

# The Effect of Training on Employees Performance: in Selected Commercial Bank of Ethiopia in Dawro Zone

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## ABSTRACT

The purpose of this study was to investigate the effects of training on employee performance of selected Commercial Bank of Ethiopia in Dawro Zone. The main objective of training is to improve employee knowledge and the skills for their better performance. The performance is measured in terms of the improvement in motivation, efficiency and the Employee Job Satisfaction. Both primary and secondary data sources were used. Structured questionnaire was designed to collect the information from the respondents. The collected data were analyzed using descriptive statistics and multiple regressions. Regarding the frequency of training provided, many respondents, i.e., 139 out of 160 respondents avowed that they took training for one or two times. This may retard the effectiveness and motivation of employees of the organization. Regarding the methods implemented to deliver trainings, the company mostly used induction/orientation in which 25 percent (40 out of 160 respondents) affirmed that they took trainings through lecture. The findings on the Effect of Training on Employee Performance are generally significant.

**Keywords :** Dawro Zone, Employee performance, Satisfaction, Training

## I. INTRODUCTION

In current era highly volatile business environment organizations are facing emerging challenges in form of acquisition and optimization of human resource. Being valuable and scarce capabilities, human resources are considered as a source of sustainable competitive advantage. The success of an organization depends upon several factors but the most crucial factor that affects the organization performance is its employee. Human resources play an integral role in achieving an innovative and high-quality product/ service. One major area of the Human Resource Management function of particular relevance to the effective use of human resources is training and development. The importance of training and development as a central role of management has long been recognized. The one contribution a manager is uniquely expected to make

is to give others vision and ability to perform (Ahmed Mehrez, 2014).

Training is necessary to ensure an adequate supply of staff that is technically and socially competent and capable of career development into specialist departments or management positions. For any project to function effectively, it must have money, materials, supplies, equipment, ideas about the services or products to offer to those who might use its outputs and finally and mostly people, which is the human resource, to run the project.

In spite of the large number of researches on the relationship between training and employee performance, there appears to be a gap, concerning the study of effect of training on employee performance. The purpose of this study is to narrow this gap by deeply investigating this phenomenon through the relevant literature, shedding more light

into the relationship of training effectiveness, and superior employee performance and providing suggestions to the organizations as how they can make best use of training programs to make their employees perform well on job.

## II. STATEMENT OF THE PROBLEM

The majority of governmental, private organization and international organizations have allocated good amount of fund for training service particularly which could serve for training delivery, but through all these conditions evaluating the effect of the training is not somehow measured properly with the performance of the employees' concerned. When the researcher saw the case in selected commercial bank of Ethiopia dawro zone, the bank prepares every year a training program for its employees. On average one employee gets two trainings every year. Beside this the bank prepares a successor training for grade 10 employees, but these employees leaves the organization after taking the training, the training helps these employees to get new jobs. The main target of training is to fill the knowledge gap of those employees which have knowledge gap. But what importance does these training have to the employee and what effect it brings to the employees' performance in the organization is generally unknown and forgotten by the bank in general and the district in particular. All the above reasons lead me to assess the effects of training on employee performance - the case of selected Commercial bank of Ethiopia, Dawro zone.

### *Research objectives*

#### **General Objective**

The general objective of this study was to evaluate the effects of training and development on employees' performance in selected commercial bank of Ethiopia, dawro zone.

#### **Specific Objectives**

1. To identify the training program being conducted in the bank under study.
2. To identify the performance level of the employees who attended the training program.
3. To suggest certain improvements (if needed) to improve the performance level through improved training program.

## III. LITERATURE REVIEW

### **Training and its Benefits**

Training develops both employees and organization to make best use of their human resources in favor of gaining competitive advantage. Therefore, it seems mandatory by the firm to plan for training programs and its employees to enhance their abilities and competencies that are needed at the workplace, (Jie and Roger, 2005). Training develops self-efficacy and results in superior performance on job (Svenja, 2007), by replacing the traditional weak practices by efficient and effective work related practices (Kathiravan, Devadason and Zakkeer, 2006).

