

# THE EFFECT OF TRAINING AND DEVELOPMENT ON THE PERFORMANCE OF EMPLOYEES OF COMMERCIAL BANKS IN NIGERIA

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## ABSTRACT

*In spite of the effectiveness of Training and Development in insuring good performance of the employees many problems had been detected such as obstruction of the effects of trainees due to lack of adequate implementation of training programmes lacks adequate training equipment and in most cases, inadequate professional trainers. The objective of this paper is to assess the effect of training and development on the employees' performance in Nigerian commercial banks. The study used descriptive approach and inferential statistics such as simple percentage and chi-square for the presentation and analysis of the data collected. The Primary data were generated from these respondents through questionnaires distributed to the sample of 25 staff of Union Bank Plc from the total population of 35 staff, using Simple Random Sampling Technique. Out of the 25 questionnaires distributed, 22 were correctly filled, the number which the results and analysis were based. The study discovered that training has positive effect on employee performance and productivity. Investment in training can improve a company's financial standing. Poor performance often results when employees don't know exactly what they are supposed to do, how to do their job or why they need to work a certain way. The study recommended that banks should have a well-defined training manual that has to be followed to the latter for effective utilization of human resource capital.*

**Keywords:** Training, Development, Employee Performance, Productivity

## INTRODUCTION

Employees are the most valuable asset of every kind of organization as their inputs has direct or indirect effect on the organization's profitability. Employees are charged with the responsibilities of performing diverse tasks in accordance with the aim and objectives of the organization. Therefore, proper training of both old and new employees because very crucial in order to develop adequate skills necessary for accomplishing their tasks for maximum productivity and profit. According to April, (2010), in the development of organizations, training plays a vital role; improving performance as well as increasing productivity and eventually putting organizations in the best position to face competition and stay at the top. This means that there is a significant difference between the organizations that train their employees and organizations that do not. Harrison, (2005), is of the opinion that training and development for the effective performance of employees is one of the most important functions of the Human Resource Management (HRM). Training and development is the field concerned with organisational activity aimed at improving the performance of individuals and groups in rightful settings. It has been known by many names including employee development, human resource development and learning and development. Kibichii, Kiptum, and Chege, (2016), training and development basically deal with the acquirement of understanding, know-how, techniques and practices. In reality, training and development is one of the essentials of human resource management as it can better performance at individual, collegial and organizational levels. As the course of increasing one's capacity to take action, organizations are now progressively becoming meticulous with organizational learning and therefore collective development. Robert (2014), clarifies that employers should not take training programs for granted. They should ensure

that the people who conduct the training understand the difference between demonstrating a skill and teaching that skill to someone learning it for the first time. He further added that organizations should customize their activities to the ability level of the employee being trained. Elnaga and Imran (2013), forwarded that employees who undergo proper training tend to keep their jobs longer than those who do not. Training is a necessity in the workplace. Without it, employees don't have a firm grasp on their responsibilities or duties. Employee training refers to programs that provide workers with information, new skills, or professional development opportunities

### **Statement of the Problem**

The importance of training and development in enhancing employee performance in organisation cannot be overemphasized. According to (Abdus, 2011), training is seen to have a huge impact on organizations efficiency. It is also observed that more expertise in training has led to more productivity. Khawaja, Shahid, and Nasir (2013) in their study on "association of training satisfaction with employee development aspect of job satisfaction" that training giving to employees will result to improve the level of satisfaction of their current jobs: it underlines the need of company to concentrate on building employee capability and development to achieve job satisfaction. Ugbonmhe, Nosakhare and Egbu, (2016), established that those employees in the banking industry do not feel motivated by the training offered and this has impacted negatively on their performance. The situation is such that the employees are not motivated by the kind of training they are offered. This is because training activities are not tailored towards employee job needs. There is a gap between employee job needs and training activities making it very difficult to facilitate performance in banks. This has advance implications on the growth of the banking industries hence the need for this study.

### **Objective of the Study**

The main objective of this study is to assess the effect of training and development on the performance of employees of commercial banks in Nigeria.

