Effect of training on staff productivity in kenyan banks:

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EFFECT OF TRAINING ON STAFF PRODUCTIVITY IN KENYAN BANKS: A CASE OF KENYA COMMERCIAL BANK (KCB) By Abong'o Chacha A thesis presented to the School of Business and Economics of Daystar University Nairobi, Kenya In partial fulfillment of the requirements for the degree of MASTER OF BUSINESS ADMINISTRATION In Strategic Management and Human Resource Management April 2012 Approval EFFECT OF TRAINING ON STAFF PRODUCTIVITY IN KENYAN BANKS: A CASE STUDY OF KENYA COMMERCIAL BANK (KCB) By AbongÃ³ Chacha In accordance with Daystar University policies, this thesis is accepted in partial fulfillment of requirements for the Master of Business Administration degree. Date ____________________________ ___________________ Mr. Thomas Koyier, Supervisor ____________________________ ___________________ Prof. David Minja, Reader. DECLARATION EFFECT OF TRAINING ON STAFF PRODUCTIVITY IN KENYAN BANKS: A CASE STUDY OF KENYA COMMERCIAL BANK (KCB). I declare that this thesis is my original work and has not been submitted to any other college or university for academic credit. Signed: ___________________________ Date: _______________ AbongÃ³ Chacha ABSTRACT The objectives of the study were to analyze the effect of training on staff productivity in Kenyan banks. This involved determination of the effectiveness of training methods and their effects in employees' productivity. The study also aimed to recommend the best strategies in employees training. This study covered 15 branches of one of the major banks in Kenya (Kenya Commercial Bank, KCB). Stratified sampling method was applied to select the bank branches and purposive sampling was applied to select 80 respondents of the study. The survey questionnaire was utilized in the data collection. The data collected was therefore descriptive in nature. Descriptive statistic technique and multiple regression analysis were applied in the analysis of the collected data. The major findings of the study showed that the common employees' training strategies in KCB were on-the-job training, e-learning training, class-room training and workshop training. The effectiveness of the training methods applied by the KCB was relatively high as evidenced by the effectiveness of the detailed content of e-learning programs; well organized e-learning programs; importance of on-the-job training programs in employees' deeper understanding of various concepts in the banking services for instance; On-the-job training methods enabled the employees to learn about the rules and principles of work, courtesy, manners and techniques of handling interpersonal relations. The results also show that the current training methods applied at the KCB have been effective at great extent in promoting productivity of the employees. This means that there is improved work output per time, efficiency, accuracy and more skills are developed among the employees. The most effective training strategies in enhancing productivity of the employees were deemed to be on-the-job training, seminars/ workshop training and e-learning while class-room training showed less significant effect in employees' productivity. TABLE OF CONTENTS DECLARATION iii ABSTRACT iv TABLE OF CONTENTS v LIST OF FIGURES viii LIST OF TABLES ix CHAPTER ONE 1 INTRODUCTION AND BACKGROUND OF THE STUDY 1 Introduction 1 Background of the Study 1 Profile of Kenya Commercial Bank (KCB) 8 Statement of the Problem 9 Purpose of the Study 10 Objectives of the Study 10 Research Questions 10 Justification 11 Significance of the Study 12 Assumptions 12 Limitations 12

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employee productivity at KCB 72 Table 4. 7: The level of agreement of the respondents on statements on the best training strategies for maximum employee productivity at KCB 73 Table 4. 8: Coefficients of the Independent Variables 75 Table 4. 9: Analysis of Variance 76 Table 4. 10: Squared Multiple Correlation Coefficient, R2 76 CHAPTER ONE INTRODUCTION AND BACKGROUND OF THE STUDY Introduction This chapter presents a brief introduction as well as historical background of employee training. An overall background of the study has been defined clearly, problem statement, objectives, assumptions, and limitations. Key terms have been defined and operationalized. Further the researcher has shown clearly why the topic has emerged as a topic of importance to the researcher. Background of the Study Nadeem (2010) defined training as the process of transmitting and receiving information to problem solving. This implies that training is for specific purpose. Omole (1991) sees training as any process concerned with the development of aptitudes, skills and abilities of employees to perform specific jobs with a view to increase productivity. An organisation may have employees with the ability and determination, with the appropriate equipment and managerial support yet productivity falls below expected standards. The missing factor in many cases is the lack of adequate skills, and knowledge, which is acquired through training and development. Commenting further Iboma (2008) is of the opinion that effective training can change the entire view of workers in an organisation and make the firm more productive as new skills and attitudes are developed by workers. Looking at the indispensability of training and development to an industrial set up, Ladipo-Ajayi (1994) observed that both are very demanding ventures in any organization because people commit huge resources to them. Training is one of the most important strategies for organizations to help employees gain proper knowledge and skills needed to meet the environmental challenges (Goldstein and Gilliam, 1990). Employee training represents a significant expenditure for most organizations. Tella and Popoola (2007) relating training to library work stated that it is as an essential strategy for motivating workers in the library as a service organization. For the Librarian or information professional to have opportunities for self-improvement and development to meet the challenges and requirements to perform a task there is the need to acquire the needed skills suitable for the work at hand. Institute for Work & Health (2010) defines training as planned efforts to facilitate the learning of specific competencies. These competencies typically consist of specialized knowledge, skills and behaviours needed for success in a particular environment. Training methods can range from a one-time dissemination of information to intensive programs administered over a long period of time. Njavallil (2007) did study training of bank employees by doing a comparative study between new generation banks and public sector banks in India. By then, there had come about many challenges in the banking sector following the new economic policy that was introduced during the nineties. The emerging business profile of banks included newer financial services, personal investment counseling, factoring, venture capital and possibly consultancy research services. This called for new knowledge, skills and attitudes and training systems to stand up to the challenges that demanded for changes in the approaches to training. The study found that significant differences existed between the two categories of banks regarding the training provided to its employees. The differences were related to certain aspects. Based on