

Training culture and improvement in employee performance: A study of the Nepalese Development Banks

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Abstract

Training culture is the aggregate of values, practices, attitude, and behaviour to investment in training and development so organizational knowledge and skills may be enhanced. The development banking sector in Nepal has fierce competition. Thus, they have pressure to reduce cost, develop new packages of services and maintaining quality in service. For accomplishing all these works, employees of the banks should be knowledgeable and skilful. So, the investment in training, attitude and behaviours over the training from the side of management and employees remains as a prominent issue. The study is conducted on the Nepalese banking system where training environment, and training methods are examined in their effectiveness. Assessment of the necessity of training, duration of training, training budget is counted as important factors for the study. All development operating within Kathmandu Valley are considered as population and 127 employees were selected as sample. Structured questionnaires were administered on the employees of sample banks for collecting data. Mean, variance, matrix, ANOVA, and Independent sample t-test are accustomed to analysing the collected data. The study revealed that Nepali banks have established a training culture. Results revealed that several of the staff are satisfied with their training environment, and the training materials provided. Furthermore, the training facilities are quite satisfactory to date but require improvisation in the near future. The findings from the study are that Performance improvement has a higher positive relationship with training environment than training methods and materials, and also the moderating variable gender doesn't influence on the job performance after training.

Keywords: Training culture, Training environment, Employee Performance, Development Bank

Introduction

Today, organizations have got bigger and better in terms of both size and intelligence. They are striving for fulfilment and work effortlessly enough to out-compete their competitors. Globalization has made a world - a tiny village. The competition, today, is in whole new level as compared to competition previously. Innovation and customer satisfaction are two factors that make the survival of an organization. Each organization tries to dig-out new methods of production and value-driven supply system for service to optimize the customer satisfaction. The organizations have to trim the cost to extend profit which is feasible only through advance technology and advanced skills of the staff. The increment in profit also means expansion in services because of the funds are going to be further utilized. The services given to customers will only be effective when given as committed otherwise it'll cause organization failure. The effective services are assured with technology and skilled employees. Attaining goals of adjusting technology and employee motivation aren't an easy task but is ensured through increasing level of confidence which may be generated through training and development. To attain goals, organizations either have to sharpen their employee's skills or acquire competent employees from the industry. Getting competent employees from the industry becomes costlier. So, it increased the importance and emergence of institutionalizing training culture in organizations and hence, the banking sector cannot remain in isolation (Gautam, 2018). The organizations have to institutionalize on-the-job and off-the-job both training methods as training culture-making training as reutilized activity. It's stated that both on-the-job and

off-the-job training methods have a positive and significant relationship with employee performance. Training affects organizational competitiveness, revenue and performance. To extend productivity, the organizations must realize the importance of training culture but the majority of the state, private sector, and even international organizations lack these cultures. When companies' profit decline or when the economy slows down the primary option organizations take is cut their budget of training and development. Much empirical evidence proves that training and employee performance are positively associated to attain organizational goals (Singh, 2014). In the Nepalese banking system, there's a sizable number of competitors at one end and at the opposite side, the competition is extremely high. Nepal Rastra Bank, a regulatory body, has continuously pressurized to extend paid-up capital and deposit to decrease the cost of service to customers with a decrease in spread rate. Development banks are more interested to draw in competent and result-oriented employees even with higher job responsibility, and extra benefits. This has increased the company movement significantly as an emerging challenge. To deal with this, banks have to institutionalize the advanced training programs to develop employees' skills and direct their talent tightly towards the bank's objectives (Gautam, 2018). In the Nepalese context, investing in training and development is being a gaining issue whether it is one of the important strategies for improving organizational performance. This study, therefore, deals with the problems regarding training culture in Nepali development banking sector and its effectiveness in enhancing employees' performance improvement.

