The Impact of Training and Development on Organizational Performance in the Banking Industry: A Case Study of Ecobank Nigeria Limited

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ABSTRACT

The Study examined the impact of training and development on organizational productivity using Ecobank Nigeria LTD as a case study. The study adopted Descriptive Research Design in collecting primary data which was processed using Statistical package for social sciences (SPSS) .Pearson moment correlation was adopted in analysing the collected data with the aid of questionnaire. The results of the analyzed data showed positive correlation between training and development and employee’s innovation on the job. It was also found that there was strong positive correlation between training and development and completion of tasks by Employees. The result of the analyzed data showed positive correlation between training and development and improvement in the quality of services .The analyzed data showed positive relationship between training and development and employees effectiveness. The findings showed that the training that employees of the organization received improves their technical competencies for improving on the job. It also showed that through training and development of employees significantly improves the quality of service in the organization, it makes employees more efficient on their jobs. The results further revealed that training and development significantly improves employee’s effectiveness, innovation and completion of tasks. It is recommended that training of staff should be accompanied with motivation, positive leadership style, good structure , best management principles and practices and that training and development should be a strategy and priority of top management.

Key words: Impact, Training, Performance, Organisation, Banking, Nigeria

INTRODUCTION

According to Cole (2004), human resources are the most dynamic of all the organization’s resources. They need considerable attention from the organization’s management, if they are to realise their full potential in their work. Thus, motivation, leadership, communication, work restructure, payment system, training and development may all be included in the issues which have to be faced by management today. According to Akinpeyu (1999), the process of training and development is a continuous one. The need to perform one’s job efficiently and the need to lead others are sufficient reasons for training and development and the desire to meet organization’s objectives of higher productivity makes it absolutely compulsory. Obisi (1996) submitted that training and development aims at developing competences such as technical,
conceptual and managerial for the furtherance of individual and organization growth. This study will primarily focus on the effect of training and development on organizational performance in the banking Industry. In trying to do the above, the research intends to highlight the importance of training and development and other management topical issues that may be attributable to efficient customer service delivery. The recent technological advancement opens a new era in which a global competitive environment has emerged. Traditional organizational management is no longer considered appropriate strategy in this highly global market. Consequently, businesses must compete for their survival through continuous improvements and innovations to maintain or gain market advantages. In other words, businesses need innovation in order to obtain opportunities for survival. Resistance to innovations is likely to result in crumbled enterprises (Leavy, 1998), although globalization has opened worldwide trade markets, which brings businesses opportunities that has never been seen before. This phenomenon also opens the door to numerous competitors in various industries. As a result, “employees” are no longer considered as “labourers” who only contributes their manpower. As Ducker (1993) pointed out, knowledgeable workers have become the most vital in the knowledge based society. Therefore, qualified employees are a critical component of business success and effective strategies for continuously enhancing employees’ competencies are in urgent need. Organizational performance is an indicator which measures how well an enterprise achieves their objectives. Organizational performances can be assessed by an organization’s efficiency and effectiveness of goals and achievements (Robbins and Coulter, 2002). Anderson (2006) states that the concept of effectiveness is a ratio, implying that two entities are required when defining and measuring effectiveness (e.g. return of assets). He also argues that when effectiveness is conceptualized as a degree of goal attainment that is the achievement of profitability goals. Schermerhorn et. al (2002) point out that performance refers to the quality and quantity of individual or group work achievement.

Statement of the Research Problem

In recent times, issues of training and development have been of concerns to practising managers especially top-level managers both nationally and globally. So many factors account for organizational ineffectiveness which may eventually lead to failure of most organizations particularly in Nigeria in these days of economic downturn in terms of high interest rate, inadequate infrastructures, underemployment, unemployment and inflation. In order to reduce the rate of business failure, good strategic training and development plans need to be put in place for organizations employees by practising managers. This implies that long range human resources plan must be put in place now in order to guarantee efficient customer service. It is therefore the foundation of this research that good training and development plans for employees are essential ingredient for organizational performance and also engineer the survival of an organization.