the study it was inapt to say that the training approach of a particular type of bank was significantly enhanced compared to the other. Sulu (2011) studied motives for training in the Nigerian banking industry focusing on the motives for training using the Nigerian banking industry as a case study . The study relied on both qualitative and quantitative analysis of data. The entire staff of the 25 commercial banks as at 2007 in Nigeria was the population of the study. The results of the analysis showed that banks saw training as important factors, as well as having motives for investing in training. These motives included - new technology; productivity; responding to skills deficiencies; moral duty; new hire request; and staff request. Some of the recommendations based on the findings include - training should be seen as one of the most important strategies for organizations to help employees gain proper knowledge and skills needed to meet the environmental challenges; it must also be noted that, training though primarily concerned with people, is also concerned with technology, the precise way an organization does business. Ghebrecristos (1983), studied training methods and techniques in an organization using a case study of the Commercial Bank of Africa Ltd. Nairobi, Kenya. From the findings, CBA used several training methods and techniques in building the employee capability. They made use of classroom teaching, on the job training and seminars and workshops. Ling (2007) notes that training is viewed as an expensive investment for a business organization and is often neglected during recession. The author cites a reason as the value and contribution could not be effectively ascertained. Ling (2007) mentioned that in most studies relating to training effectiveness, the focus was on establishing the relationship between training system or practices or factors (individual and organizational) with training effectiveness, with emphasis on objective, content, organizational factors, expenditures, duration of training, coverage of employees, delivery methods, profitability, growth and overall organization performance. IAEA (2003) states that while it is abundantly clear that training can provide added value, a measured, isolated, determination of training effectiveness is difficult because personnel performance depends not only on training, but also on many other factors such as supervision, procedures, job aids, pre-job briefings, management expectations, and the experience and motivation of the workforce. The measurement of training effectiveness i. e. how well the training inputs are serving the intended purpose has also elicited wide reviews. IAEA (2003) identified three kinds of training outputs that organisations need to measure. They are: relating to course planning, relevance, comprehension and whatever goes on in the teaching programme and the environment; the utilisation of what is learnt on the job i. e. transferring the classroom learning to the job in terms of skills, competencies, decision making, problem-solving abilities and relationships and the like; and the changes in the mind set such as work related attitudes, values, interpersonal competencies and personal attributes. Winfred, Winston, Edens and Bell (2003) noted that the continued need for individual and organizational development can be traced to numerous demands, including maintaining superiority in the marketplace, enhancing employee skills and knowledge, and increasing productivity. Training is one of the most pervasive methods for enhancing the productivity of individuals and communicating organizational goals to new personnel. The authors note that in 2000, U. S. organizations with 100 or more employees budgeted to spend $54 billion on formal training. Given the importance and potential effect of training on organizations and the costs associated with the development and implementation of training, it is important that both researchers and practitioners have a better understanding of the relationship between design and evaluation features and the effectiveness of training efforts. Sahinidis and Bouris (2008) noted that insufficient knowledge and skills which can be imparted through training can cause employees not to feel motivated and lack commitment. Abbas and Yaqoob (2009) noted that training is designed to skill employees so they can perform well. This can be done by formally developing training programs or informally through on job training. Insufficiency in knowledge and skills may result into conflict with organizational goal achievement and eventually affecting employee performance. The authors concluded that training influences employee performance Olaniyan and Ojo (2008) note that the effectiveness and success of an organization lies on the people who form and work within the organization. Consequently, for the employees in an organization to be able to perform their duties and make meaningful contributions to the success of the organizational goals, they need to acquire the relevant skills and knowledge. In appreciation of this fact, organization like educational institution, conduct formal training programmes for the different levels of their employees. Institute for Work & Health (2010) identified two broad approaches to research on training effectiveness. One approach employs triangulation of multiple data sources and methods to gather data from end users of training. This method combines qualitative data (e. g. from key informant interviews, focus groups and observations) with various forms of quantitative data (e. g. from controlled study situations. These data are then used to assemble valid co-relational arguments for interpretation of results. The other approach to studying the effectiveness of training explores cause and effect relationships that are pertinent to the learning process or the application of learned material within the workplace. These studies use experimental designs to investigate factors related to the training process itself. They use measurable outcomes affecting individuals or work teams and, if feasible, gather data related to the impacts of training on the organization or relevant industry. Haslinda and Mahyuddin (2009) examined the effectiveness of training in the public sector using training evaluation framework and transfer of training elements. The findings of this study suggest that public service employees were evaluated at all five levels of evaluation, namely, the reaction, learning, behavior change, results and transfer of training levels. Factors that can affect the effectiveness of training in the public sector include lack of support from top management and peers, employees' individual attitudes, job-related factors and also the deficiencies in training practice. The study was done in Kuala Lampur. A number of factors have been identified that influence the effectiveness of training in an organization. Haslinda and Mahyuddin (2009) identified the human resource policy of training, employees' attitude and motivation, and the commitment of top management to the training and development as some of the key factors. Pfeifer, Janssen, Yang and Backes-Gellner (2011) observe that training can serve as a screening device without increasing individual productivity, i. e., the firm learns about abilities and skills of workers and can promote the best fitting (most productive) worker to the next job in the hierarchy. They also note that training