## **LITERATURE REVIEW**

### **Concepts of Training and Development**

According to Raja, Furqan and Muhammad (2011), training and development is a very important tool for an organization to compete in this challenging and changing world. Armstrong (2009) has differentiated training from development by putting his concept into words that development is meant to acquire new knowledge and skills that help to progress into some future job requirements while training helps in gaining those competencies that enable the employees to better perform in their present jobs. Imran, and Tanveer, (2015), training & development is a more logical and organized way of improving the skills, knowledge, and attributes needed by the workers to better fulfill their job tasks

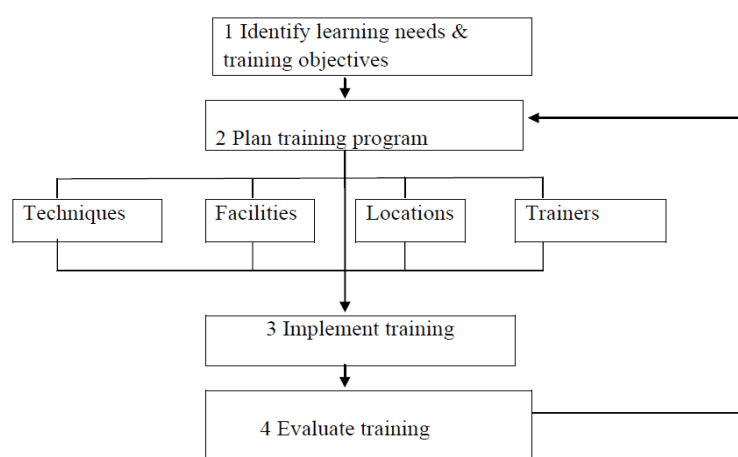
Training is necessary to ensure an adequate supply of staff that is technically and socially competent and capable of career development geared towards helping organizations realize their vision. In the contemporary dynamic corporate world, employees are increasingly required to keep up to the upcoming changes. Training is important for employees' development as it enables them achieve self-fulfilling skills and abilities; reduce operational costs, limits organizational liabilities (Donald, 2009). Properly trained employees are highly motivated and have more sense of responsibility hence requiring less supervision which in-turn increases the organization's ability in attaining its mission. The study will principally focus on the effect of training and development on employee performance and productivity (Mohamud, 2014).

Training is considered as the process of improving the existing skills, knowledge, exposure, and abilities in an individual. According to Saleem, Shahid, and Naseem (2011), training is an organized increase from the know-how skills and sensations needed for staff members to execute efficiently in the offered process, as well as, to operate in underlining situation. Moreover, it also enhances the capabilities of panel of employees in very effective way by motivating them and transforming them into well organized and well-mannered workers that ultimately affects the performance of organization. Khanfar (2011) argued that training is an active means to enable individual to make use of his capability and his potential.

Employee performance refers to the ability of employees to perform a job in an effective and efficient way to produce the best results. When the employees are provided with the proper training, they will be more committed towards their job and improve their performance in the organisation. There are different types of training being given to the employees like orientation/induction, refresher training, product training, cross functional training (Anitha, Kumar, 2016).

## Systematic Training

Training should be systematic in that it is specifically designed, planned and implemented to meet defined needs. It is provided by people who know how to train, and the impact of training is carefully evaluated (Armstrong, 2010).

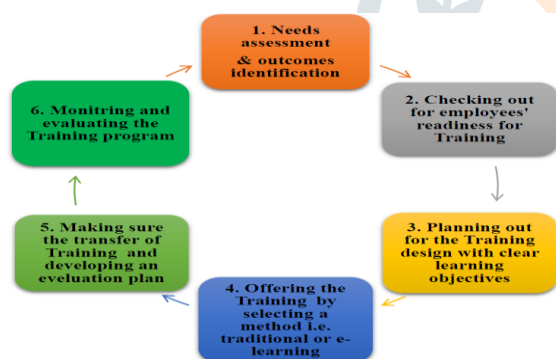


**Figure 1: Systematic Training Model**

Source: Armstrong, (2010).