THEORETICAL FRAMEWORK OF TRAINING AND DEVELOPMENT

Theories: are set of assumptions, propositions or accepted facts that attempts to provide a plausible or rational explanation of cause and effect (Causal) relationships among a group of observed phenomenon. It stresses the fact that all theories are mental models of the perceived reality. Management literatures have come up with several Training theories which are discussed below:

Scenistic Methods:
According to Paul (2010) Scenistic methods are set of approaches or processes focusing on situations, events, case-studies and narratives that furnish a specific setting for performance issues, needs, difficulties and scripted actions for particular situation. The theoretical and conceptual foundation of scenistic methodology includes situated learning/cognition, constructivism, experiential learning, transformative learning theory and action theory.

Situated learning
Situated learning is one of the most important features of the Scenistic method. Theoretically, the materials are created or used, such as cases; basically situate the trainee in his/her operational context. This material is the starting point of the methodology and is followed by the identification of issues and problems, where the trainee is, to a certain extent, familiar with and involved in a specific context. According to Anderson et al. (1996), situated learning is based on situations in which trainees are involved on a regular basis.

Constructivism and experiential learning curve theory:
A constructivist learning perspective implies that knowledge and skills can be improved in different ways without necessarily any one ideal solution (Jonassen, 1991). Constructivism is well suited to the situated and scenistic methods as it stresses comprehensible real-world functions in organizational environments. In skills moulding in a specific environment, the various aspects of performance need to be defined, demonstrated and comprehended (Jonassen, 1994).

**Transformative Learning Theory**

Transformative learning in combination with scenistic methods and encourages trainees to participate actively in shaping the context and application of learning activities, and many will accept possibility of being empowered and actively involved in decision making, personal job satisfaction and commitment are also crucial aspects of this type of empowered learning. Transformative and experiential learning is concerned with using discretion, delegation and participation in decision-making processes.

**Action Theory**

As described by Michael Frese (2007) action theory attempts to explain how learning is regulated and how people can change their behaviour to meet objectives in normal situations. Situated and scenistic learning methods involve novel situations and require trainees to be creative to some extent. Contrary to many cognitive and information processing theories, action theory is linked to behaviour and specific working contexts and outcome.

According to Salisbury (2008), action theory is a systematic tool for understanding how knowledge of cognitive processes in a performance situation is regulated by using the focus, sequence, action structure components and the foundations of the theory which interact dynamically.

**Human Capital Theories**

Human capital theories have developed rapidly since Mincer (1958, 1962), Schultz (1960, 1961), Becker (1962) and Ben-porath (1967), laid their foundations. Training is regarded as an investment; it involves costs and benefits, which can be assessed by using financial criteria such as present value and the internal rate of return. Initially, Becker (1962) studied the impact on wage levels of two types of human capital operating in a perfectly competitive labour market that had no imperfections or distortions. One type of human capital can be transferred to other organizations, which encourages employees to cover the costs and to obtain all the benefits of training. The second type of human capital is regarded as specific to a company and cannot be transferred to other companies, which incentivizes employers and employees to share the costs and benefits of training (Becker, 1962).

Human capital theory is based on neo-classical theories of labour markets, education and economic growth. It takes for granted that employees are productive resources and economy growth. It takes for granted that employees are productive resources and attempts to find out whether highly trained staff is more productive than other personnel (Simon, 2008). According to Garcia (2005), as employees do not obtain considerable pay increases due to increased productivity after attending specific training sessions, they will not be motivated to finance their own training costs, as they will obtain almost all the returns from the enhanced productivity produced by the new skills generated (Garcia, 2005, P.1693-1694).

Other Literatures viewed training and development in another perspective but with the common goal of enhancing organizational performance. This section reviews the literature to identify the relevant practices comprising self-directed learning, organizational learning, knowledge management capability and organizational performance.