might, on the other hand, indeed increase individual productivity by teaching skills and knowledge that are important to fulfil tasks at higher job levels. Gyes (2008) uses company-level panel data on training provided by employers in order to estimate its effect on productivity and wages in the food industry in Belgium. The productivity premium for a trained worker was estimated at 23%, while the wage premium of training is estimated at 12%. The study concluded that, by training its workers, a company can realise an extra added value per worker amounting to €1, 385 higher than the cost of the required training. Konings and Vanormelingen (2009) confirmed and expanded their analysis to the whole Belgian private sector. Again, the findings showed that training has a positive effect on productivity and wages. The marginal product of a trained worker is on average 23% higher than that of an untrained worker while wages increase by 12% as a result of training. Among the manufacturing subsectors, the largest productivity gains can be found in the chemicals and rubber and plastic industries. Finally, the study's authors found no differential impact of training on the productivity of male versus female workers; however, wages increase more in response to training for women than for men. Almeida and Carneiro (2006), using a panel of about 1, 500 large Portuguese manufacturing firms between 1995 and 1999, found that an increase of 10 hours per year in training per worker leads to an increase in productivity of about 0. 6 per cent. Colombo and Luca Stanca (2008) investigated the effects of training on employee productivity using a unique nationally representative panel of Italian firms for the years 2002 to 2005 and found that training activity has a positive and significant effect on productivity at firm level. Training also has a positive and significant effect on wages, but this effect is about half the size of the effect on productivity. Within occupational groups, the effect of training on productivity is large and significant for blue-collars, but relatively small and not significant for white-collars. Profile of Kenya Commercial Bank (KCB) The history of Kenya Commercial Bank dates back to 1896 when its predecessor, the National Bank of India, opened a small branch in the coastal town, Mombasa. In 1958 Grindlays Bank of Britain merged with the National Bank of India to form the National and Grindlays Bank. In 1970, the Government of Kenya acquired 60% shareholding in National and Grindlays Bank and renamed it the Kenya Commercial Bank. In 1976, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. The Government has over the years reduced its shareholding in the Bank to the current 26% with the public owning the remaining 74% (KCB, 2011). The Kenya commercial bank has four subsidiaries; a wholly owned subsidiary, Savings and Loan (K) Ltd. was acquired in 1972 to provide mortgage finance. In 1997, another subsidiary, Kenya Commercial Bank (Tanzania) Limited was incorporated in Dar-es-salaam, Tanzania to provide banking and financial services and to facilitate cross-border trade within the East African region. Since inception, the Kenya Commercial Bank Group has endeavoured to provide quality and customer friendly services geared towards meeting the ever-changing customer needs. This has ensured consistent growth in customer deposits that have, in turn, provided a strong reservoir for steady growth in customer borrowings every year. Shares in KCB have, until 2004, historically underperformed most other publicly listed banks. The KCB share price has recovered dramatically since elections in 2004. KCB has more than 170 branches throughout Kenya, making it the largest banking network in the region. It has the largest number of own-branded ATMs in Kenya. Since 2004 most of the branches in Kenya have been rebranded as part of a wider corporate branding exercise. Since incorporation, KCB has achieved tremendous growth to emerge as a leader in Kenya's banking and financial sector. In 1970, the bank had 32 full- time branches, of which 25 were located in rural areas, five in Nairobi and two in Mombasa. Today, the KCB Group has the widest network of outlets in the country, comprising 170 full-time branches all of which represent over 55% of the total banking outlets in Kenya. Of the total outlets, 80% are located in the rural areas, with representation in all administrative districts. Statement of the Problem Training is an integral part of every company's agenda. Because of the implications of training, it is important to have training that is effective. Studies have proven that more costly but effective training can save money that is wasted on cheap but inefficient training (Ginsberg and McCormick, 1998). Unfortunately, there is no rule of thumb method of effective training. Methods of training have to be analyzed and studied before companies can rely on them to train a competent workforce. Kenya commercial bank like any other organization is in the business of providing services to its customers. For the bank to effectively serve its customers, it has to have well trained employees who ensure quality service delivery. It is very important to have a needs analysis to determine which training method works best. There are several studies in this area in the banking industry in Kenya limited studies that have studied the impact of employee training on organizational productivity. There are numerous factors to be considered in making training method decisions. Factors such as training objectives (what is aimed to be learned), cost, and trainee demographics are some important issues to be considered. The problem is to determine the effect of training on staff productivity. Purpose of the Study The purpose of this study is to establish the effect of training on staff productivity in Kenyan banks. The study is important in developing information necessary to lead organizations on the importance of training. Objectives of the Study The study will be guided by the following objectives: 1. To determine the strategies used by KCB in employee training 2. To determine the effectiveness of training methods used by KCB 3. To determine the effectiveness of training on employee productivity at KCB 4. To recommend the best training strategies for maximum employee productivity at KCB Research Questions 1. What training strategies are used by KCB? 2. What effect do the training methods have on employee productivity at KCB? 3. How does employee training affect employee productivity at KCB? 4. What are the best employee training strategies for maximum employee productivity at KCB? Justification Training has become an increasingly critical area of management for companies to enhance service quality, reduce labor costs, and increase productivity (Enz & Siguaw, 2000). Training programs can also promote teamwork; improve staff attitudes and self-awareness (Conrade, Woods & Ninemeier, 1994). Organizations must therefore focus on these different aspects in order to maintain a competitive edge in their respective industries. Organizations should remember that training begins once an employee joins the organization and should continue throughout their tenure with the organization. Training can also be provided by everyone i. e. all employees are potential instructors and students Kenya Commercial Bank has been selected due to its large size, presence and location across the regions. In addition it has a