Training has many advantages for the individual, the department and the organization because it is expected to provide a skilled pool of human resources, improvement of existing skills, and increase in knowledge and experience of employees, improve employees' motivation, job performance, customer service, and personal growth and opportunity for career development. (Itika, 2011). The main purpose of training is to acquire and improve knowledge, skills and attitudes towards work related tasks. It is one of the most important potential motivators which can lead to both short-term and long-term benefits for individuals and organizations. (Nassazi, 2013).

## The relationship between Training and employees performance

Most of the previous studies provide the evidence that there is a strong positive relationship between human resource management practices and organizational performance. (Purcell et al., 2003). According to Guest (1997) mentioned in his study that training and development programs, as one of the vital human resource management practice, positively affects the quality of the workers knowledge, skills and capability and thus results in higher employee performance on job. This relation ultimately contributes to supreme organizational performance.

According to Swart et al., (2005), bridging the performance gap refers to implementing a relevant training intervention for the sake of developing particular skills and abilities of the workers and enhancing employee performance. He further elaborate the concept by stating that training facilitate organization to recognize that its workers are not performing well and a thus their knowledge, skills and attitudes need to be molded according to the firm needs.

According to Wright and Geroy, employee competencies changes through effective training programs. It not only improves the overall performance of the employees to effectively perform the current job but also enhance the knowledge, skills an attitude of the workers necessary for the future job, thus contributing to superior organizational performance. Through training the employee competencies are developed and enable them to implement the job related work efficiently, and achieve firm objectives in a competitive manner.

Bartel (1994), reports that there is a positive correlation between effective training program and employee productivity, however to make it possible,

(Swart et al., 2005), it is the responsibility of the managers to identify the factors that hinders training program effectiveness and should take necessary measures to neutralize their effect on employee performance. In addition, Ahmad and Bakar (2003) concluded that high level of employee commitment is achieved if training achieves learning outcomes and improves the performance, both on individual and organizational level. These findings are also consistent with the results of Kim (2006) research work.

## IV. RESEARCH METHODOLOGY

### Description of the study area

The study was conducted in Dawro zone, is located at 6.590-7.340 N of latitude and 36.680-37.520 E of longitude and at altitudinal range between 550-2820 meters above sea level in Southern Nations, Nationalities and Peoples Region (SNNPR). Based on the 18 recently classified agro-ecological zones, the area consists of sub-humid types of agro-ecological zones containing deciduous woodland with elevation 550-2820m having *Boswellia papyrifera*, *Combretum mole*, *Terminalia browni*, *Acacia senegal*, *Balanites aegyptica*, *Lannea fruticosa* and others along the Omo and Gojeb river valleys (Figure 1).

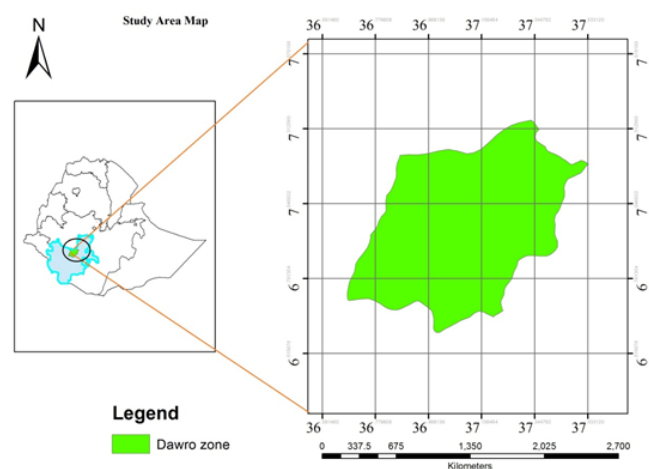


Figure 1 Study Area Map

In order to achieve the study objectives, both quantitative and qualitative research approach were employed. The quantitative one was helpful in

quantifying variables which was gathered through closed ended questions. This research is basically a cross-sectional survey explanatory.

