

Impacts of Employee Training on the Performance of Commercial Banks in Jordan

Khaled Adnan Abedalraheem Bataineh
Irbid National University, Jordan

Abstract

The most important resource that any organization can have is the human resource. It forms the blood stream of the company that maintains the survival of the business. Success or failure of any business organization depends on employees. This is the reason that the management of organizations invests in training and development of their staff to improve the performance. This paper delves into the effects of employee training in commercial banks of Jordan with the Housing Bank for Trade and Finance (HBFT) being a specific case study. The paper also recommends various ways through which the commercial banking sector can improve the performance of its employees. The paper follows quality research procedures that include carrying out a literature review of various scholars who studied the particular area. In addition to the literature review, a theoretical framework that relates to employee training and development is listed in the paper. There are limitations that the research goes through because signs showing a relationship between employee performance and training are not adequate. The paper proposes an empirical research in future to address the necessary tests discussed in the paper.

Introduction

Employee training and development entails the human resource department giving employees new skills, information, and opportunities for professional and career development. Men and women who work in companies constitute the human resources. The workforce needs to be competent enough to perform assigned tasks to attain the company goals and objectives. Competence includes among other requirements formal education, training in relevant skills and knowledge, and experience where necessary (Amisssah 2009). The management at Jordan Housing Bank for Trade and Finance understands that when knowledge, capacities, and skills of employees earns the company a competitive advantage over the rivals within the banking industry. Effective training systems within the bank will help employees develop the appropriate skill, abilities, and knowledge that enable them to achieve desired bank objectives. To prepare its employees, Housing Bank for Trade and Finance has an in-house training program that covers areas that enable them optimize their potential (Aryee 2009). Other commercial banks in Jordan within the banking industry run long-term schemes that put emphasis in investing in their employees to give them adequate capacity to undertake different duties under different conditions. Such long-term programs are a pre-requisite in improving the performance of employees as it motivates them and increases their commitment to work. A good training program ensures that an employee discovers his talents and the organizational interest. When this happens, an employee aligns his goals to the company objectives and this helps in meeting the organizational goals through high performance on the job. The essence of employees at the Jordan Housing Bank for Trade and Finance as discovered by this research is that they play the biggest role in the bank's profitability. Therefore, they the most valuable assets in the bank as held by the management.

The workforce is responsible for customer satisfaction, quality of products, and services that the Jordan Housing Bank offers. Inefficient training schedules can lead to employees failing to maximize their ability and potential as they lack adequate information, skills, and knowledge for performing their respective duties. Studies also show that employee training and development makes sure that the bank keeps most of its staff for long. This is because the program gives the workforce a firm grasp of their duties (Asare-Bediako 2002). Previous research contains evidence regarding the effect of training and development schemes on employees and their performance. This further, gives the bank a competitive advantage over others within the banking industry. The effects are positive and increase returns on investment at a bigger margin compared to other activities. This is in addition to high levels of the company retaining employees.

Research problem

The need to run effective employee training and development schemes within commercial banks in Jordan to enhance performance forms the basis of this research. Most scholars define training as an orderly system that increases the levels of knowledge, skills, abilities, and competence of the workforce to enable it to perform assigned duties. Areas affected by training and development programs include organizational competitiveness, performance, and income. Most banks in Jordan notably the Housing Bank for Trade and Finance does not realize the importance of multiple and long-term training programs when their profit margins decline (Cascio 1989). The bank sticks to the in-house training system that has limitations. Research indicates that when the financial accounts are not improving, the bank moves to cut the training budget. Such an action makes the bank

to lose employees at a fast rate and increases the costs for the bank as it moves to replace the staffs that leave. The bank's low profits become a cycle. The relationship between employee training and performance leads to success. Training and development improves employee competence and behaviour that increase his performance on the job. This results in benefits for both the employee and the bank. It also centres the bank's interests on customer satisfaction and shareholders objectives thus, the bank invests in training that helps employees to advance.

Research Question

This research seeks to identify how effective training and development of employees in commercial banks in Jordan improves their performance and its effect on the performance of the bank. Effective training results in superior performance by employees of the bank. However, to understand this concept, the paper takes a review of the topic to bring out the underlying phenomena.

Objectives of the research

The paper undertakes a literature review of several research reports, journals, and books on the topic under study. The research identifies several objectives to guide the study. Among the objectives, the paper investigates the precise definition of training in this context as well as its relevance. The significance of employee training among commercial banks in Jordan is also reviewed in addition to developing the criteria for evaluating levels of employee performance (Aryee 2009). The other objective of the study involves analysing the relations between employee training and performance.