dedicated training centre at Karen (KCB Leadership Centre) from which courses are developed and imparted to staff. Training is seen as a fundamental and effectual instrument in successful accomplishment of the bank’s goals and objectives. Training not only improves staff resourcefully, but also gives staff a chance to learn their job virtually and perform it more competently hence increasing bank’s productivity. The ultimate implication of staff training can be noted in the bank’s bottom line. A study to evaluate the effect of training on staff productivity at KCB is thus necessary. Significance of the Study This study aims to explore the effect of training on staff productivity in Kenyan banks. KCB The study will deepen the understanding between perception and expectations as well as improve the knowledge of staff productivity by banks. Further it will address the fundamental aspect of the correlation that necessitates KCB to undertake training to improve the productivity of its staff. Scholars This research will provide information to scholars as well as form a basis for further research to be conducted, here in Kenya as well as world-wide, regarding the effect of training on staff productivity in Kenyan banks. Assumptions The following is assumed: 1) All staff will be available for interviews. 2) Respondents are truthful when responding to questions on the survey. 3) Training is a pressing issue for many staff. Limitations The limitations faced or anticipated are: First, due to the study limiting itself to one bank, the generalization of results can be challenged. Secondly, even though there will be a concentrated effort to get the questionnaire into the hands of all staff, there is no guarantee that the individuals will actually receive and complete the questionnaires. Lastly, due to locations of some KCB branches, some of the data collection instruments will be sent via email or sent by parcel to the branches, thereby compromising on time taken to process the same. Definition of Terms, abbreviations and acronyms KCB: Kenya Commercial Bank Training — A process dealing primarily with transferring or obtaining knowledge, attitudes and skills needed to carry out a specific activity or task. Chapter Summary This chapter covered the background of the research, the problem statement, the purpose of the study or general objectives of this research, the research questions, the significance and scope of the research i. e. importance of the study and the definitions of Terminologies used in this research. In chapter two, I will review relevant literature that will help build on the variables and data collection methods to be used in the study. CHAPTER TWO LITERATURE REVIEW Introduction The chapter will review relevant literature on the effect of training on staff productivity at Kenya Commercial Bank. In order to have an in depth knowledge on the effects of employee training on employee productivity, the chapter provides relevant literature in the field of study. The first part provides an overview of training; the next part examines theoretical framework and effects of employee training on employee productivity. Mugenda and Mugenda (2003) noted that literature review involves critical review of what previous work in relation to the research problem being investigated. They argue that a properly done literature review should be extensive and thorough so as to provide the researcher with an adequate base for his or her work. I hope this literature review meets their esteemed standards. Theoretical Framework Human Capital Theory Human capital theory as formalized by Becker and Gerhart (1996) is the dominant perspective on on-the-job training. This theory views training as an investment; it raises expected future productivity but at a cost. The key distinguishing feature of a human capital investment as opposed to an investment in capital concerns property rights. A machine can be sold, but in modern society, men cannot. As individuals have the discretion over the deployment of their own human capital, workers and firms will need to agree on an exchange in the labor market. This implies that how the costs and returns to training are shared between workers and firms is a central concern in the on-the-job training literature. Human capital theory has been further developed in the 1970s to explain the life-cycle pattern of earnings. This literature analyses the human capital investment decision of individuals in a competitive environment. One may argue that, in this model, the distinction between education and training is an artificial one. Workers choose the investment as a function of prices (and ability). Through these prices, the demand side enters. There is no strategic interaction between workers and firms. Weiss (1985) surveys this literature. In the beginning of the 1990s, the new field of economics of information resulted in applications to on-the-job training. Recent developments in the training literature focus on the strategic interaction between employers and employees, and as such stands apart from life-cycle theories of earnings. The focus is on market imperfections and information asymmetries. This review restricts itself to the core of private sector training theory. The reason for this focus is the scattered nature of this literature. The studies in this field differ in many modeling assumptions that complicate comparison. Yet, some common themes can be distinguished. The first major attempt to apply learning theory to educational technology was Skinnerâ€²s development of teaching machines, (Skinner, 1968). His idea was to develop curricula at such a level of detail that a learner could learn without error. The learner, his theory held, never fully recovers from making errors; once made, there remains a possibility that they will recur to disrupt future learning and performance. Consequently, effective instruction should invoke only correct responses. He was critical of traditional teaching methods because they often engender errors in learning, and because they fail to reinforce behaviour effectively. On his theory, negative reinforcement (e. g. criticism, punishment) was to be avoided. Only positive reinforcement is theoretically sound, and this must be administrated according to specific schedules to ensure effective learning. For instance, as new responses are shaped up, reinforcement should be withdrawn. Mechanical presentation of the curriculum seemed an ideal way for teaching since a perfect schedule of shaping and reinforcement could be built into the teaching programme. Kirkpatrick's learning and training evaluation theory Donald Kirkpatrick's 1994 book Evaluating Training Programs defined his originally published ideas of 1959, thereby further increasing awareness of them, so that his theory has now become arguably the most widely used and popular model for the evaluation of training and learning. Kirkpatrick's four-level model is now considered an industry standard across the Human Resource and training communities. The four levels of Kirkpatrick's evaluation model essentially measure; (1) reaction of student - what they thought and felt about the training and the reaction evaluation is how the delegates felt about the training or learning experience. (2) Learning - the resulting increase in knowledge or capability, to assess whether the learning objectives of the program are met. Learning evaluation is the measurement of the increase in knowledge