

Impact of Training and development on employees: A cause study of commercial banks in Pakistan

Hasnain Raza¹

University of Central Punjab, Lahore, Pakistan

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ABSTRACT

Previous work on employee performance evidenced the necessity of proper and standard form of training system in order to achieve the objectives set by the decision makers. The objective of this study is to investigate the impact of training and development on employees' performance in banking sector of Pakistan. In order to collect data self-administrated questionnaires used. Banks branches from Punjab, Pakistan selected. Simple random sampling technique used to select the employees from selective bank branches. 350 questionnaires distributed among that 300-respondent response. Frequency distribution, Reliability, principle Component Analysis (PCA) and Regression applied to determine the results. The results indicate that most of the banking institutions are very aggressive towards their training and development programs, as they have to lead in the same industry with the enhanced and unbeatable skills of their professionals. This research concludes that training and benefits other than rewards are useful means of polishing employee's skills to leading them to achieve their organizational objectives, as they get more involved in their jobs by proper coaching.

Keywords:

Training and development, job involvement, employee's performance, coaching, polishing skills, organizational objectives.

I. Introduction

Better performance is the core value of every organization, but the desired performance can never be achieved without efficient performance of the employees of that organization. All working enterprises have money, materials, technology, ideas but they all are nothing except the human resource which is the basic backbone of the organization to let all the things happen and to utilize that human resource, they should must be well trained for their concerned job description.

Performance management system was introduced to solve performance issues of organizations. Like other organizations in banking sector reforms focus on performance of their employees has also executed (Hogan, 2000).

Coaching of existing and new employees in organizations done with the help of training as the training considered an organized way to enhance the performance quality of the employees. Training considered a logical method to train the employees of individual level, group level and at organization level (Khawaja & Nadeem, 2013). Thus, training is a series

to transfer modern skills and knowledge to the employees. All those organizations focus on the training and development achieve quality goals. Training acts as mediation to train the employees and to enhance the quality in form of goods and service by improving the technical skills of the employees (Manju & Suresh 2011).

Training is a tool to gain new knowledge and modern skills that lead to growth and development of organizations. Capability of the employees in organizations enhanced with the help of training. In modern era training of employees is gaining an imperative and critical role. It considered necessary to invest on training and development of the employees to achieve the desired goals that lead to organization success (Khawaja & Nadeem 2013).

Purpose of the study

The purpose of study is to investigate that role of training and development on employee's performance and to investigate that either only training and development is enough to employee's motivation for better performance or some other factors are also necessary with training and development?

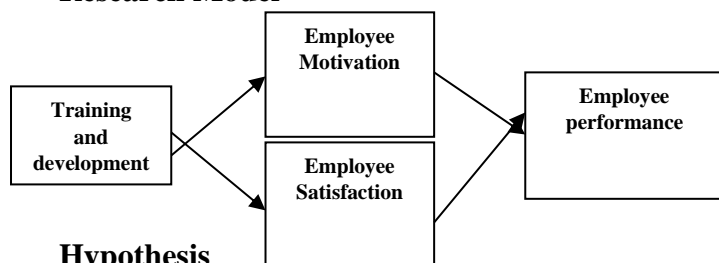
Research Objectives

- To investigate the training and development impact on employee's performance.
- To investigate the training and development on capability of employee's motivation.
- To investigate how training and development effect employee's satisfaction.

Rationale of the Study

Prior studies on this topic, shows narrow scope, some studies discuss about the training and development impact on productivity only and some focus only one bank. This study is different from prior, in the study we find to investigate either training or development is only tool for employee's performance or some other factors are also there which are necessary with training and development for employee's performance and satisfaction.

Research Model



Hypothesis

H_{1a} = Training and Development and Employee Motivation has positive relationship.

H_{1b} = Employees satisfaction and training has positive relationship.

H_{1c} = Employee performance and training has positive relationship.

Literature Review

Training and development is a tool that enable the employee's to make understanding about the techniques and practices that make any task effective and efficient. With the help of training and development, performance can be enhanced at individual level, group level and organizational level.

Employees are considered intellectual capital and valuable assets in every organization as because the skills employees helps to make an organization successful and leads to profitable organization. Employees are the persons who actually make a quality product and perform critical activities in organization. If the employees are not well trained and do not have modern skill any organization can never achieve the quality standard and desire profit. Hens

training is a necessary tool at workplace to achieve the targets in effective and efficient way.