Review of Literature

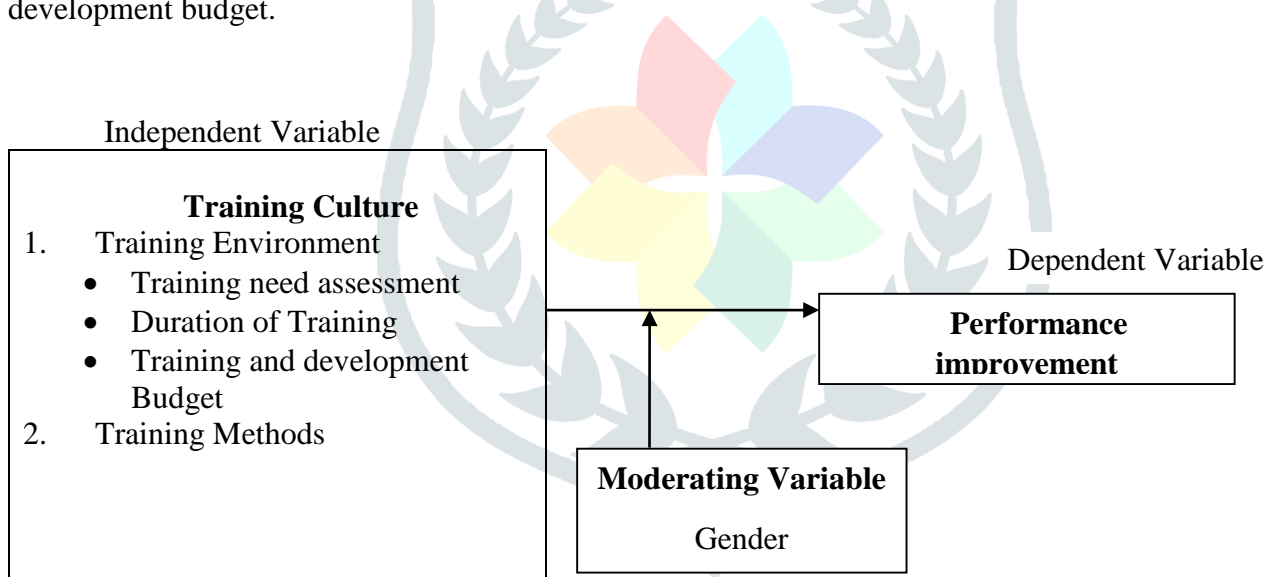
Training bridges the gap between the present performance and also the desired performance. Training can be given through different methods like on the job and off the job, peer cooperation, and participation by the subordinates. This teamwork enables employees to actively participate in the work and produces better performance, hence improving organizational performance. Training programs not only develop employees but also help a company to form the best use of their human resources in favour of gaining a competitive advantage. Therefore, it seems mandatory by the firm to plan for such training programs for its employees to reinforce their abilities and competencies that are needed at the workplace, (Jie and Roger, 2005). It's all about improving the talents that seem to be necessary for the achievement of organizational goals. Training might also be an efficient tool for improving one's performance, as employee better performance results in appreciation by the highest management, hence employee feels more adjusted together with his job (Chiaburu and Tekleab, 2005). According to Falola et .al (2014), an organization that provides worth to knowledge as a source of gaining a competitive advantages then they should build-up a system of training that ensures constant learning, and on the effective way of doing. Hanif (2013) mentioned that training should result in the culture of enhancing learning, to boost employee performance and an ultimately higher return on investment (in training) for the firm. Most of the previous studies provide evidence there's a robust positive relationship between training and development practices and organizational performance. Consistent with Khan (2012) mentioned in his study that training and development programs, collectively of the vital human resource management practice, positively affect the standard of the workers' knowledge, skills, and capability and thus, end up to higher employee performance on the job. This relation ultimately contributes to supreme organizational performance. As depicted by the work of Harrison (2002), learning through training influence the organizational performance by greater employee performance, and is claimed to be a key to consider the achievement of corporate goals. Employee competencies change through effective training programs. It not only improves the performance of the staff to effectively perform the present job but also enhances the knowledge, skills an attitude of the workers necessary for the long run job, thus contributing to superior organizational performance. Through training, the worker competencies are developed and enable them to implement the work-related skills efficiently and achieve firm objectives in a very competitive manner. Ahmad (2003), concluded that the prime level of employee commitment is achieved if training achieves learning outcomes and improves the performance, both on the individual and organizational levels. These findings also are according to the results of Harrison's (2002) research work. As mentioned by Ashagr and Saeed (2012), training sessions accelerate the initiative ability and creativity of the workforce and facilitates to avoid human resource obsolescence, which will cover the deficiencies in the dealing with the technological changes. It's been further mentioned that the requirement and objectives of the educational program should be identified before offering it to the staff. Moreover, training supports to shape employees' jobs related behaviour and facilitate them to participate in the success of the organization, and ultimately the firm gets higher returns.

Tahir (2014), further mentioned that a well-skilled worker is in a position to form the best use of organizational resources together with the minimum level of wastage. As stated by Hanif (2013), when employees are well-trained organizations can delegate responsibility and authority to them with full confidence in ensuring organizational success. As mentioned by Gautam (2018), organizations have two choices for acquiring competent employees or to easily provide training and build their competencies to form them wise enough to handle organizational challenges. And, it's found that providing the employees with training is a relatively good decision for the organizational image, performance improvement, and retention together with improved performance. Pandey (2018), further mentioned that both incidence and intensity of training have a strong effect on organizational performances particularly the turnover growth. He also added that firms investing predominantly in formal training perform better than those hoping on informal training.