or intellectual capability from before, to after the learning experience: Whether the trainees learnt what they expected to be taught; (3) behavior - The extent of behavior and capability improvement and implementation or application. Behavior evaluation is the extent to which the trainees applied the learning and changed their behavior, and this can be immediately or several months after the training, depending on the situation (the extent of applied learning back on the job. (4) Results - the effects on the business or environment resulting from the trainee's performance. Results evaluation is the effect on the business or environment resulting from the improved performance of the trainee. This involves the organizational impact in terms of improved quality of work, increased output etc. It is the acid test. All these measures are recommended for full and meaningful evaluation of learning in organizations, although their application broadly increases in complexity, and usually cost, through the levels from level 1-4. Effects of Training on Employee Productivity Research has shown that leadership training for executives and middle managers results in increased worker productivity (Barling, Weber, & Kelloway, 1996). Leadership development training could have the same benefits if given to the rest of the workforce (IIE Solutions, 1999). Leadership development, supervisory skills, and teamwork training often rank as the most important and most frequently offered training topics in corporations. With the amount of money budgeted for training increasing every year and the marketplace becoming more global and competitive, it is imperative that the money spent on training is utilized to the fullest extent possible (IIE Solutions, 1999). According to Kapp (1999), manufacturing firms implementing training programs can expect an average gain of 17% in manufacturing productivity. Companies must understand that training is portable; that is, the knowledge imparted to employees will leave with the employee, thus benefiting another company. This also allows new employees to bring with them the knowledge gained from previous training programs. It is from this viewpoint that a company must manage its training program to identify the skill sets needed to increase problem solving for the present needs of the business (Miller, 1997). If gains in manufacturing productivity are achieved through the delivery of leadership training to traditional leadership groups, can similar gains be achieved in the banking industry by providing the same training to employees? Training and Employee performance People needing training can be classified in different ways. There is a distinction between novice users and expert users. They can also be classified through their educational backgrounds, or through their current employment position. Whatever way trainees are classified, they all have different needs. It is important, when choosing a training method, to identify who is to be trained.   Novice users may be computer-shy or technology-intimidated and may need personal attention. Experts may need little attention and may be bored with basic information, and therefore dampening the desire to learn. According to

Campbell (2000), educational background information is important. He also says that for people with little education, structure in learning is important. Employee position is important as well. Senior management may not have the time to attend group training or may have frequent distractions. The issue of self-esteem may also be a factor. Someone high in the ranks may not want to appear stupid to his counterparts by asking a question in group training. The explanation contributed by the knowledge management approach would be that training provides employees with the knowledge, abilities and skills required by the position. In fact, Hitt, Ireland, Camp and Sexton (2001) found that training investment first generates a negative effect on results (deriving from the cost of the same), which later become positive, as far as the transfer of knowledge to the post is concerned. This effect can also be explained by taking into consideration that if employees perceive that the organisation is interested in training them and giving them confidence and intends to count on them in the long-term future, they will make more effort and be more effective in their work. Training would be an important element in generating human capital. This argument is defended by Tzafrir (2005), who considers that investment in training can make employees feel indebted to the company. From a universal viewpoint some authors have argued that it is precisely in training that a greater universal effect than in other human resource practices can be seen. This is how it was noted by Lee et al. (2005) who highlight the fact that, of the 16 best practices studied by Pfeffer (1994), training is one of the few practices where a consistent, positive impact on performance is found. The study carried out by Koch and McGrath (1996) does not directly analyze the relationship of training with performance; instead, it uses a personnel development index that showed a slightly significant effect on work productivity, measured by net sales per employee. However, this development index only gathers information through the measurement of the number of categories of jobs that receive formal training, which, to me, seems to be a very limited indicator of the training imparted by the company. In Huselid (1995) and Huselid, Jackson and Schuler (1997) investigation, something similar happens. The combination of human resource practices is used rather than the training variable. In the first study, Huselid (1995) uses two factors to group the practices requiring a high level of commitment, the first of which designates employee and organized structure capabilities, including a wide range of practices aimed at developing the knowledge, abilities and capabilities of employees. However, we are given to understand that it incorporates very heterogeneous practices where training has a relative weighting, since only one of the eight factor items makes reference to training (the average number of training hours received by the employee in the last year). A greater effort in training measurement can be found in the work of Delaney and Huselid (1996), who use a training index constructed from three items. The first records whether the company supplied some sort of training besides job position training, the second how many workers participated in these programmes and the third a subjective evaluation of training effectiveness. Its results suggest that high performance practices in human resource management that include contracting on a selective basis, with training and incentives, are positively related with measurements of perception of the organization’s role. Training and Employee Commitment