Training and development and Employee Motivation:

(Shadare et al, 2009) Said that employee motivation is a result of better policies of the manager that create effectual job management between employees in a firm. An employee at a motivational level is answerable for the defined goals and objectives that he/she have to achieve. That's why he/she put its all effort in that specific direction. Motivation makes a firm more successful due to motivational employees are continuously trying to enhance their working capabilities (Rutherford 1990). Encouraging employees to perform their best work in tough conditions, may be the employees most solid and sound challenges and it might be possible with the help of motivation. Incensement in salary is the basic wish of every employee in every organization (Houran, 2010). According to (Sara et al, 2004) incentives keep employees devoted with their work, so money is the basic incentive that organizations can give to their employee.

According to (Adeyinka et al, 2007) money has the superiority to attract, manage, and motivate employees toward superior performance. Frederick Taylor and his systematic management associate relate money as the major basic factor in motivating the workers of industries to achieve larger productivity level.

H_{1a}= There is relationship between employee training and development and Employee Motivation

Training and development and Employee Satisfaction:

Shortage and lake of skills are threats for the growth of economic of every nation. Retention strategies indicate a critical situation in global market that faced due to shortage of skills. Shortage of skills does not only affecting South Africa only the victim of skills shortage are every regions of the world (Horwitz, 2008).

According to Moseley et al. (2008), state that employee retention is important to organizations as increased turnover creates instability and puts additional workload and stress on remaining staff, increasing job dissatisfaction and therefore potentiating the turnover cycle. In this current era employee's wants fresh and high values skill to complete their work task effectively and efficiently.

The organization offers modern and technical skills employee's desire to join those organization instead of those does not pay attention on modern skill (Chaminade, 2007).

H1b= There is relationship between employee training and development and Employee Satisfaction.

With the help of modern training organization can compete with competitors strongly. Employee's performance can be enhanced with the help of up to date training that helps the development of the organization (April, 2010). Measurement of the performance can be done with employee's efficiency and effectiveness. Employment contract done on the bases of performance of the employee's. Rewards to employees given based on performance. Training and development helps to increase the performance level among employee's that leads to achieve the desired goals of the organization (Cooke, 2000).

H1c= There is relationship between employee training and development and Employee Performance.

II. Data and Methodology

Appropriate information can be obtain with the help of a valid questionnaire (Babbie, 2013) in this study a self-administered questionnaire used for data collection purpose. Convenience sampling technique was used to select the sample and data was collected with 5 point Likert scale 1=Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree and 5=Strongly Agree). Prior researcher (Teseena and soeters, 2006) and cownin 2002 measured the employee's motivation with the help of 5 point Likert scale. Data entered in SPSS software to know the impact of the variables. This study is a quantitative nature by using positivism paradigm. Multiple regress equation was run to know the relationship between dependent and independent variables.

Table 1: Demographics

Respondents' Demographics	Frequency	Percentage
Gender (N=300)		
Male	42	14.0%
Female	258	86.0%
Age (N=300)		
20-30	253	84.3%
31-40	27	9.0%
41-50	18	6.0%
Above 50	2	.7%

Data from 300 respondents collected with the help of questionnaire. Demographic information shows that

14% female and 86% male respondent take part in the study. 84.3% respondent were from the age group of 20-30 years while 9.0% were from 31-40, 6% from 41-50 and 0.7% from above the age of 50.

Methodology

Karl Pearson used PCA (Principal Component Analysis in 1901 first time, after that it become familiar in science field. In exploratory research, variance between data can be check with the help of PCA easier than the other test. A predictive model can be construct with the help of PCA

$$Pc=a_1(x_1) + a_2(x_2).....+a_n(x_n)$$

Reliability of the data checked by using SPSS 20 the value of Cronbach's Alpha shows the reliability of the data. Before starting collection of data, a pilot test study done, and some modification done after getting the correlation results, Cronbach's Alpha and respondent feedback of the pilot test study. After pilot test study and modification of the questionnaire, data was gathered and normality test, descriptive analysis and comparing mean analysis done. Regression is a statistical measure that attempts to determine the strength of the relationship between one dependent variable (usually denoted by Y)

Linear Regression: $Y=a+bx$

Multiple Regression: $Y=a+bx_1+cx_2+dx_3+ex_4$

Normality of data means that the data has been correctly enter in software and distributions of the variables are normal in model. With the help of Multiple regression analysis relationship between X and Y variables were checked. As multiple regression used to know about the effect of independent and mediating variable on dependent variable in model (Coakes and Ong, 2011).