## Training Process

Imran, and Tanveer, (2015), forwarded that, different authors have put forward the systematic process for training and development of employees. The number of steps varies but the basic approach remains the same i.e. to manage training in a better way to have the best results out of the investments made. Training is a continuous process. Whatever the scheme may be presented by various scholars and trainers the following steps are inevitable for any well designed and precisely implemented Training and Development plan:



**Figure 2: Training Process**

Source: Noe, (2008); Garner, (2012)

Imran, and Tanveer, (2015), went further to say, if any company skips one or two of the steps in a training and development process, it may succeed in implementing a training program but will no longer reap the actual fruits of training that have somewhat long term impacts on the employee performance as well as the overall organizational productivity and growth. The intention behind presenting such models and process cycles in different studies is to show organizations a direction where they can input their strategies and investments to reach their final destination i.e. a sustainable market leadership with an unconquerable competitive strength.

## Concepts of Performance

Performance refers to the accomplishment of goals with effectiveness Singh, (2016). Employee performance depends on many factors like job satisfaction, knowledge and management but there is relationship between training and performance (Amisano, 2010). Increasingly, high performing organizations today are recognizing the need to use best training and development practices to enhance their competitive advantage. Training and development are an essential element of every business if the value and potential of its people is to be harnessed and grown. The implementation of training and development programs are critical factors that most organizations need in order to enhance employee

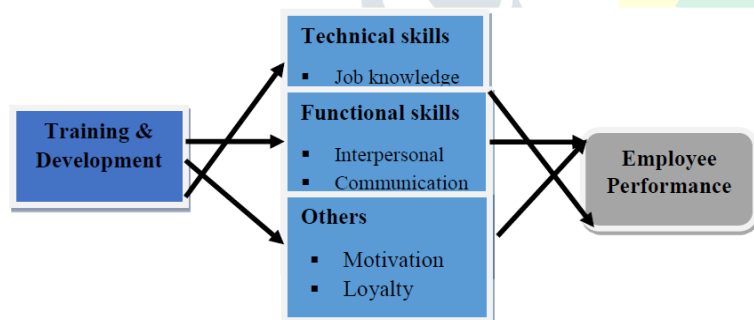
performance. Therefore, for effective use of human resource the level of training and skills of an employee is very critical for any organization. Effective training saves labour by reducing time spent on problem-solving and saves money in the long run by producing a better workforce (Mohamud, 2014).

Job performance refers to how well employees' performance on the job and assignments assigned them measure about the generally accepted measure of performance skills set by the organisation (Dzamesi, 2012). This implies that there are general expectations expected of employees in relation to their performance in every organisation. Employee is said to have performance when he or she has met the expectations and performance up to standard. Job performance can also be referred to as the functioning and presentation of employees. Performance measures are related to effectiveness (how good, accurate or relevant the service delivery was to the customer), efficiency (how quickly you deliver), cost effectiveness and cost efficiency. Performance measures covering information relating to: Customers – new and cost; Resource – consumed, save or required; Finance – how efficiently and effectively tasks and activities are accomplished (Ugbomhe *et al.*, (2016).

### Measurement of Training and Development

Aguinis (2006); Dessler and Varkkey (2010) discussed the various methods for measuring the performance of employees: *Alternate ranking* (ranks employees from best to the worst performer), *Graphic rating* (rank employees based on the score won in the list of traits included on the rating graph), *Paired comparisons* (making pairs of employees by decided on certain traits then measuring the individuals' standing on each trait and declaring who is better), *Forced distribution* (employees are to be ranked on predefined criteria), *Critical incidents* (manager notes down the incidents of critical importance both good & bad and then evaluate the employee), and *Behaviourally anchored rating scale* (it uses a combination of rating methods and critical incidents). These methods are selected by supervisors based on the evaluation policies of the organization, also the selection of measure method could be based on the approach being preferred by the performance management system in practice in any organization. Aguinis (2006) identified three basic approaches to performance measurement: *Approach of traits* is during the year approach and deals with measuring the individual characteristics indicating the performance; *Approach of behaviour* deals with evaluating the ways employee uses to carry out his/her job; *Approach of results* that is an end of the year evaluation approach and deals with evaluating the employees based on achievement of targets.