Training practices used by organizations may have an effect, direct or indirect on both employee motivation and organizational commitment (Meyer and Smith, 2000). Organizational commitment is defined, in the words of Aragon et al (2003) as the relative strength of an individual's identification and involvement in a particular organization. In order to equip their employees with the skills necessary to do their job, companies train them, in an effort to optimize their workforce's potential. Some companies, planning for the long-term, invest in the development of new skills by their employees, so as to enable them to handle issues not currently present, but likely to come up in the future. This kind of training can lead to high levels of motivation and commitment by the employees, who actually see the opportunity they are given. These employees' appreciation for the investment their organization is making in them is shown in their hard work and their contentment in being a member of that organization. Training, then, is expected to have a positive effect on both motivation and employee commitment Training Methods and Employee Productivity It is readily acknowledged that individuals tend to learn differently based on preferred styles of teaching (Chambers, 2005). Since these teaching styles impact the way individuals learn, training sessions could be augmented by designing the content to tap into each of the three different styles, thus appealing to a broad scope of disparate learning styles. For example, visual learners tend to process and recall information best when it is presented in a way that they can easily see the information. This can be achieved through the use of hand-outs, PowerPoint slides including pertinent information, and also other forms of multimedia such as videos or computer-based simulations. Auditory learners, by comparison, process information from more of a listening perspective. Consequently, training can be augmented to focus on this preferred style by frequent descriptions of the pertinent information. This can easily be accomplished by verbalizing the content in handouts and PowerPoint presentations. Further augmentation can be achieved by allowing trainees to discuss important content in small group settings. The third learning style, kinesthetic, includes individuals who learn best by physically doing something. Augmenting training to tap into this learning style requires the trainer to design exercises and activities that allow the learner to be physically engaged in learning. For example, a training session on team work may include an exercise where groups, working as a team, actually work jointly to accomplish some small task. One such exercise requires groups to identify some symbol they frequently associate with the idea of teams and then to work within their groups to construct their symbol using modeling clay. This provides both visual and tactile reinforcement associated with the concepts covered in the training. Following this exercise, further discussion can reiterate important aspects of teamwork that were discussed in the training session, further reinforcing the material (Huselid, 1995). On-The-Job Training Methods The purpose of the on-the-job training session is to provide employee with task-specific knowledge and skills in work area. The knowledge and skills presented during on-the-job are directly related to job requirements. Job instruction technique, job rotation, coaching and apprenticeship training are the common forms of on-the job training methods. Employees’ professional quality is the key of bank services, the rules and principles of work are taught in this kind of training, besides, courtesy, manners and techniques of handling interpersonal relations are taught as well. This kind of training aims to train employees to learn the best way to do the work in the most quickly and effective way (Walker, 2007). Job Instruction Training This is a structured approach to training, which requires trainees to proceed through a series of steps in sequential pattern. The technique uses behavioral strategy with a focus on skill development, but there are usually some factual and procedural knowledge objectives as well. This type of training is good for task oriented duties such as operating equipment. The instructor or supervisor prepares a job breakdown on the job, while watching an experienced worker perform each step of the job. Job instruction technique consists of four steps, preparation, present, try out and follow up (Blandchard & Thacker, 1999). Job Rotation This is the systematic movement of employees from job to job or project to project within an organization, as a way to achieve various different human resources objectives such as: simply staffing jobs, orienting new employees, preventing job boredom or burnout, rewarding employees, enhancing career development, exposing employees to diverse environments (Woods, 1995). Excellent job rotation program can decrease the training costs while increases the impact of training, because job rotation is a hand on experience. Job rotation makes individuals more self-motivated, flexible, adaptable, innovative, eager to learn and able to communicate effectively. One of the possible problems with the rotation programs is the cost, because job rotation increases the amount of management time to spend on lower level employees. It may increase the workload and decrease the productivity for the rotating employee’s manager and for other employees. Job rotation may be especially valuable for organizations that require firm-specific skills because it provides an incentive to organizations to promote from within (Jerris, 1999). Coaching This is the process of one-on-one guidance and instruction to improve knowledge, skills and work performance. Coaching is becoming a very popular means of development, and often includes working one-on-one with the learner to conduct a needs assessment, set major goals to accomplish, develop an action plan, and support the learner to accomplish the plan. The learner drives these activities and the coach provides continuing feedback and support (DOE Handbook1074, 1995). Usually coaching is directed at employees with performance deficiencies, but also used as a motivational tool for those performing well. Coaching methods solve precise problems such as communication, time management and social skills. Executive coaching generally takes place on a monthly basis and continues over a period of several years. Often, coaches are brought in where there is a change in the structure of the company, when a team or individual is not performing well or where new skills are required. Coaching assumes that you are fine but could be even better (Kirwan, 2000). Apprenticeship This is one of the oldest forms of training which is designed to provide planned, practical instruction over a significant time span. Apprenticeship was the major approach to learning a craft. The apprentice worked with a recognized master craft person (McNamara, 2000). Training and Employee Effectiveness Analysis from the beginning is definitely needed for training to be effective. The effectiveness of training is usually measured through user performance (Yi & Davis, 2001). They introduces the idea of training validity which assess the performance of trainees in relation to the criteria set by the training. Training must always be evaluated with respect to both its immediate and long term impacts (Patton & Marlow, 2002). It starts from the training experience to the training outcome. The training experience includes the actual training and the immediate effects of the training based on performance. Training outcomes are the long term effects of the training (Carroll and Rosson). Researchers who have analyzed the impact of type of firm and firm size on employee training examined the training budget as the dependent variable Hitt et al (2001). A variety of training programs (in particular, informal training programs such as on-the-job training, job