Conceptual Framework

The previous studies have focused on the performance of the employees and overall performance of the organization (Khan, 2012; Harrison, 2002; Hanif, 2013 & Tahir, 2014). In the Nepalese literatures also the researchers found the positive relations with the employee performance and organizational performance (Gautam, 2018 & Pandey, 2018). But how the overall performance of the organizations improves through raining. Training is not much effective in Nepal and the attitude of employees towards training is negative and considered as compliance to take part in the training Adhikari, 2002; Pant,1982 & Shrestha, 2006).

This study examines the impact of coaching culture in performance improvement in the Nepalese development banking sector. Performance improvement is taken as a dependent variable and training culture (training environment, and training methods) is taken as an explanatory variable. The component training environment represents three dimensions that include: training need assessment, duration of coaching and training and development budget.



Methodology

This study follows descriptive research design to assess the level of training culture in the Nepali development banking sector, and correlational research design to look at the link between training culture, and employee performance improvement. Employees of development banks in Kathmandu were considered as population. Structured questionnaires were distributed to various level employees of 5 development banks in Kathmandu through physical hand-outs and online forms. A total of 127 responses was collected from the chosen development banks. The first section of the questionnaire included the demographic information of respondents like age, gender, current work position, years of job experience at the current bank, etc. while the second section was designed to explore the training culture in the Nepali development banking industry. The second section was designed with a five-point Likert scale (1 for strongly disagree and five for strongly agree) and the third sector contained the performance improvement related five-point Likert scale questionnaire. The information was analysed using SPSS version 20. Frequency analysis, mean, independent t-test, correlation and ANOVA were used as statistical tools to draw the conclusions.

Analysis and Result

This section represents the analysis of data using various statistical tests so as to draw the conclusions.

Respondents' Profile

Profile of respondents based on gender

Table 1. *Gender of Respondents*

	Frequency	Percent
Male	66	51.969
Female	61	48.031
Total	127	100

There is tentatively equal representation of both the genders in this study. This means that the research showcases the perception of both the genders equally. So, the study's results can be extended to both sexes.

Assessment of Position

This section deals with data analysis to determine the level of practices of the different components of training culture.

Table 4. *Position of Training Culture*

S.No.	Components of Training Culture	Mean	SD
1	Training Environment	3.89	0.82
2	Training Methods & Materials	3.86	0.87
	Training Culture	3.875	0.875

A training environment has 3.89 with variance .82. The average is closer to 4 and 4 indicated satisfied. Thus, it is often said that the staff of development banks in Nepal are satisfied with the environment i.e. training need assessment, duration of coaching and training and development budget allocated by the bank. While the variance of 0 .82 indicates there are few respondents who have substantially different opinions. A number of the respondents are neutral i.e. neither satisfied nor dissatisfied. The common average of the response of every statement representing the training methods and materials is 3.86 and variance 0.87. This value is also nearer to 4 and 4 indicates agree within the used Likert scale. Thus, the staff is satisfied with the methods applied for providing training, and also the materials provided to them within the training place or outside are sufficient to develop their workplace skill requirement. So, it is often concluded that respondents are satisfied with the training methods and materials used for development Bank employees. Variance of 0 .87 indicates that few respondents have reservations towards the sufficiency of coaching methods and materials.

Table 5. *Satisfaction from Training Culture*

Performance improvement	Mean	SD
Weighted Average Mean for improvement	4	0.82

The overall i.e. weighted average mean of performance improvement through training culture of the development Bank is obtained to be 4 with variance 0.82 indicating that respondent trust the statements stating the improving performance through training culture within the Development banking system. This provides sufficient evidence proving that the training culture helps to improve employee job performance. Deviation of 0 .82 indicates that there are some respondents who are neutral or do not trust the statements.

Table 6

Pearson’s correlation matrix showing relation between performance improvement and components of training culture

	TE	TM	ES
TE	1		
TM	.686**	1	
PI	.578**	.508**	1

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

Notes: TE refers to Training environment
 TM refers to training methods and materials
 PI refers to performance improvement

Table 6 shows the position and intensity between the dependent and independent variables. The outcome shows a positive relationship between performance improvement and all the influences of the culture of training. For two tailed measures, the relationship is important at 1 per cent significance point. Performance enhancement has a higher positive interaction with the training environment ($r = 0.578^{**}$) than the training methods and materials ($.508^{**}$). This suggests that the training environment (training needs evaluation, training period, and training budget) is specifically concerned with converting information into skills and having an immediate impact on performance growth.

Table 7
One way ANOVA test between the independent and dependent factors

	Sum of Squares	Df	Mean Square	Sig.
Regression	185.185	2	92.593	.000 ^b
Residual	332.815	124	2.684	
Total	518.000	126		

a. Dependent Variable: Performance improvement
 b. Predictors: (Constant), Training Methods, Training Environment

Table 7 shows that the p-value is 0.000. Since p-value (i.e. 0.000) is less than 0.05, it indicates that training environment and training methods have significant impact on performance improvement. It means progress in each of these variables helps increase the efficiency of Nepal's development bank employees.