Simple random Sampling technique has been employed for this study. Because simple random sampling technique gives for each item an equal probability of being selected. In case of infinite population, the selection of each item in a random sample is controlled by the same probability and that successive selections are independent of one another. Both secondary and primary data was collected from different sources. The secondary data was collected from each selected branches, annual reports of the bank, plans and policy documents of the bank. To gather the primary data, 172 respondents were selected for questionnaires and in-depth interview. Descriptive analysis was used to analyze data gathered through questionnaires. The data gathered through questionnaires was fed into SPSS to make the data ready for processing through graphs, figures, tables and charts, i.e. a descriptive analysis was implemented.

**V. RESULTS AND DISCUSSION**

**Rate of Response**

As mentioned in the methodology part of the study a total of 172 respondents were selected for a questionnaire and for in-depth interview. But a total of 160 questionnaires of which 102 from male respondents and 58 from female respondents were returned representing a response rate of 93%.

**Demographic Characteristics of the Respondents**

**Sex of Respondents**

The demographic data for sex shows that out of the 160 respondents 102 respondents are male and 58 respondents are female as shown table 1 below.

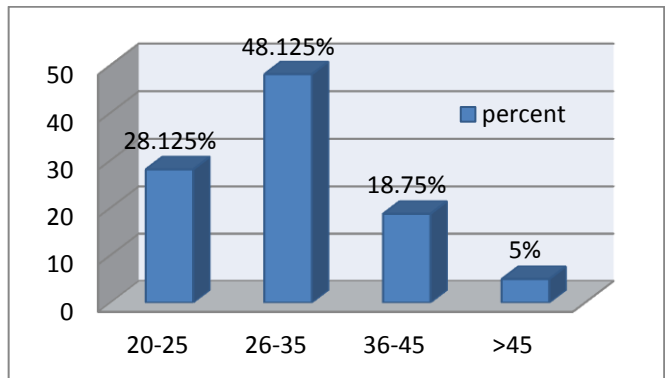
**Table 1: Sex of Respondents**

Sex	Frequency	Percent
Female	58	36.25

Male	102	63.75
Total	160	100

**Age of respondents**

The table 2 below discloses that majorities of the respondents who are at the age of 26-35 covering almost 48.125 % followed by age group 20-25 (28.125percent). This shows that the acceptable of training and development between the ages of 26-35 is positive.



**Fig 2. Age of Respondents**

**Educational Backgrounds of Respondents**

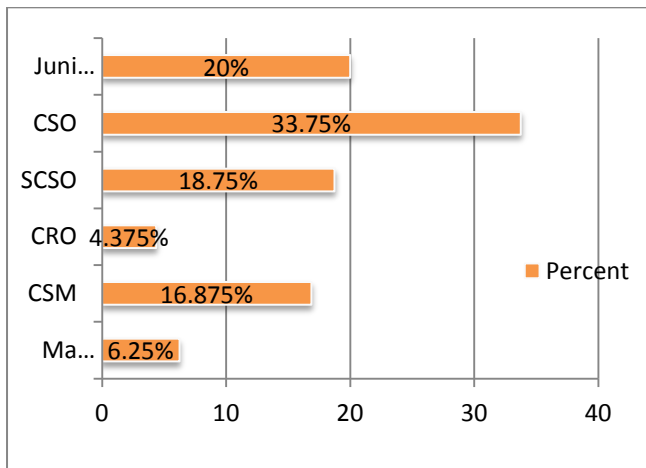
The table 2 shows those respondents' educational level ranges from college diploma to master's degree. Majority of the respondents, i.e., 73.125 percent of the respondents (117 out of the total 160 respondents) hold BA degree. 23.75 percent of the respondents hold a Masters of Arts in different fields, and the remaining 3.125 percent hold diploma.

**Table 2 Educational Background of the respondents**

Education level	Frequency	Percent
Diploma	5	3.125 %
Degree	117	73.125 %
Masters	38	23.75 %
<b>Total</b>	<b>160</b>	<b>100 %</b>

**Position of respondents**

The majority employees are customer service officer, junior officers and senior customer service officers respectively below.



**Fig 3** Position of respondents

### Training Practices of the Commercial Bank of Ethiopia

#### The Criteria implemented by the Bank to Select Employees for Training

According to tables 3, 35 percent of the respondents (56 out of 160 respondents) were selected to take training based on service year. In addition, considerable number of respondents, 90 (31.9 percent) of them attend training because training was compulsory to all employees. Other 30 (18.75 percent) respondents claimed that they took training because of their supervisor’s recommendations. Other 10 (6.25 percent) respondents claimed that they took training but do not know why they were selected to attend it. According to the organized data, only 5 % of employees attend training based on their request.

