

# Impact of Training and Development on Employee Performance: A Comparative Study on Select Banks in Sultanate of Oman

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## Abstract

This paper studies the impact of Training and Development practices on the employee performance in the select Omani Public and Private sector banking organizations. The aim of the paper is to analyze the impact of training and development practices on employee performance. The study adopts descriptive research design and it imbibes both primary and secondary data. Convenience sampling method is applied for collecting the data through administering a structured questionnaire. The sample size for the study is 300. Statistical tools like Pearson Correlation Analysis, Regression Analysis and ANOVA were applied to test the proposed alternate hypothesis. The study concludes that Training and Development Practices have a positive influence on employee performance in the Omani Banking Industry.

**Keywords:** Training and Development, Employee Performance, Impact.

## 1. Introduction

Human resources have emerged as the most valuable assets of an organization especially in the technology fuelled environment of the twenty first century. It is widely accepted that besides resources such as money materials and machines, the success of every organization primarily hinges upon the quality of its human resource. Globalization has led to the opening up of hitherto closed economies and has led to increased competition and easier movement of skilled workers between countries. This has focused the spotlight on skilled and competent and trained executives who can give--- and direction to the organizational efforts and reach the organizational objectives organisations have to modernize, diversify and restructured themselves to face the onslaught of technological advances, innovations consumerism increasing liberalization and cross border trade. Organization has to prepare, develop and update their process and personnel to accept the challenges posed by the rapid changes sweeping across the world and parading into all sectors and industries. This requires gearing up all the resources to well crafted market strategies, development of human resources R & D and technology up gradation.

All these fast paced changes in strategy, structures technology and process however often lead to role ambiguity leaving employees unsure of their roles and responsibilities. The lacunae in the formal education system also means that many employees are not equipped with the specific skill sets are required in an organization. As result, most employees lack the requisite skills competencies, abilities and knowledge that are required for the accomplishment and specific tasks. Extensive training therefore becomes necessary to enables them to make a meaningful contribution towards the organizations growth.

According to Armstrong (2001), "Training is a systematic development of the knowledge, skills and attitudes required by an individual to perform adequately a given task or a job" Training helps employees to upgrade old talents and requite new ones. Training gas several beneficial effects such as improving morale, increasing productivity enhancing job satisfaction and commitment of employees towards organizational goals. It helps employee to balance their work life and personnel life and improves communication at all levels of employment.

Training programs have been proved to enhance efficiency of management and groom leaders for the future. Succession planning becomes easier due to the availability of a pool of capable and skilled executives. The creativity and innovation skills of employees can be unleashed through appropriately tailored training programs.

Employee development refers to the steps taken within a company to encourage each employee's professional and personal growth. It is of utmost importance for employees to keep themselves abreast with the latest developments in the industry to survive the fierce competition. Development programs include personal growth and professional growth. Soft skills training, computer training , fitness sessions , seminars and workshops are all examples of development

Employees develop a feeling of ownership and bonding which helps to reduce employee turnover in the long run Stress levels are reduced as expertise and productivity levels of employees increase. Adequate training enables employee to learn and useful the latest technologies which are necessary in the present era.

It is amply clear that training provides several benefit to both employees and organisational and helps employees to align their personnel goals with the goals of the organization. The benefits of training are spread through the employees' career and help them in career advancement by making them ready to take up greater responsibilities in the future.

## 2. Scope of the Study

The outcomes of this research will help and support the banks to identify the Training and Development factors that influence the employee performance in the banking organizations. On the other hand, the research will be helpful in the department of human resource of every organizations which are trying to increase the productivity of their employees.

## 3. Review of Literature

Training is very important for employee's performance in acquiring competencies and help organization to retain its employees through satisfaction and motivation. Globally day by day the world is modernizing and moving rapidly which is creating many challenges for the organizations. Training can overcome and make an employee's capabilities more efficient which also contributes in the efficiency of the company.

According to Zohair Abbas (2014) "training as an essential element to an employee for the development of the companies because some of the employees have lack of knowledge skills and competencies and failed to accomplish task on timely basis." The sample has been taken from both males and female employees of National Bank of Pakistan. The research is descriptive study and it's quantitative in nature. Primary data was collected and although secondary data also used to classify the work done. Study provides an empirical evidence of factors that effects employees training and performance of organization.

