

A Comparative Study on Impact of Training on Employee's Performance of Bank "A" and Bank "B" in Batticaloa

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Abstract

Training is one of the most important organization building activities. This case study is comparability study of impact of training on employee's performance of Bank "A" and "B". According to this case study the Bank "A" and "B" were selected as a sample. The objectives of this study are to review the various methods of training conducted by the two types of banks and the impact of training on employee's performance.

The study involves mainly in primary and secondary data. Data were collected by using questionnaire and direct interviews. Training and output of employee's performance of banks are independent and dependent variables of this study. Scores have been given in a graded manner to the various components of training. This performance has been measured in terms of certain parameters such as reaction, behavior, learning and result.

Performance average has been constructed in terms of these criteria. The averages of the training scores of the employees were computed for each bank. Then correlation coefficient between the employee's performance and average training scores has been computed. The significance of the coefficient has been found through "t" test and thereby the hypothesis has been tested.

The relationship between Training and Performance of each employee is positively correlated at both banks. The contribution of the training improves performance of the employees at bank "B" than Bank "A".

Hence the study concluded that the degree of Performance of the employees depends on training that is to be provided to the employees in an Organization.

Keywords: Training, Employees Performance, reaction, behavior, learning and result.

Introduction

Training is one of the most important organization building activities. Through the training it endeavors to develop human resources, it not only seeks to meet the immediate needs of the different units of the organization in terms of their requirements of knowledgeable, skilful, and positively oriented individuals for proper performance of tasks, but also builds up a cadre of people with perspective, by helping them to understand the changing environment and futuristic contexts. Every organization needs will train and experienced people. Inadequate job performance or decline in productivity or changes resulting in out of job redesigning, or a technological break-through require some type of training. In a rapidly changing society

employee training is not only an activity that is desirable but also an activity that an organization must commit resources to, if it is to maintain a viable and knowledgeable work force. Training is a process of learning a sequence of programmed behavior. It is application of knowledge. It gives people an awareness of the rules and procedures guiding their behavior. It attempts to improve their performance on the current job or prepare them for an intended job.

This case study is comparability study of impact of training on employee's performance of Bank "A" and "B".

The Bank "A" was established in 1961 with a specific mandate to promote certain major components of rural development. It was

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established under the Bank "A" Act no 29 of 1961 by dissolving assets and liabilities of co-operative federal bank; and commenced operation in July 1961. Its fields of activity are extended to the provisions of finance to commerce to carry on small-scale agriculture, industry and commerce. In 2003, the Bank "A" is a major state Bank with 336 branches and over 11000 employees, conducting business through out the country. There are 5 departments or sections with in the bank, namely current account, savings, loan and advances, clearing and pawning. The human resource function in the Bank "A" has been clearly divided into 3 distinct functional areas as follows:

1. Staff or the Personnel department.
2. Welfare department.
3. Training or the human resource development department.

The staff training college provides the opportunity of participating in various training programs especially for those who are in the middle level management. The training college that had its beginnings in 1967 has now been equipped with more facilities with regard to the training methodology, extensive use of audio visual aids and participative workshops are marked improvements to the hitherto adopted classroom lecture methods. More and more opportunities for overseas training are offered to Bank officers now then ever before the principal tools of personnel management are motivation, training and staff welfare. According to this case study the Arasady Bank "A" branch was taken as a sample. There are altogether 21 employees in the bank. The details with relevant grades are shown below;

	Grade	No of staff
Manager	3 ₁	1
Deputy Manager	3 ₂	5
Asst. Manager	3 ₃	2
Staff assistants	G1	2
	G2	3
	G3	2
Minor staff		6
		<u>21</u>

The Bank "B" was established in 1970 march 15th, under the 1982 Company Act no 17. There are 130 branches all over the island; about 4500 employees are working here. The Bank "B" Batticaloa branch was established on 1995 January and now it has 2 branches at Batticaloa town and Kathankuddy. The Batticaloa branch is situated at Main Road in the Batticaloa town. There are 6 departments or sections with in the bank, namely accounts section, cash section, savings, current account, loan, and pawning section. Here the HRM department is in the head office at Colombo and it has staff or the personnel department, welfare department and training or the HR development department. The training or the HR department provides on-the-job training and giving training through training center at head office. This head office has auditorium and gives training to employees by means of such as lectures, practical workshop, case study, roll play extensive use of audio visual aids and opportunities for overseas training are offered to bank officers. There are altogether 25 employees in the bank. The details are as;