**Table 3** Criteria implemented by the Bank to Select Employees for Training

Criteria’s to select trainees	Frequency	Percent
Based on service year	56	35 %
Compulsory for all	47	29.375 %
Performance appraisal	3	1.875 %
Supervisors Recommendation	30	18.75 %
Upon employees request	8	5 %
Based on knowledge gap	6	3.75 %
I don’t know	10	6.25 %
Total	160	100 %

From this we can infer that the trainings provided by the Commercial Bank of Ethiopia in study area were to some extent feeble in taking in to consideration the performance appraisal and interest of its employees.

#### Descriptive Statistics on Perceived Performance (Dependent Variable)

The researcher used employee performance as the dependent variable on the independent variable training. Here after the analysis of the Likert scale questions will be followed step by step. The next table, table 4 contains the summarized data which are collected from the respondents of the district on the topics of the employees’ perceived performance.

**Table 4.** One – Sample t - test Values – 2 On employee perceived performance

One – Sample t- test Values – 2 On Employees’ Perceived Performance										
		One-Sample Statistics				Test Value = 3				
S . N o	Likert Scale Questions on Employees' perceived performance	N	Mean	SD	Std. Error Mean	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference

										Lower	Up per
1	The bases for the selection of trainee in the district used are based on performance evaluation results.	75	<b>2.63</b>	<b>1.26</b>	0.146	2.5 65	74	<b>.012</b>	-.373	-.66	-.08
2	Whenever the performance evaluation report shows that an employee performed poorly, the employee is given the required training.	76	<b>2.53</b>	<b>1.052</b>	0.121	- 3.9 27	75	<b>.000</b>	-.474	-.71	-.23
3	In my organization training has helped me to improve my performance since I have joined.	76	<b>3.67</b>	<b>1.112</b>	0.128	5.2 60	75	<b>.000</b>	.671	.42	.93
4	For the reason that of the knowledge and skills that I earned from the training I can accomplish my work effectively.	75	<b>3.6</b>	<b>1.103</b>	0.127	4.7 12	74	<b>.000</b>	.600	.35	.85
5	I feel a strong sense of belongingness to the bank since it has good training methods to acquire the needed skills and to become loyal for different activities.	76	<b>3.57</b>	<b>1.112</b>	0.128	4.4 37	75	<b>.000</b>	.566	.31	.82
6	Because of the good training practices of the district employees are committed for their work and increase their performance whenever needed.	77	<b>3.43</b>	<b>0.909</b>	0.104	4.1 35	76	<b>.000</b>	.429	.22	.63
7	The trainings have influenced my social, interpersonal and communication skills positively besides skills and knowledge development.	76	<b>3.57</b>	<b>0.929</b>	0.107	5.3 12	75	<b>.000</b>	.566	.35	.78
8	The district use trainees' feedback to improve training effectiveness.	76	<b>3.24</b>	<b>1.018</b>	0.117	2.0 28	75	<b>.046</b>	.237	.00	.47
9	The training atmosphere like Place of training, Facilities, Resources and Receptions are effective and satisfactory with the delivered training program.	76	<b>3.12</b>	<b>1.131</b>	0.13	.91 3	75	<b>.364</b>	.118	-.14	.38

The effectiveness of the training program has a positive or negative effect on the trainee selection for the training which is given. The above table (Table – 4.) represents the responses of the respondents on the selection of trainee in the district for the training delivered. The first question asks “the bases for the selection of trainee in study area used are based on performance evaluation results?” the result (Mean,  $M=2.63$ , Standard Deviation  $SD = 1.26$ ,  $t = -2.57$  with its significance value  $.01$ ). The mean value  $2.63$  found at the scale of neutral with the significance value  $p < 0.05$  according to (Best, 1977). As we see from the results even if the value is significant at  $p < 0.05$ , but the mean value is found at the bottom of the neutral scale so, the selection of trainee in the studied organization was based on the performance evaluation result were out of blue.