Table 8
Independent sample t-test between gender and performance improvement

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Performance improvement	Equal variances assumed	.029	.865	-.827	120	.410
	Equal variances not assumed			-.828	35.199	.413

Table 8 shows the value p to be 0.865. Since p-value (i.e., 0.865) is more than 0.05, it suggests that there is no substantial difference in the performance improvement of male and female worker after training. As there is no substantial mean difference between male and female, it can be assumed that the moderating variable sex does not affect the output level after training.

While summarising the study findings we found that the majority of the respondents are satisfied with the training environment (assessment of coaching needs, and training budget). Most of the respondents agreed that training has helped increase employee participation, improve confidence level, and save time. This provides sufficient evidence proving that the training culture helps to enhance employee performance. From Pearson's correlation analysis, it's been found there's a positive relationship among employee performance improvement and training environment, and training methods and materials. Performance improvement has a higher positive relationship ($r = 0.578^{**}$) with a training environment than training methods and materials. From the one way ANOVA test, it's been found that there's a significant impact of a training environment, and training methods on employees' performance improvement. From the independent sample t-test, the gender-wise difference wasn't found in improvement in the performance of employees.

Discussion and Conclusion

The study found that training helped employees to extend employee participation, improve confidence level, and save time. This provides sufficient evidence proving that the training culture helps in improving employee performance. This finding is in step with the findings of the study done by Bhat (2013) titled "Impact of coaching on Performance improvement: A Study of Retail Development Banking Sector in India". The similarity in findings could also be because of the actual fact that both studies target the impact of coaching culture on performance improvement of the banking sector and nature and culture of training in Nepal and India is tentatively similar and level of understanding within the employees also are same. Similarly, it's been found that there's positive relationship among employee performance improvement, training environment, and training methods, and materials. Performance improvement has a higher positive relationship with a training environment than training methods and materials. So, training environment is that the major factor of training culture influencing performance improvement. However, this outcome isn't in step with the findings of the study disbursement by Gautam (2018) titled "Training Culture, and Performance" where it's been found that the training method is that the major factor of coaching culture influencing performance improvement. Furthermore, it's been found that the performance improvement in male and feminine from training culture don't differ significantly. The moderating variable gender doesn't influence the extent of a performance improvement after training. This result's also inconsistent with the findings of the study disbursement by Gautam (2018) the satisfaction level of male and feminine from training culture don't differ significantly. The findings from this study might be different from the study by Gautam (2018) because of the choice of employees of sample Development Banks for the study. The sample Development Banks selected by Gautam (2018) are different from that of the sample Development Banks selected by researcher. The workers from which the information has been taken belong to different Development Banks from which they receive training as per their Bank's culture. The culture of Development Banks differs from each other because the deregulation policy of the country has provided freedom to the banks to perform these varieties of works. Similarly, the managerial and leadership role also play in determining the impact of coaching on performance improvement. Such factors seem to differ in numerous Development Banks because of which the results might have been different from those of the study disbursement by Gautam (2018). This study aimed toward determining training culture and its impact on the performance improvement of the Nepalese Development banking system. The study has found that there are positive association between training culture and performance improvement. Similarly, the training environment is the major factor influencing the performance improvement within the Nepalese Development banking system. It's been found that the improvement level of male and feminine from training culture do not differ significantly. However, there's a difference in views regarding the sufficiency of training duration for every training session. This study also justifies the theory of training that the training improves the skills of employees and ultimately improves the performance of the workers at the workplace. This training and development theory continues to be significant in the least developed countries like Nepal's setting in the current time too.

Implications of the Study

The implication of the study is that it's essential for organizations to develop worker training programs. If organizations are capable to support all employees in meeting their requirements then both, employees and organizations will get the long-run benefits. It could bring a stimulating change in employees' performance which tends to extend the organizations' productivity and efficiency. The managerial implications would be to confirm the proper training program by giving special attention to training needs, training materials, and training duration factors. So, the training policy and programs can be more effective at the time when employees think that Nepalese training are very poor and training are conducted to comply the legal requirements only.

For further study in the same area, the further researcher can increase the scope of the study to different sectors like the hotel industry, airlines industry, etc. Similarly, this study has been conducted with limited sample size and limited statistical tools. So, this study proposes to conduct further research in broader areas with more sample size by applying other statistical tools to urge more insights. The study conducted within the Nepalese banking sample by Gautam is not consistent with the findings of this study so, this study proposes further study replicating the same sample and same statistical tools so as to bridge the gap between the studies and ensure the results.

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