rotation, and apprenticeships) not usually included in the training budget were not considered, as though skills and knowledge acquired through these training programs are not relevant. Sirmon and Hitt (2003) drew attention to the importance of informal training to skill and knowledge acquisition in small firms. In spite of the fact that in the real entrepreneurial world only a small number of companies measure the impact of training on the results (Koch & McGrath, 1996) several authors suggest that training is an instrument that makes the generation and accumulation of human capital possible. Training ensures that greater efficiency is achieved through the production of goods and services with a realistic profit margin in so doing the organization is assured of its survival in the market and in the sector as a whole (Huselid, 1995). Given evidence that the support from peers in a training venue can impact the overall effectiveness of the learning (Armstrong, 1998). It might be beneficial to augment training by providing contact information on other training participants, encouraging trainees to communicate and interact following the training session. This could be done on strictly a voluntary basis where trainees could be asked to provide contact information to be listed on a roster of participants, thus minimizing potentially offending those wishing to keep their contact information private. This information could be obtained prior to the training session and then the roster could be distributed during the session. In addition to obtaining contact information, trainers could also ask participants to voluntarily provide information related to key knowledge and skills that may further enhance the likelihood that trainees would contact others for the purpose of networking or benchmarking. The perceived importance of training to improvements in productivity, sustained competitive advantage, and ultimately to firm performance has led governments in various countries to invest considerable resources into programs that encourage management and employee training in enterprises (Patton and Marlow, 2002). It is believed that training is a powerful agent to development of capabilities and to growth and profitability of the firm (Armstrong, 1998). Koch and McGrath (1996) argued that firms that invest in employee training engage in formal performance appraisal, and link these to incentive compensation are likely to have lower employee turnover, higher productivity, and enhanced financial performance. Cosh, Duncan and Hughes (1997) suggested that training would enhance the survival rate of small firms. Similarly, Delaney and Huselid (1996) noted that the most successful firms provide employees more training than average. Ford and Wroten (1984) established a link between employee training and superior firm performance. In addition, small business failure has been linked to poor management skills. It is argued that management training should greatly improve firm survival and performance

(Ford & Wroten, 1984). Macrae (1991) established that major distinguishing factors between high-growth and low-growth small firms are the education, training, and experience of their senior managers. The existing literature tends to focus on management training (Heneman, Tansky & Camp, 2000) to the exclusion of other forms of employee training. Few researchers have investigated the determinants of training in organizations and in all cases the dependent variable-training--was measured by a single variable, the training budget. Because informal training is often not accounted for in the firm's books, the literature tends to be biased toward formal training. Employee training and development is an important programme that promotes employees in an organizational set up. The need for manpower development programmes cannot be overemphasized, as the application of acquired skills will go along way to ensure effective productivity in a world of work. Many employees have failed in organizations because of lack of basic training which was not identified and provided for as an indispensable part of management function (Nwachukwu, 1988). As such, for an organization to realize the full potential of its employees, adequate employee training is necessary to ensure that the organization realizes its objectives. Olaniyan and Ojo (2008) note that training physically, socially, intellectually and mentally are very essential in facilitating not only the level of productivity but also the development of personnel in any organization. The authors define training as a systematic development of knowledge, skills and attitudes required by employees to perform adequately on a given task or job. New entrants into organizations have various skills, though not all are relevant to organizational needs. Training and development are required for staff to enable them work towards taking the organization to its expected destination. Training Quality and Performance Employee performance is an important building block of an organization and factors which lay the foundation for high performance must be analyzed by the organizations. Since every organization cannot progress by one or two individual’s effort, it is collective effort of all the members of the organization. Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita, 2000). Managers at all the levels have to input their efforts and make maximum use of their abilities which sometimes are produced under supervision or without it. However, there are many expectations from managers working for an organization. These expectations are sometimes fulfilled but in some situations these managers may be running to their boss for guidance. Therefore, the managers must be developed so that they can think and work on their own and fulfill their responsibilities innovatively, while understanding and foreseeing the market and business situations. Consequently question arises that how an employee can work more efficiently and effectively to increase the productivity and growth of an organization. William Edward Deming, one of the quality Gurus defines quality as a predictable degree of uniformity and dependability at low costs and suitable to the market, he advises that an organisation should focus on the improvement of the process as the system rather than the work is the cause of production variation (Heyes, 2000) Many service organisations have embraced this approach of quality assurance by checking on the systems and processes used to deliver the end product to the consumer. Essentially this checks on; pre-sale activities which encompass the advice and guidance given to a prospective client, customer communications (how well the customers are informed of the products and services, whether there are any consultancy services provided to help the customers assess their needs and any help line available for ease of access to information on products), the speed of handling a client's transactions and processing of claims, the speed of handling customers calls and the number of calls abandoned or not answered, on the selling point of Products/Services a customer would be interested to know about the opening hours of the organization, the convenience of the location and such issues (Lee, Lee & Pennings, 2005). This is only possible when employees are well trained and developed to ensure sustainability of the same. Heyes (2000) stated that an organization should commit its resources to a training