Literature Review

Several researchers conclude that with the world continuously becomes a global village, various businesses face both environmental uncertainty and new challenges that include managing cultural diversity. This forms the basis that banks need to invest in their employees through effective training and development programs to give them the capacity to run do their work (Black and Lynch 1996). Through the programs, employees can easily handle uncertainties effectively for instance making decisions that are effective. This approach makes the bank to remain competitive in the industry. Among the benefits that effective training programs give to banks, include developing and maintaining employee capabilities, retaining talented employees, and increases the flexibility in the workforce (Cole 2002). Banks that have structured training and development programs show commitment to its workers and increase the morale of their staffs. They in turn attain competitive advantage in the banking industry because they enhance the performance of their employees, which increases the organizational productivity.

Training of employees at the Jordan Housing Bank fills the void between the performance of employees currently and the desired performance by the management of the bank (De Cenzo and Robbins 1996). Training involves activities including participation, mentoring, and peer participation and cooperation. This aims at developing teamwork and team spirit that improves performance at both personal and organizational levels. Superior job performance results from self-efficiency. Training entails systematic intervention that improves the performance of individual employees on their job. It focuses on necessary skills that aim at achieving the bank's objectives and goals. Banks that have satisfied employees have better organizational performance (Gomez 2007). This improves the rate at which the bank retains most its talented staffs. Dissatisfied employees are demoralized and cannot be effective in their performance. This means that they can easily move on to other banks. The bank's management that appreciates the importance of employee training and development creates an enabling working environment that motivates and improves the performance of employees (Krietner 1995). Training plays a central role to the company that intends to revamp or maintain profits against its competitors within the banking industry (Evans and Lindsay 1999). An effective training and development system benefits both the employee and the bank because it enhances their growth and success. The human resource management practices and the performance of the organization have strong relations (McGhee 1996). The training improves the quality of employees.

Theoretical framework

To remain competitive in the market, the bank uses its workforce that makes up its intellectual asset. The bank must therefore, ensure that it has training and development program that builds employee capabilities and competences (McGhee and Thayer 1961). In view of this, systematic training increases the performance of both the organization and employee objectives to attain or remain competitive advantage in the industry.

Research methodology

In addition to carrying out literature review of the scholarly articles, journals, and books on the topic, the research also conducts interviews of the employees of the Jordan Housing Bank for Trade and Finance. The

study investigates the importance of effective training and development programs on employee performance in the commercial banking industry in Jordan. The paper also makes suggestions on how the Housing Bank can improve its training program (Krietner, 1995). The research will also form an important integral resource for students venturing in the study of this topic and other related areas of study. This is because the paper provides necessary information that the student will find imperative. The paper gives recommendations to the Jordan Housing Bank for Trade and Finance on various ways of improving its training program (McGhee 1996). The recommendations will also apply to all the banks in Jordan since the Housing Bank only serves as a case study. The paper draws its recommendations from existing bank practises and makes a comparison to identify the most effective actions that improve performance and enhance both organizational and individual growth and success.

Research Report

The researcher prepared questionnaires with assistance from research assistants. The assistants administered questionnaires to managers and other senior employees in the bank. The method was appropriate because employees in at the Jordan Housing Bank for Trade and Finance are very busy and it is difficult to arrange for interviews. Furthermore, the researcher discovered that it longer than estimated to carry out the study because a letter requesting permission to conduct the research took time to get the response (Wentling 1992). This is because the Housing Bank for Trade and Finance is a formal organization with strict a complex administrative channel. The researchers send the letter to the operations manager who in turn sought permission from the manager in charge of learning and development seeking his approval. The long procedure caused delays as such; it took time for the researching team to start the study. The assistants administered thirty questionnaires to various team leaders among three branches of Jordan Housing Bank for Trade and Finance. The research assistants also gave five managers the questionnaires seeking their responses. Five team leaders did not submit the questionnaires. They gave several reasons but lack of time was most profound of all of them.

Suggestions and study views

The research found out that the management at the Jordan Housing Bank for Trade and Finance carries out a single pattern of training. Since its inception, the bank holds the in-house training among its employees. The program covers all the employees across various levels and statuses. The program has very advantages but comes with limitations as it limits the choices that employees can have in training (Amisssah 2009). The bank needs to add other training methods to the current In-house method by identifying the needs to improve performance. The bank management needs to identify the exact causes of poor, slowed, or stunted performance by employees within the bank. The Jordan Housing Bank for Trade and Finance should develop a broad

Employee assessment and development

The management of the bank needs to evaluate the health and physical capacity of an employee to carry out the assigned task without straining. An historical record of the health of the employee may be appropriate in determining both his mental and physical ability to work. Furthermore, the management should assess the professional ability of the employee. This means that the employee must have relevant formal education as well the right skills, knowledge, and experience for the desired job where applicable. The employees must also understand their duties and tasks in addition to exhibiting teamwork and team spirit at the work place. Evaluation of the systems of aligning employee goals to the overall company objectives should be done, a duty that supervisors must perform (Wentling 1992). The management ought to assess the employee's knowledge and skills to identify the relevance and evaluate if the human resources department carries out any training that enables employees to be specific and thorough on their work. Jordan Housing Bank for Trade and Finance must develop performance and appraisal mechanisms for its employees (Rogers and Olmsted 1957). The company also needs to build feedback channels for employees. Systems must be authentic and classic so that employees can receive regular feedbacks on their performance. The working environment plays an important role in the performance of employees. It is therefore necessary for the bank management to carry out a clear assessment of the working environment that their staffs are exposed to during the normal daily operations.