III. Empirical Findings

Data were analysis in SPSS 20 (SPSS is a statistical software used to manage the primary data) and validity and reliability were examined.

Table 2: Reliability of Measurement

Constructs	Number of Items	Cronbach's Alpha
Training and Development	5	.917
Employee Motivation	5	.732
Employee Satisfaction	5	.738
Employee performance	5	.725

Table 2 showing the results of reliability of data. The Cronbach alpha values tells about the reliability of data used in research. The values of Cronbach in this

table are Training and development 0.917, employee's motivation 0.732, employees satisfaction 0.738 and employee's performance 0.725 the values of all the variables are greater than 0.7 it proves that data is reliable used in this study.

Table 3: Regression Analysis

Regressor	Coefficient	Standard Error	T-Ratio
(Constant)	1.965	.132	0.000
Training and Development	-.378	.068	0.002
Employee Motivation	.049	.058	0.004
Employee Satisfaction	.621	.084	0.001

R square	Adj. R Square	F- statistics	Prob.(F- statistics)
.184	.176	22.301	.000

$$Y = a + bx_1 + cx_2 + dx_3$$

$$Y = 1.965 - 0.378x_1 + 0.049x_2 + 0.621x_3$$

Impact of training on employee's performance investigated with the help of multiple regress analysis; R² shows a value of 0.184 that means the correlation is 18% between dependent variable and independent variables. The adjusted R² shows a value of 0.176 it means that 17% variation on dependent variable is due to independent variable. The adjusted R² tells the degree of freedom between variables. The results of R² and adjusted R² provide evidence about the good fit of the model.

Table 4: KMO and Bartlett's Test

Constructs	Number of Items	KMO measure of sample Adequacy	Bartlett's Test of Sphericity Chi-square	Bartlett's Test of Sphericity Sig.
Training and Development	5	0.77	1.684	.000
Employee Motivation	5	0.62	651.499	.000
Employee Satisfaction	5	0.72	429.986	.000
Employee performance	5	0.65	897.241	.000

Table 5: Variance Inflation Factor

Construct	Component	Initial Eigen Values Total	% of total Variance	Cumulative % of Variance Explained
Training and Development	Component1	3.773	75.457	75.457
	Component2	.731	14.615	90.072
	Component3	.367	7.346	97.418
	Component4	.093	1.856	99.274
	Component4	.036	.726	100.000

Table 5.1: Variance Inflation Factor

Construct	Component	Initial Eigen Values Total	% of total Variance	Cumulative % of Variance Explained
Employee Motivation	Component1	2.562	51.234	51.234
	Component2	.965	19.304	70.538
	Component3	.872	17.442	87.980
	Component3	.497	9.948	97.928

Table 5.2: Variance Inflation Factor

Construct	Component	Initial Eigen Values Total	% of total Variance	Cumulative % of Variance Explained
Employee Satisfaction	Component1	2.974	59.479	59.479
	Component2	.988	19.760	79.240
	Component3	.499	9.989	89.229
	Component4	.338	6.752	95.980
	Component4	.201	4.020	100.000

Table 5.3: Variance Inflation Factor

Construct	Component	Initial Eigen Values Total	% of total Variance	Cumulative % of Variance Explained
Employee Performance	Component1	2.537	50.735	50.735
	Component2	1.011	20.218	70.953
	Component3	.673	13.453	84.406
	Component4	.516	10.329	94.735
	Component4	.263	5.265	100.000

Principle Component Analysis are applied on four variables Training and development, employee motivation, employee satisfaction and Employee performance. The values of all principle components is greater than 0.40.

IV. Conclusions

The results of this study indicate that training and development is not only key to hold the employee for long period in organization. Along with an effective training and development strategy, other employee's benefits strategies like promotion, monetary reward, health benefit, old age benefit and opportunities for global exposure are also necessary. Reward system other than compensation is necessary for the better performance of the employees. The organization

focus only on training and development and ignore the benefits of the employee's does not achieve their goals effectively and efficiently. The suggestions for the organization are to concentration on training and development with effective design and delivery method. Also to support the training with other employee's benefits, as because the organization support the training and development with other employee's benefits are successful with respect to those only focusing on training and development of their employees and ignore or give minor concentration on other benefits.

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