No of employees	
Manager	1
Asst. Manager	1
Staff officers	4
Bank assistant	17
Minor staff	2
	<u>25</u>

Problem Statement

In a rapidly changing society, employee training and development is not only an activity that is desirable but also an activity towards which an organization must commit its resources to, if it is to maintain a viable and knowledgeable work force. Training of any kind should have as its objective the redirection or improvement of behavior so that the performance of the trainee becomes more useful and productive for himself and for the organization of which he is a part. Training is a widely accepted problem-solving device. Indeed the national superiority in manpower

productivity can be attributed in no small measure to the success of the educational and industrial training programs. This success has been achieved by a tendency in many quarters to regard training as a panacea. It is almost traditional to believe that if something is good, more of a thing is even better. More training helps to solve manpower problems.

This situation, where there are a number of factors influencing the employee's performance of banks including employee training, poses the following questions to be probed:

- **Does the employee's performance of Bank "B" and Bank "A" depend on training of employees?**
- **If so, to what extent?**
- **How training and development impact on the bank's employee's performance?**

Objectives of study

1. To review the various methods of training conducted by both banks.
2. To study how impact employee's performance of the sample banks.
3. To identify what are the influencing factors other than training.
4. To offer suggestions to improve training so as to improve the performance of banks.

Significance of study

A new era in the banking industry in Sri Lanka has ushered in necessitating the banks to respond effectively to the continuing and rapid changes in the socio-economic scenario in the country. The expectations from banks and demands made on them, which are increasing both in volume and complexity, have made the role of banks more challenging, requiring empathy and new types of skill and expertise on the part of bank employees. The role of acceleration the pace of economic growth of the country and the attainment of social objectives have created in its wake a need for adopting a proactive approach by bankers in all areas like organizational structure,

administrative practices,

Banking technology, corporate policy and most important, the human resources development in order to cope with the rapidly changing environmental demands in an entirely different socio-economic climate has become extremely important.

The training system in the banks must be geared to ensure achievement of continued excellence of the banking sector in all its areas of activities. An in-depth look the present demands on the banking system of the country calls for a new breed of bankers-bankers who can sensitively analyze the environment and skillfully convert the same into effective schemes; bankers who cannot only dispense credit but also create conditions for its effective use and provide knowledge, expertise and help in developing skills and appropriate attitudes to bring about not only a socio-economic but also cultural change in the community they serve. The present day bankers by sheer necessity of changing times are cast in the role of change agents for undertaking this task of national development. The acceptance of this imperative need of continuously developing a mew breed of bankers is indeed a very important responsibility that the banking system must fulfill.

In order to increasingly achieve positive results and to help sprout the fruits of training to the entire staff engaged in operational as well as planning activities of the banks, training has to be regarded, as one of the strongest supportive systems. It must also have the support of the top managements of the respective banks. In the new era of banking, the approach to training has to focus on the following three main aspects.

- **Bridging the knowledge gaps**
- **Developing of proper skills**
- **Having attitudinal orientation**

Conceptualisation

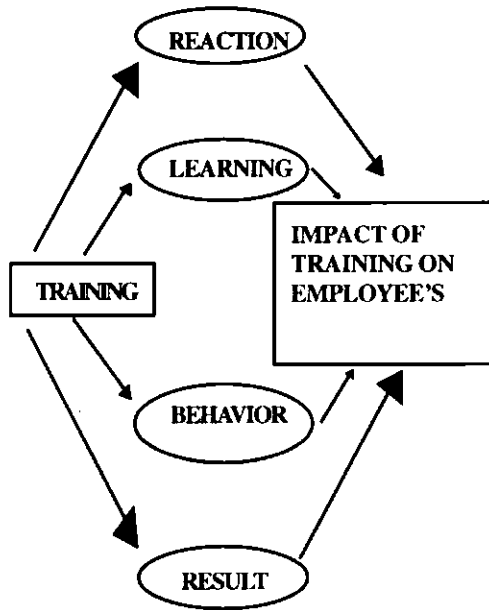


Figure 1.1 conceptualization of evaluation of training

Source: Sherman, Bohlander, Snell (1998)

Training

A planned and systematic effort to modify or develop knowledge/skill/attitude through learning experience, to achieve effective performance in an activity or range of activities. Its purpose, in the work situation, is to enable an individual to acquire abilities in order that he or she can perform adequately a given task or job. It is stated by Rogar Buckley, Jim Caple (2000).

Reaction

The reaction level as it is described by Hamblin and by Kirkpatrick relates to how the students or trainees reacted to their training, on other words, how much they liked it. It is stated by Sherman, Bohlander, Snell (1998).