On the same table above the other issue discussed is what the organization does when the employees perform poorly-whether it gives training or not. On this case, the respondents’ response shows that, (Mean,  $M=2.53$ , Standard Deviation  $SD = 1.05$ ,  $t = -3.93$  with its significance value  $.000$ ). The mean value  $2.53$  found at the scale of disagree with the significance value  $p < 0.05$  according to (Best, 1977). From this we can see that at the time of the performance evaluation result shows as the employee performs poorly, the trainings were not delivered in order to narrow the gap.

## VI. CONCLUSION

The main objective of every training session is to add value to the performance of the employees; hence all type of businesses design training and development programs of their employees as a continuous activity. Purpose of training is what employees would attain after experiencing the training program. Some of the organizations plan and implement the training program for their employees without identifying the purpose and objectives and without knowing what

the knowledge, skills and abilities employees would learn at the end of the training program and whether they will be able to attain performance targets on job. Therefore, firm must design the training program with clear goals and objectives while keeping in mind the particular needs of both individual and the firm.

This study in hand chiefly focuses on the effects of training and development in enhancing the performance of the employees. Training plays a vital role in the building of competencies of new as well as current employees to perform their job in an effective way. It also prepares employees to hold future position in an organization with full capabilities and helps to overcome the deficiencies in any job related area. Training is considered as that sort of investment by the firm that not only brings high return on investment but also supports to achieve competitive advantage.

The findings on the Effect of Training on Employee Performance are generally significant. Respondents’ response shows that the job instructions prepared by the organization are clear and easy to apply, and they believe also that they receive enough guidance from their peer and supervisors. In addition, respondents affirmed that job rotation has the power of enhancing the overall performance of employees in their organization. Still, majority of the respondents acknowledged that their efficiency has improved after they took training.

For that reason, 47.5 percent (76 out of 160) of the respondents affirmed that the training they got have been helping them perform their Bank related activities quickly and efficiently. However, considerable number of respondents, i.e., 47 of them, are not sure about the effect of training in helping them accomplish their organizational tasks, while other 37 respondents claimed that their training

didn't assisted them neither to quickly nor efficiently perform their organizational tasks.

From the correlation analysis result it can be concluded that training is positively and significantly correlated with employee performance and all relationship between the dependent variables (employee performance) and independent variable (training) are positively and significantly correlated (with the value .814) which is 81.4% with the correlation significance level of 0.01.

The data gathered from employees of the Commercials Bank of Ethiopia revealed that their agreement that the trainings provided under the guidance of the company amplified employees motivation. That is, since the training helps boost their skills, they carry out their tasks in a good manner. However, still many respondents express their disappointment on the results they got after training.

The selection criteria for training are based on seniority and job position. But most respondents don't agree with this strategy, they prefer it to be with knowledge gap.

In general the researcher concluded that the training method and program of the district is good but it has some gaps. It does not recognize stakeholder's interest.

## VII. RECOMMENDATIONS

According to the research findings, the researcher has produced the following possible recommendations. Around 139 (out of 160) of the respondents have attended either one or two training sessions. However, there is fast change of science and technology changes in this modern time. With the change of fast change of information, definitely customers demand also changes. Thus, the bank

should update itself with the ongoing technological improvements to better satisfy its customers. Consequently, the bank shall conduct frequent trainings to make sure its employees are serving the interest of the customers. As much it can, the company should create rooms for employees to join training sessions many times. In addition, the training methods should have to give room trainees to actively participate their views and experiences. That is, the method of training shall be trainee centered than trainer centered for the senior employees of the company. But for new/fresh employees, lecture/trainer approach is good. Another factor the researcher needs to recommend is on the effect of training upon the employees' performance. The organization has to evaluate the training manuals and made an assessment of the trainings conducted so far. Normally, the training shall bring positive impact not upon the section of the employees but as much as possible upon all employees because customers' satisfaction can come if all employees serve the claimants in responsible, effective and transparent manner. Certain section of employees wouldn't bring customers satisfaction, but all employees. The training shall bring significant impact upon the employees' organizational tasks and thus shall have to be designed in a remarkable way.

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