**Self-directed learning:** It is a process in which learners take the initiative, without the help of others in identifying their leaning needs, formulating learning goals, choosing leaning resources employing suitable leaning strategies and assessing leaning outcomes.

**SDL:** is also regarded as a kind of process that demonstrates individuals capability, personality and learning pattern (Teng, 1995). Guglielmiro (1977) claims self-directed learning is an ability that represents individuals’ voluntary, independent and continuous learning habits.

There are different instruments to measure self-directed learning according to Guglielmiro’s (1977) self-directed learning aptitude, which assesses continuous learning behaviours triggered by active self learning include six factors: effective learning, fondness for learning, learning motivation, active learning, independent learning, and creative learning.

**A. Organization learning:**

According to Holmquist (2003), organizational learning is concerned with accumulation of experience through various activities or processes in organizations. In other words, organization learning refers to employees precede learning in organizational environment and apply what they learned in their work (Elkjaer, 2003). According to
Neilson (1997), he considered organizational learning as a continuous process of knowledge creation, acquisition and transformation.

B. Knowledge management capability:
The managerial capability refers to an organization’s skills, knowledge and experiences, which are used to handled difficult and complex tasks in management and production (Choi and Shepherd, 2004). Knowledge management capability has been recognized as a key factor for gaining and sustaining a competitive advantage (Corsoa et al, 2006).

Furthermore, Tiwana (2002) proposes that organization knowledge management capabilities include finding, creating new, packaging, assemble, re-using and revalidating knowledge.

C. Organizational performance:
Organizational performance is an indicator which measures how well an enterprise achieves their objectives (Venkatraman and Ramamujan, 1966, Hamon, 2003). Organizational performance can be assessed by an organization’s efficiency and effectiveness of goal achievement (Robbins and Coulter, 2002). Alderson (2006) states that the concept of effectiveness is a ratio implying that two entities are required when defining and measuring effectiveness (e.g. return on Assets). He also argues that when effectiveness is conceptualized as a degree of goal attainment, that is, the achievement of profitability goals.

D. Learning organization:
According to Watkins and Marsick (1996 b, P. 4), a learning organization is one that learns continuously and transforms itself. Learning is a continuous strategically used process integrated with and running parallel to work. Seven complimentary actions imperatives that characterized organizations journeying towards the concept of the learning organization are identified: Create a continuous learning opportunities, promote inquiry and dialogue; encourage collaboration and team learning; establish system to capture and share learning; empower people towards collective vision; connect the organization to its environment; and use leaders who model and support learning at the individual, team and organizational levels.

2.1 Approaches to Training and Development
i. Reactive approach: The traditional approaches to training can be generally termed as reactionary driven by tactical delivery of technical skills in bricks and mortar, classrooms training and but here training is seen as an event oriented activity.

ii. Proactive approach: In the learning organization, these approaches align all learning activities with the corporate business strategy and its focus is on developing competencies.

iii. Active Learning Approach: In this approach, trainees play a leading role in learning by exploring issues and situational problems under the guidance of their facilitator. The trainees learn by asking thought provoking questions, searching for answers and interpreting various observations made during the process. The active learning approach has its lasting impact on learning since it helps in long-term retention and finding better solutions in the challenging situations.

2.2 TYPES OF TRAINING
A. On-the-Job Training
On-the-Job Training (OJT) is carried out in the workplace during the working day. On-the-job training is planned, structured and mostly carried out at the trainee’s workplace. It is sometimes carried out in a special on-site training area. It involves managers, supervisors, trainers and colleagues spend a large amount of time with trainees to teach previously determined skill sets.

This is the most frequently used type of training and development techniques usually carried out at a location in the workplace. Thus on-the-job training often supplements other kinds of training e.g. classroom or off-site training. But, this could be unsuccessful if used to totally substitute streamlined training and development policy. Though, it can be an effective part of a well coordinated training program.