activity only if, in the best judgment of managers, the training can be expected to achieve some results other than modifying employee behaviour. It must support some organizational and goals, such as more efficient producer or distribution of goods and services, product operating costs, improved quality or more efficient personal relations is the modification of employees behaviour affected through training should be aimed at supporting organization objectives. According to Armstrong and Baron (2005) all organizations are concerned with what should be done to achieve sustainable high levels of performance through people. This means giving close attention on how individual can best be motivated through such means as incentives, rewards, leadership and training. The aim is to develop motivation processes and work environment that will help to ensure that individuals deliver results in accordance with the expectation of management. For current employees whose job performance is not satisfactory. It may be that some type of additional training can help to bring them up to pair. Such training needs may be experienced with employees or with group of employees or individual who need additional training it is necessary to determine what they need. According to Heyes (2000), Training can only add value results if there is an opportunity for added value. Either the business is not performing effectively because people are not performing, or there is a market opportunity, which can be exploited but requires some new training or development. Training ensures that greater efficiency is achieved through the production of goods and services with a realistic profit margin in so doing the organization is assured of its survival in the market and in the sector as a whole (Tzafrir, 2005). The quality of employees and their development through training are major factors in determining long-term profitability and optimum performance of organizations. To hire and keep quality employees, it is good policy to invest in the development of their skills, knowledge and abilities so that individual and ultimately organizational productivity can increase. Traditionally, training is given to new employees only. This is a mistake as ongoing training for existing employees helps them adjust rapidly to changing job requirements. Organizations that are committed to quality invest in training of its employees (Evans & Lindsay 1999). According to Evans and Lindsay (1999), Xerox Business Products and Systems invest over $125 million in quality training. Motorola & Texas Instruments provide at least 40 hours of training to every employee quarterly. A complete employee training program includes a formal new hire training program with an overview of the job expectations and performance skills needed to perform the job functions (Odekunle, 2001). A new hire training program provides a fundamental understanding of the position and how the position fits within the organizational structure. The more background knowledge the new associate has about how one workgroup interrelates with ancillary departments, the more the new associate will understand his or her impact on the organization. Models for Measuring the Effectiveness of Training Measuring the training effectiveness should be an important asset for the organizations. There are some criteria for measuring the success of training; direct cost, indirect cost, efficiency, performance to schedule, reactions, learning, behavior change, performance change (Sheppard, 1999). The Kirkpatrick’s Four Level Approach It was created by Donald Kirkpatrick in 1959, at the time; he was a professor of marketing at the University of Wisconsin. It is still one of the most widely used approaches. His four level of evaluation are: reaction — a measure of satisfaction, learning — a measure of learning, behavior — a measure of behavior change and results- a measure of results (Phillips, 1997: 39). Kirkpatrick model is now nearly 45 years old. Its elegant simplicity has caused it to be the most widely used methods of evaluation training programs. ASTD’s (American Society for Training Development) survey, which reports feedback from almost 300 Human Resource executives and managers, revealed that 67% of organizations that conduct evaluations use the Kirkpatrick model (Stone and Watson, 1999). Table 2. 1: Kirkpatrick Four Levels of Evaluation | Level 1: Reaction | Were the participants pleased? | | | What do they plan to do with what they learned? | | Level 2: Learning | What skills, knowledge, or attitudes have change? By | | | how much? | | Level 3: Behavior | Did the participants change their behavior based on | | | what was learned in the program? | | Level 4: Results | Did the change in behavior positively affect the | | | organization? | Resource: Stone J. and Watson V., (1999), Evaluation of Trainig, www. ispi-atlanta. org Kaufman's Five Level of Evaluation Some researchers, recognizing some shortcomings of Kirkpatrick's four level approach, have attempted to modify and add to this basic framework. Kaufman offers one such presentation. Kaufman has expanded the definition of Level 1 and added a fifth level addressing societal issues (Philips, 1997: 40). At level 1, the factor of the concept enabling addresses the availability of various resource inputs necessary for a successful intervention. At Level 5 is the evaluation of societal and client responsiveness, and consequences in payoff. This moves evaluation beyond the organization, and examines the extent to which the performance improvement program has enhanced society and environment surrounding the organization. Table 2. 2: Kaufman' Five Level of Evaluation | Level | Evaluation | Focus | | 5 | Societal Outcomes | Societal and client responsiveness, consequences and payoffs.| | 4 | Organizational Output | Organizational contributions and payoffs. | | 3 | Application | Individual and small group (product) utilization within the | | | | organization | | 2 | Acquisition | Individual and small group mastery and competency | | 1b | Reaction | Methods', means' and processes' acceptability and efficiency | | 1a | Enabling | Availability and quality of human, financial, and physical | | | | resources input | Resource: Phillips, J. Handbook of Training Evaluation and Measurement Methods, 1997, Houston Gulf, p. 41 Strategic Approach to Training and Development Strategy which is a fundamental management tool in any organization is a multi dimensional concept that various authors have defined in different ways. It is the match between an organization’s resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (Thompson, 1993). Strategy is the heart of strategic management for it helps an organization to plan, formulate and implement various tasks in its attempts to prosper. Strategy can help the firm establish long term direction in its development and behavior (Gary & Prahalad, 1993). It is meant to provide guidance and direction for the activities of the organization. Since strategic decisions influence the way organizations respond to their environment, it is very important for a firm to make strategic decisions and define strategy in terms of its function to the environment. The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce and Robinson, 2007). Equally important, a strategy serves as a vehicle for achieving consistent decision making across different departments and individuals. Hamel and Prahalad (1989) views organi