### Conceptual Model of Training and Development



**Figure 3:** Conceptual model of training and development

**Source:** Imran, M. and Tanveer, A. (2015).

According to Singh (2016), training and development is defined as the planned learning experiences that teach employees how to perform current and future jobs. As such, performance contributes to the growth of the organization specifically since they can implement in combination competences and expertise acquired through training and development. Training and development also helps a company to meet competitive challenges and become leader in the global market.

### Employee Productivity in an Organization

Mohamud, (2014), reported that Employee Productivity is the log of net sales over total employees an economic measure of output per unit of input. Employee productivity measures may be examined collectively (across the whole economy) or viewed industry by industry. The Oxford dictionary defines 'productivity' as the state of producing rewards or results. 'Productive' means fruitful, lucrative and profitable. In this context, productivity is synonymous with output. In scientific literature, 'productivity' is defined as the relationship between output and input; between results or proceeds and sacrifices. If it



involves the ratio between output and a specific part of the input, this is referred to as 'partial productivity': for example, labour productivity expressed as the amount of production for each labour unit, or the number of labour hours for each product unit. Companies today are forced to function in a world full of change and under various complications, and it is more important than ever to have the correct employees at the correct job with the right qualification and experience in order to survive the surrounding competition. The successful and prosperous future of an organization is dependent on its skilled, knowledgeable and well experienced workforce.

Training has been an important variable in increasing organizational productivity. Most of researches including Sepulveda (2005), Colombo and Stanca (2008); Konings and Vanormelingen, (2009), showed that training is a fundamental and effectual instrument in successful accomplishment of the firm's goals and objectives, resulting in higher productivity.

## Methodology

The study used descriptive approach and inferential statistics such as simple percentage and chi-square for the presentation and analysis of the data collected. The Primary data were generated from these respondents through questionnaires distributed to the sample of 25 staff of Union Bank Plc from the total population of 35 staff, using Simple Random Sampling Technique. Out of the 25 questionnaires distributed, 22 were correctly filled, the number which the results and analysis were based.

## Data Analysis and Results

**Table 1: Model Summary**

R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error	Statistics Measures			
				R <sup>2</sup> Change	F Change	df1	Sig.
.725a	.581	.811	2.21	0.312	4.301	4	.0225

The result in Table 1, the summary model, shows that  $r = 0.725$ . This implies that the variables within the factors have effect on performance with regard to research output. At  $(F_{2,22})$ ;  $R^2 = 0.811 = 81.1\%$  this indicates the percentage by which the variables explain the models. The  $p$  – value  $p < 0.021 < 0.05$  shows that Training has significant effect on the performance of staff. Research Grant on research output of academic staff in the study area is significant by implication.

## FINDINGS

Employees benefit from program in which he/she have undergone whereby it improve their skills and prepare them for higher position. From the data obtained it shows that majority of staff have undergone training since been employed. Based on his findings significant number of employees believes that productivity is a function of training and development, that is training and development is a management tool for improving productivity and performance.

## CONCLUSION

From the above findings, it was observed that training and development have positive significant effect on the employee's performance. It provides conclusively that training and development have been found to be an effective agent of change in an organization. This is very fertile area for research. In the course of e study a number of issues surfaced which can be further researched. Assessment of training and development needs in an organisation from time to time is very vital as to keep the human resources with present knowledge and skills required to handle machine/equipment and with generalized knowledge of handling complex tasks.

## RECOMMENDATIONS

Based on the findings so far, the following are recommended:

1. The organization should keep up to its training ad not comprises it, since it improves employee's skills and prepare them for higher responsibilities and greater task.
2. The bank should motivate its staff after attainment of training, through addition pay, posting to higher position relevant to their field of study.

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