B. Off-the-Job Training:
Off-the-job training can involve group discussions, one-to-one tutorials, lectures, reading, training courses and workshops (Kempton, 1995). According to Kempton (1995), this type of training enables trainees to learn and apply new skills and knowledge in a safe working context. It is worthwhile providing off-the-job training when a larger number of staff has a similar training requirement and when there are adequate skills and resources for the design and provision of training (Rothwell, 2005).

2.3 TRAINING DELIVERY METHODS
A. Team Training: Through team training, people are trained to more effectively in groups, where observations and feedback are required during the training process (Rasmussen, 1982; Forbush & Morgan, 2004). Team training is often used in the industrial sector, government, and the army.
(Tannenbaum & Yuki, 1992). Specific team training strategies have been developed such as cross-training, coordination training (Prince & Salas, 1993) leadership training (Tannenbaum et al, 1998), self-correction (Smith-Jentsch et al; 1998) and distributed team training, (Dwyer et al; 1999). Evidence shows that team training functions well when it is theoretically driven. It concentrates on the necessary skills and gives trainees realistic opportunities for feedback (Salas & Cannon-Bowers, 2001).

B. Mentoring: Training can also be delivered through mentoring. Mentors possess specific knowledge, skills and abilities (KSAs) in problem solving, conflict resolution, communication, defining objectives and planning (Hartenian, 2003).

C. Simulation: This is a popular way of delivering training and is commonly used by businesses, educational establishments and military (Jalobee & Dempsey, 1993). Many simulators and virtual environments are able to mimic terrain, equipment breakdowns and movement as well as vibratory and visual cues (Salas & Cannon-Bowers, 2001).

D. Seminars: These bring trainee together in small groups for regular meeting, which focus on a specific topic with trainees being expected to get actively involved (wedster’s dictionary, 1992). Seminars help staff to become more familiar with their job functions and more actively involved in them. They also enable them to handle problems that arise on a regular basis (Holladay & Quinones, 2003).

E. Field Trips and Tours: These give staff the opportunity to experience situations away from the workplace and to obtain practical information about their job functions (Kaushik, 1996) few organizations use field trips as a component of training due to logistical limitations, shortage of appropriate training materials and unfamiliarity with the outdoors as a suitable training environment (Muka, 1970; Fido & Gayford 1982). However, they can be useful for increasing motivation, performance and skills they can help employees to get a more obvious understanding of job requirements (Kaushik, 1996).

F. E-learning: This refers to the use of information technology to enhance and support education and learning processes and provides a variety of learning strategies and applications to exchange information and acquire skills (Cardice, Sandra & John, 1998; Sife, Lwonga & Sanga, 2007).

Conceptual Framework of Training and Development

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<th>INDEPENDENT VARIABLE</th>
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<td>Organizational Performance</td>
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<td>Employees Innovation</td>
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<td>Completion of Task</td>
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<td>Quality of Task</td>
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<td>Employee Effectiveness</td>
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Source: Developed by the Researcher

Research Design

According to Asika (2006), research design means the structuring of investigation aimed at identifying variables and their relationship to one another. Consequently, the descriptive survey research design was used for the study which involves one observation of dependant variable and non-manipulated variable, Organizational Performance. Research design is the specification of methods and procedures for acquiring the information needed to solve problems.

Population of the Study

Population in this study refers to the aggregates from which sample was selected. The population of study consisted of 200 current workforce of Ecobank Nigeria Limited which cuts across all the staff of the company's headquarters at Victoria Island Lagos and its various branched in Lagos.

Sampling Size and Sample Techniques

According to Osvula (1987), sample size is a portion of a population taken as a representative of that population. The sample size for the study was one hundred and twenty (120) respondents. In order to select the target respondents, the stratified sampling procedure was adopted, which enable the researcher to select sample size across different staff of the company.

