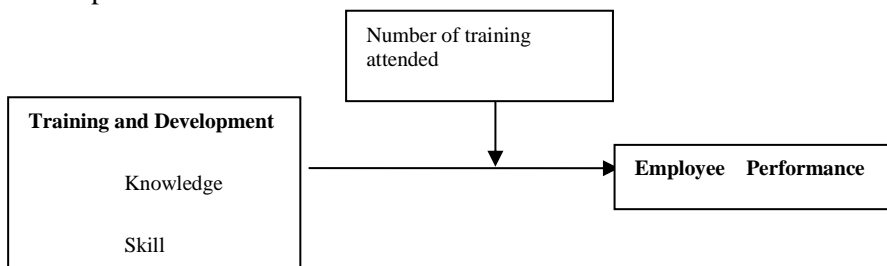


Fig 1. Conceptual Framework



Hypotheses of the study

- H₁: Training and Development are positively related to employee performance
- H_{1a}: Knowledge is positively related to employee performance
- H_{1b}: Skills are positively related to employee performance
- H_{1c}: Attitude is positively related to employee performance
- H₂: Training and development has a positive impact on employee performance
- H_{2a}: Knowledge has a positive impact on employee performance
- H_{2b}: Skills have a positive impact on employee performance
- H_{2c}: Attitude has a positive impact on employee performance
- H₃: The number of training attended has a moderating effect on the impact of training and development on employees' performance.

Sample and data collection

In this research, researchers have taken the population of state bank employees in the Jaffna region. Thus, Bank of Ceylon, Peoples Bank and National Savings Bank were selected in the Jaffna region and 20% of employees were selected as samples using a simple random sampling method. 150 employees were selected as samples and questionnaires were distributed and, 107 usable questionnaires were returned. The response rate was 73%. The data were collected through questionnaires. Training and development were measured using the questionnaire. A pilot study was conducted by issuing fifteen questionnaires to respondents and modifications were made based on the respondents' feedback.

Results and Discussions

SPSS 20.0 version was used to analyze the data to test the hypothesis. Correlation and regression were used in the data analysis. A reliability test was done to check the inter-item consistency of the measures. The Cronbach's alpha coefficients of the variables range from 0.687 to 0.828. These coefficients show that the measures are reliable.

Table 1. Correlations

	1	2	3	4	5
1.Knowledge	1.000				
2.Skill	.638**	1.000			
3.Attitude	.601**	.539**	1.000		
4.Training& Development	.821**	.686**	.656**	1.000	
5.Performance	.505**	.487**	.481**	.433**	1.000

** . Correlation is significant at the 0.01 level (2-tailed).

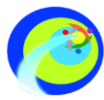


Table 1 shows the correlation matrix of training and development, knowledge, skills, attitude and employees’ performance. According to Table 1, the Pearson correlation between training and development and employees’ performance is 0.433 ($r = 0.433$). This means a significant positive relationship between them and correlation is significant at the level of 0.01 ($P < 0.01$). Therefore, the hypothesis “H₁: Training and Development positively related to employee performance” is supported. Table 1 also depicts that knowledge, skills and attitudes are significantly and positively related to Employees’ Performance. Therefore, the following hypotheses are supported:

- H_{1a}: Knowledge is positively related to employee performance. ($r = 0.505$, $p < 0.01$)
- H_{1b}: Skills are positively related with employee performance ($r = 0.487$, $p < 0.01$)
- H_{2c}: Attitudes are positively related with employee performance ($r = 0.481$, $p < 0.01$)

Impact of Training and Development on employees’ performance

Table 2a. Model summary of Training & Development and Employees’ performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	T	Sig.
1	.433 ^a	.187	.180	9.22176	4.922	.000

a. Predictors: (Constant), Performance

Table 2b. Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	48.569	5.301		9.162	.000
Knowledge	.486	.242	.229	2.012	.047
Skill	.822	.407	.219	2.021	.046
Attitude	.691	.319	.226	2.164	.033

a. Dependent Variable: Performance

Table 2-a and 2-b show the results of multiple regression analyses. According to the regression coefficients, knowledge ($\beta = 0.486$, $p < 0.05$), skills ($\beta = 0.822$, $p < 0.05$) and attitudes ($\beta = 0.691$, $p < 0.05$) have a significant positive impact on employees’ performance. So the following hypotheses are supported:

- H_{2a}: Knowledge has an impact on Employees’ performance.
- H_{2b}: Skills have an impact on Employees’ performance.
- H_{2c}: Attitude has an impact on Employees’ performance.



As per the regression results, skills have more effect on performance. The R square value of 0.187 denotes that the variations could explain 18.7% of the variation in employee performance in knowledge, skills and attitudes. The remaining 81.3% of the variation in performance could be attributed to other factors.

The moderating effect of the number of training attended on the impact of Training and Development on Employees’ Performance

Table. 3a. Model summary of effect of moderating variable (Number of trainings attended)

R	R-sq	MSE	F	df1	df2	p
.4331	.1876	65.9711	3.6290	3.000	103.0000	.0155

Table. 3b. Model summary of effect of moderating variable (Number of trainings attended)

Variables	coefficient	SE	t - ratio	p value	LLCI	ULCI
Constant	85.1100	.7835	108.6315	.0000	83.5561	86.6638
Trainings	.0873	.9648	.0905	.9281	-1.8262	2.0008
Total trainings	.3785	.1534	2.4681	.0152	.0744	.6827
Int-1	-.0075	.1892	-.0396	.9685	-.3827	.3677

Interactions: Int-1 Training * Number of Training

As can be seen in Table 3-a, the interaction term (training x number of training) is not significant, $b = -.0075$, 95 % $CI (-.3827, .3677)$, $t = -.0396$, $p = 0.968$ indicating that the relationship between training and performance is not moderated by the number of training attended. Therefore, the hypothesis **H₃** :“Number of Training attended has a moderating effect on the impact of Training and Development on Employees’ Performance” is not supported.

The findings of the study emphasized the impact of Training and Development on Employees’ Performance. Results revealed that knowledge, skills and attitude have a significant impact on the performance of employees. Further, it is revealed that there is a positive relationship among the Training and Development, knowledge, skill, attitude and employees’ performance.

Conclusions

The study highlights the impact of Training and Development on Employees’ performance and it is evident that Training and Development have a positive impact on Employees’ Performance. Future researchers need to consider the large sample to generalize the results to the whole population. Future researches could be extended to the private banks and other regions in Sri



Lanka to generalize the study's findings. It is suggested that other dimensions of employee performance, such as quality of work, the quantity of work, speed of work and other relevant measures, need to be included in the model.

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