Behavior

It might be surprised to learn that much of what is learned in a training program never get used back on the job; it's not that the training was necessarily ineffective. It is stated by Sherman, Bohlander, Snell (1998).

Learning

The learning level of validation is directed at measuring trainees' performance in terms of their knowledge, skills and attitudes against the criteria, which were set out for the period during which they are in training and the immediate post-training period. It is stated by Sherman, Bohlander, Snell (1998).

Reaction

According to a study done by an American Society of Training and Development (ASTD), approximately two-thirds of training managers surveyed reported that they were coming under additional pressure to show that their programs produce "bottom line" results. "Some of the results-based criteria used in evaluating training include increased productivity, fewer employee complaints, decreased costs and waste and profitability.

Hypothesis

The following hypothesis has been tested in this study:

"Training of employees improve the employee's performance of banks"

Methodology

Sampling

Bank "B" and Bank "A" have been selected for convenience as me serving in the Batticaloa. The Bank "A" has 7 branches in the Batticaloa district about 196 employees are working there. This study was conducted at Batticaloa Arasady branch, which consist of 21 employees, because it was a first computerized Banks "A" in Batticaloa.

Like wise the Bank "B" has 2 branches in the Batticaloa district, about 53 employees are working there. So I consider Batticaloa town branch as sample, which consist of 25 employees.

The original idea was to cover all the employees including executives, middle level officers, clerks and other minor staffs. This study covers totally 46 employees in both Bank "B" and Bank "A".

Data collection

This study is *expost fact*. Survey method has been followed using field study. The study involves mainly primary data and secondary data. Data will be collected from the branches of banks and their employees through questionnaires and direct interview. These questionnaires will be supplied to them in person by me and be followed up later. Besides, secondary data relating to development of banking in Sri Lanka will be collected through books and journals.

Data Analysis

Data analysis is considered in two ways such as, quantification of the variable taken for studies and framework of analysis.

Quantification of the variable:-

The variable takes for study is training. Training as an input factor for the output of employee's performance of banks is abstract. Therefore, the training input in the case of each employee has to be measured indirectly. Scaling technique has been used to quantify the training input of each employee. Scores have been given in a graded manner to the various components of training, such as subject, operations and human relation, each employee received, and training score for each employee respondent has been arrived at.

Frame work of analysis:-

The dependent variable of this study is employee's performance of banks. This performance has been measured in terms of certain parameters, such as reaction, learning, behavior and result. Performance total average has been constructed in terms of these criteria. The training scores will arrive at for each employee of that branch. Then in order to relate the training scores of employees to the employee's performance of branches, the average of the training scores of the employees were computed for each branch. Then correlation coefficient between the employee's performance and average training scores has been computed. The significance of the coefficient has been found through "t"

test and thereby the hypothesis has been tested.

The average mean performance of the sample banks ranges from 12.76 of the Bank "A" and 14.39 to Bank "B". The training scores range from 49.57 to Bank "A" and 53.68 Bank "B".

The Bank "A" Coefficient of correlation is + 0.230. This means that the correlation between training score and average performance of each employee is positively correlated. This shows that there is positive relationship between training score and performance of employees.

But at Bank "B" Coefficient of correlation is +0.442. This means that the correlation between training score and average performance of each employee is positively correlated. This shows that there is positive relationship between training score and performance of employees.

The 't' test applied to each bank. In the process the following hypothesis formulated for the purposes has been tested:

"Training improves employee's performances at banks"

The 't' test applied to each bank. The Bank "A" calculated' value $t = 1.143$ this was less than the table value at 5% level $t_{0.05} = -1.7247$. Therefore this study reveals that there is a relationship between training and performance of Bank "A". Thus Hypothesis formulated that training improves performance is hold good at Bank "A".

The Bank "B" calculated' value $t = -0.018$ this was less than the table value at 5% level $t_{0.05} = -1.7109$. Therefore this study reveals that there is relationship between training and performance of Bank "B". Thus Hypothesis formulated that training improves performance is hold good at Bank "B" than at Bank "A".

A new era in the banking industry in Sri Lanka has ushered in necessitating the banks to respond effectively to the continuing and rapid changes in the socio-economic scenario in the country. The expectations from banks and

demands made on them, which are increasing both in volume and complexity, have made the role of banks more challenging, requiring empathy and new types of skill and expertise on the part of bank employees. Employees will have to be developed as specialists rather than generalists. The right person should be selected for the right job and get training in those areas. His performance should be evaluated thereafter as to ascertain the impact of the training he received.

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