Data Collection Instrument

According to Adegbile (2001), it is the observation of the units (either of experiments or of market research or survey where reaction of units to some issues are important. For a successful study through the collection of primary data, questionnaire was adopted as the main research instrument.
Method of Data Analysis
In analyzing the collected data, descriptive statistics was used in which each question in the instrument was presented with the use of statistical tools such as tables, frequency counts in processing the data the Statistical Package for Social Sciences (SPSS) was used. The nature of the study made questioning the most relevant method of collecting data and the questionnaire as major instrument for obtaining information from respondents. In order to analyze the data collected accurately and reliably, Pearson product moment correlation coefficient was used in testing the research hypotheses. We performed a two staged statistical analysis to obtain the results. Firstly, we performed factor analysis to investigate the dimensions of training and development, organisational performance, employees innovation, completion of task, quality of services and employee effectiveness after which we imposed a linear regression model to examine the effect of training and development of each of the independent variables (organisational performance, employees innovation, completion of task, quality of services and employee effectiveness). We thoroughly verified the basic assumptions i.e. the constant variance and normality and these did not affect the results. We determined the appropriateness of the data for factor analysis by employing Kaiser–Meyer-Olkin measure of sampling adequacy (KMO-MSA) and Bartlett’s Test of Sphericity. We recorded a KMO value of more than 0.72 and a significant value for the Bartlett’s Test of Sphericity. We performed Varimax rotation and principle components analysis for factor analysis. We eliminated all the factors that had factor loadings lower than 0.60 after which we conducted the Cronbach’s alpha reliability analysis. We ensured that all measure of sampling adequacy exceeded the Cronbach’s alpha reliability value threshold level of 0.60 and large and significant Bartlett’s Test of Sphericity. We eliminated all items that had a factor loading lower than 0.50. Before the linear regression was performed, we did a product moment correlational analysis of the two set of variables (training and development and employee performance indicators). A pearson product moment correlation was used since the data was normally distribution requiring a parametric test. The results of the correlation matrix shows the absence of multicollinearity among the independent variables. We constructed a univariate and multivariate linear regression model, examining the unadjusted and adjusted association between training and development and indicators of employee performance namely organisational performance, employees innovation, completion of task, quality of services and employee effectiveness. For each specific dimension of the independent and dependent variables, we created a composited score by summing up all the scores for the set of questions under the dimension for each respondent. The composite scores were then used as dependent and independent variables in the linear regression models. In separate multivariate regression models, we treated each dimension as the outcomes of interest, and the three other dimensions as covariates. All analyses were carried out in SPSS version 20

RESULTS
90 (75.0%) of the questionnaires were duly completed and returned while 30 (25.0%) of the questionnaires were not returned. The generalization of the outcome of this work is based on the returned copies of the questionnaires.

Bio-Data of Respondents
63.3% of the respondents are female while 36.7% of the respondents are male. 33.3% of the respondent’s falls between 21-30 years, 50.0% of the respondents falls between 31-40 years, 16.7% of the respondents fall between 41-50 years. 42.2% of the respondents have 1-5 years experience, 48.8% of the respondents have 6-10 years’ experience while 8.9% of the respondents have 11 years and above experience. 16.7% of the respondents are top management level staff, 50% are middle level management staff while 33.3% of the respondents are lower level management staff. 15.6% of the respondents have OND/NCE certificates, 61.1% of the respondents have BSc/BA/HND qualifications, while 23.3% of the respondents have Master’s degree. This shows that majority of the respondents have BSc/ BSc degree. 44.4% of the respondents are single, 48.9% of the respondents are married, while 6.7% of the respondents are divorced/separated. This indicates from the sample size, that the population of married respondents is more that the singles and divorced/widowed respondents.

Test of Hypotheses
Hypotheses
H01: Training and development does not impact employees’ innovation on the job.
H02: There is no significant relationship between training and development and completing of tasks by employees.
H03: There is no effectiveness of training and development in improving the quality of services.
Ho4: There is no significant relationship between training and development and employees’ effectiveness.

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<th>Variables</th>
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<tr>
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<td>0.26*</td>
<td>0.88**</td>
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<tr>
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<td>0.84**</td>
<td>0.63**</td>
<td>0.53*</td>
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**. Correlation is significant at the 0.01 level (2-tailed).
* . Correlation is significant at the 0.05 level (2-tailed).