Mumanthi (2014) in their study on the Kenyan police force says that "there are number of performance concerns about the Kenya police that have arisen due to lack of taking action, failing to prevent and detect crimes, and police forces citizens pay bribe to get their constitutional rights." The sample size was three hundred and eight four police officers. Study was done in Nairobi Kenya and the time period was 2014. Coefficient Reliability was used to justify the findings. From the findings it was indicated that organization should carry out the training needs assessment to determine level of performance. He further concludes that proper monitoring and evaluation influenced the performance of police in Kenya. Frankin Dang Kum (2014) postulates that "ineffectiveness of training and development of employees in the organization reduces the organizational productivity." Data was collected through random sampling method. Research is limited for the employees of ESCON and the population size was concise 60 out of 87 employees. He concludes that the companies who invest on human resource management view training as an opportunity for increasing their long term productivity.

Asma Mehmood (2012) argued that "training influences an organization's commitment and retention towards the performance of employee. The data was collected from 100 employees of the service sector at Rawalpindi Islamabad Regression methodology has been used in this research. The regression analysis confirmed that satisfaction and mode for career advancement has direct and useful effect on organizational commitment and increases work efficiency of the employees. The findings conclude that training has strong relationship between retention & performance and organizational commitment.

According to Azizullah Ghorbani and Dr. Muhammad Ghaffari Fard (2015) "customers staffs training is very essential to compete the pressure of challenges which bank industry faces on the daily basis." Random sampling method was used and research was conducted in Tehran, Iran. They suggested that customers training is very beneficial to both managers as well as the employees because it affects the performance of employees and also beneficial in performing non-bank financial activities. Githinji Angela (2014) suggested that the training effects the performance of employee among the international civil servants. A survey research design was used for this study 144 staff of the United Nation supports office for the African mission in Somalia involved in this research the finding showed that in general training enhanced employee engagement on change processes.

Komal Javaid, Naveed Ahmad & Nadeem Iqbal (2014) highlighted the relationship between training and its impact on employee's performance in telecommunication sector D.G Khan Pakistan. 150 employees were chosen for the data analysis.

Finding showed that the managerial performance is meaningfully resolute through the training instructed to the personnel. They further say that training is a significant predictor of the performance. Cynthia Owusu Boateng (2011) pointed the impact of training on employee performance at SG -SSB. Descriptive quantitative method was used in the research and related articles of the topics. She concluded that "that indeed training has a significant impact on employee productivity. Training provide benefits to both the performance employees and the organization through the development of knowledge, skills, competencies, behavior and abilities."

Benedicta Appiah (2010) suggested that "training enhances knowledge, skills, attributes and competencies and ultimately worker performance and productivity in organization." Data was collected from 30 employees of HFC bank Ghana. Cross functional study was used to justify the findings. Findings of the study showed that training improves the skills, knowledge, abilities, competencies, behavior and confidence of the employee. Atola Janepher Adongo (2013) suggested that "mostly organization neglects the importance of training which leads to high turnovers and also increased the cost to hire new employees and finally slowed down the organizational profitability." 419 employees were chosen for data collection in Telkom orange Kenya. Correlation methodology

was used in the study. Findings showed that employees feel motivated by the training offered and indeed many have participated in training programs.

Mahbuba Sultana (2013) in her study in Bangladesh concluded that “that effective training increase the productivity of employees.” Data was collected from 1414 employees. The study was done in Dhaka. Correlation methodology was used in the research. She concludes that employee is the valuable resource for any organization and the success and failure depends upon the performance and productivity of the employees and this study proves that the training improves the productivity of the employees.

Ahmed Mohamed Mohamud (2014) suggested that “training affects the employee performance in public sector organization of Kenya.” Data was collected from 100 staffs of Machakos branch. Data analysis was done through descriptive statistic. Findings showed training has a significant impact on employee performance and benefits both the individual employees and the organization at large. Ngugi Martha Nyakeo Nyokabi (2014) pointed that “training plays a significant role in the development of competencies of new as well as existing employees for effective performance.”: Data was collected from 800 employees of geothermal development company in Nairobi. This study shows the relationship between training & development and employee performance. Findings shows that the training of employees is very important factors of both the organization and the employees because it enhances work performance, motivate employees and build confidence in the employees. The employees should acquire knowledge and skills which will assist them in improving their performance by applying relevant courses based on the organizational objectives.