Training processes

Jordan Housing Bank for Trade and Finance trains its staff to achieve set objectives and goals. It involves giving the employees required knowledge and skills for performance. The in-house program that the bank operates makes that employees get opportunities to develop their careers. The program enhances the performance of the bank and helps it maintain a competitive advantage over competitors within the banking industry (Rama 1993). At Jordan Banking for Trade and Finance, training improves the ability of the workforce as well as sharpens their ability to reason making them more creative. This improves their ability to make decisions quickly and effectively. The capability of employees dealing with customers to their satisfaction crucial and effective training and development programs ensure that the bank achieves this important aspect (Aryee 2009)t. Through this

program, Housing Bank employees reduce frustrations and anxiety that the job they do could bring. Training at HBTF reduces the gap between employee skills and the company-desired skills for delivery.

Effects of employee training on performance

One of the major inputs in the operations of Housing Bank for Finance and Trade is labour. The effect of the same is felt on the outcome of productivity of the company. To evaluate productivity, it requires the analysis of the banks per unit output (Gomez 2007). High input per unit means that the productivity of the bank is high. This study centres on employee training, development, and its impact on knowledge, skills, performance, and efficiency on the employees' productivity. The guiding principle in this study is that employees cannot do well unless they have adequate knowledge of the job. Skills, knowledge, and efficiency make an employee more efficient and effective (Black and Lynch 1996). Researchers have learned from the study that employee training helps in improving skills, efficiency, knowledge, and performance.

Data analysis and presentation

The paper takes inferential and descriptive statistics. Pearson's coefficient of correlation forms the basis of analysing the relationship among the variables. Simple and multiple regression analysis is important as it shows the interactive effect of the independent variables on the dependent variable. To analyse descriptive statistics, the paper uses, graphs, mode, tables, charts, variance, mean, and standard deviations. The research collected both quantitative and qualitative data (Van Dorsal 1962). To analyze qualitative data, the researchers used content and logical analysis techniques. The researchers struggled to maintain secrecy levels. The letter of approval was addressed to the bank manager because Housing Bank for Finance and Trade is a formal organization. This took time as the manager took time to consider various factors (Krietner, 1995). During the survey, five respondents failed to submit the questionnaires. Among the excuses presented included lack of time. Jordan Housing Bank for Trade and Finance is a big bank but the small sample size was necessary to make sure data was collected in time for the presentation of the paper (Cole 2002). Another predicament encountered was lack of information regarding the bank's headcount as the management considered a confidential report.

Recommendations

It is important that the management understands the rapid changes in technology. They should also evaluate the necessary skills, knowledge, and abilities that employees need to have to carry out their duties. The study discovered the training department limits its training areas. The human resources must expand the program to improve skills, competencies, confidence, and knowledge. This will improve the overall performance of the bank and employees. Responses from the questionnaire indicate that the bank has a training scheme. However, the selection process is not elaborate (Asare-Bediako, 2002). The training department needs to develop a selection system basing on the needs of each employee. The employees must know the objectives of the training. This will help them to remain focused and increase their concentration levels. The human resources at the Jordan Housing Bank for Trade and Finance run an in-house training program only. Though the program has many advantages, it is important that bank understands that one program has its limitations. Varying employee program gives a wide choice for employees to choose the areas they prefer. The management of Housing Bank for Trade and Finance should treat employee training and development as a factor of employee motivation in addition to increasing productivity of the bank. The company will realise the following benefits because of implementing effective training systems (Gomez 2007). Among others, there is increased ability to handle technology, job satisfaction, increased morale and, motivation in addition to increased efficiencies in job flow. The bank will also benefit from employee innovativeness and reduced turnover.

Conclusion

Research confirmed that the Jordan Housing Bank for Trade and Finance has a training program for employees. The bank's in-house training scheme has several advantages that the bank enjoys. All employees go through the training irrespective of the age, gender, status, and rank. The effectiveness of the program centres on improving employee and organizational performance. It is recommended that the bank should incorporate other training programs to make it accommodate the diverse interests of employees as well as keep in touch with dynamic technological changes. Increasing the training options for employees will increase the motivation levels. The research also identifies development of employees through efficient training schemes as a core function of the human resource department in the banking industry. These schemes have the responsibility of standardizing the performance of the workforce in the bank through capacity building. When the employees are development it means that, they have the necessary skills and knowledge to perform duties given to them as required. They will in turn become satisfied and this will increase the productivity and profitability of the bank. Training and development programs that are effective add the relevant technology skills to employees. This gives them the right skills and competences in handling work given to them. This has the advantage of eliminating errors and

unnecessary mistakes on the job. Information contained in this project serves to reduce the gap existing between the current employee performance and expected performance.

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