**KEY:** T&D = Training and Development; EI = Employee Innovation; COT = Completion of tasks; ISC = Improvement of service quality; EE = Employee Effectiveness

The table shows the intercorrelation of variables in the study as reflected in the study hypotheses.

- Hypothesis 1 stated that training and development does not impact employees’ innovation on the job, and is tested using linear regression. The result showed positive effect of training and development on employees’ innovation on the job (B = 0.674**; P < 0.01), Based on this result, alternative hypothesis 1 is rejected while the null hypothesis is supported.
- Hypothesis 2 stated that there is no significant relationship between training and development and completing of tasks by employees, and is tested using linear regression. The result showed positive effect of training and development on completing of tasks by employees (B = 0.847**; P < 0.01). Based on this result, alternative hypothesis 2 is rejected while the null hypothesis is supported.
- Hypothesis 3 stated that there is no effectiveness of training and development in improving the quality of services, and is tested using linear regression analysis as presented in table above. The result showed positive effect of training and development on employees’ effectiveness (B = 0.531*; P < 0.015), Based on this result, alternative hypothesis 3 is supported while null hypothesis 4 is rejected.

CONCLUSION/IMPLICATION

Training is a systematic development of the knowledge, skills and attitudes required by employees to perform adequately on a given task or job. It can take place in a number of ways, on the job or off the job; in the organization or outside organization. The need for improved efficiency in organization has become universally accepted and that it depends on efficient and effective training and development. It has further become necessary in view of advancement in modern world to invest in training and development. Thus, the role played by staff training and development can no longer be over-emphasized. Absence of these programme often manifest tripartite problems of incompetence, inefficiency and ineffectiveness, staff turnover, absenteeism, late resumption to duties, high accident rate, to mention but a few which all culminates to poor organizational productivity. The study concluded that training and development impacts on employees’ innovation on the job. The study further concluded that training influences completing of tasks promptly by employees. Also, the study confirmed that there is effectiveness of training in improving the quality of products in the organisation. Lastly, the study concluded that training contributes to employees’ effectiveness in the organisation.

RECOMMENDATIONS

From the summary of findings and conclusion, the following recommendations are put forward:
Organizations in Nigeria should embrace training and development as an employee management strategy. It seeks to improve knowledge, skills and attitude required by employees to perform adequately on a given task or job and cumulatively enhances organizational efficiency. Training is expensive for corporate organizations but highly less expensive when compared to the errors, accidents and poor productivity recorded in organizations that do not imbibe the culture especially from high labour turnover. Regular training should be a matter of organizational policy and should be continuous rather than hand picking of employees who the management is pleased with for a one-off training and/or development exercise. Detailed training need analysis should be carried out by the personnel arms of Organizations which will aid systematic training.
and development programmes and also the recruitment, selection and placement activities of the organization at any time the organization need to train or hire personnel. Quality and relevant training and development programmes should always be organized by organizations as many developmental programmes of organizations have never met up with employees’ expectation or improved productivity. They seem to turn out as a charade or organizational party in form of symposium or seminar. On the-Job method of training is highly recommended to organizations such as Coaching, Job rotation, In-house training and In-service training. These methods ensures that there is no loss of man hours as a result of off the job trainings where employees travel out of the country or out of station to tour around in the name of training and development programmes which may not add value to the organizations.

LIMITATIONS

The study was limited to Ecobank Nigeria Plc. It is worthwhile to note that there are other factors that can impact positively on organizational performance, such factors as management leadership style, motivation, structure and strategy. The Findings, Conclusion and recommendations are valid all things being equal under the same conditions.

SUGGESTIONS FOR FURTHER STUDIES

It is suggested that further research should be carried out on impact of training and development on counter-productive behaviours, to ascertain how much impact training and development not on affects organisational output by the behaviours of employees towards work and organisational goals. Furthermore, the role of managerial style of training and development in relation to succession planning and management development should be investigated by other management scholars.

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