Tom Jingo Onyango (2012) suggested the influence of training and development on employee performance at Medete Tea Factory, Kenya. Descriptive survey method was used and the data was collected through random sampling method. Findings conclude that if Medete tea factory wants to hire and keep quality employees it is a good policy to invest in training and development. Muhammad Ikhlal Khan (2012) highlighted the impact of training in performance of employee some statistical tools or techniques are applied on data like Person correlation and regression analysis through SPSS software. 100 employees were taken as a sample size of Habib bank and Federal Urdu university of Islamabad. The findings conclude that training contributes significantly to employee’s performance so all the organizations who wants to enhance the capabilities of their employee performance should focus on training.

Ekta Srivastava & Dr Nisha Agarwal (2014) say that “that training is very necessary in this changing environment.” Primary data was collected through questionnaire which was filled from various branches of axis bank and secondary data was collected from annual reports of syndicate banks and axis banks for the year 2008 to 2013 and from RBI publication. The findings conclude that training in private sector bank is better than public sector banks. In future training should be easy to understand so that it will be beneficial for the banks as well as to the employees.

#### **Objectives of Study**

1. To examine the impact of Training and Development practices on the performance of employees in the Omani banking Industry.
2. To suggest certain procedural measures for effective implementation of Training and Development practices in order to enhance the employee performance in the Omani banking Industry.

#### **Hypothesis**

In order to intensify the above objectives, the following alternate hypothesis was framed to test the statistical significance and validity.

Ha1: There exists a strong relationship between Training and Development practices and employee performance in banks in Oman.

#### **4. Research Methodology**

The present research study adopts descriptive research design and the study involves bank employees at different managerial cadre from four commercial banks involving both public and private sector organizations in the Sultanate of Oman. The public sector banks include National Bank of Oman (NBO) and Oman Arab Bank and the private sector banks include Bank Muscat and HSBC Bank. The study area is restricted to Muscat and Salalah cities in Oman and three branches from every selected bank were identified. From every banking organization 75 respondents were selected and thus the four banking organizations project a sample size of 300. Convenience sampling method was used in the study. Both primary and secondary data were used for the research study. The primary data was collected through questionnaire method. The secondary data involves various published documents. For collecting the data, convenience sampling technique was used. The statistical tools like Pearson Correlation, ANOVA and Regression Analysis were used to test the proposed alternate hypothesis

Sampling Particulars			
Type of Organization	Name of the Bank	Branch	No. of Respondents
Public	NBO	Saadah	30
		Salalah	30
		Muscat	15
	Oman Arab Bank	Saadah	30
		Salalah	30
		Muscat	15
Private	Bank Muscat	Saadah	30
		Salalah	30
		Muscat	15
	HSBC	Saadah	30
		Salalah	30
		Muscat	15
		Total	300

### 5.Data Analysis

Table 1: Pearson Correlation Analysis

		Employee Performance	Training & Development Practices
Employee Performance	Pearson Correlation	1	0.536**
	Sig. (2-tailed)		0.000
	N	300	300
Training and Development Practices	Pearson Correlation	0.536**	
	Sig. (2-tailed)	0.000	
	N	300	300

\*\* Significant at 0.01 level

It was found from the above table that the coefficient of correlation between Training and Development practices and employee performance is 0.536 at a significance level of 0.01 (2-tailed). Thus it indicates that there exists a strong linear correlation in between the two identified variables and they are closely related.

Table 2: Regression Analysis

R	R square	Adjusted R square	Std. Error of the Estimate
0.468 <sup>a</sup>	0.140	0.138	3.188

The Regression Analysis shows that there exists a moderate relationship between the Training and Development practices and employee performance. It shows that the Training and Development practices explained 46.8 % of the total variation in employee performance. Thus it indicates that there is a positive relationship in between the two variables.

Table 3: ANOVA Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	639.52	1	639.52	36.365	0.000 <sup>b</sup>
Residual	2946.74	98	18.716		
Total	3586.26	99			

The above table indicates the variance in the model of Training and Development practices with employee performance at F - value 36.365 (p= 0.000). It is further tested with regression coefficients for Training and Development practices and employee performance.

**Table 4: Coefficient of Regression between Training and Development Practices and Employee Performance**

	Unstandardized Coefficients		Standardized Beta Coefficients	t	Sig.
	B	Std. err			
Constant	12.156	1.163		8.938	
Training and Development Practices	0.22	0.046	0.296	4.247	0.000

The above table presents coefficient of regression in between training and development practices and employee performance. It shows that regression results at a confidence interval level of 95% with unstandardized data coefficients value of 0.22 indicates a t – value 4.247. (p value of 0.000). Since the calculated value (4.247) is greater than the critical value, alternate hypothesis is accepted. It indicates that Training and Development practices have a strong influence on employee performance in the Indian Banking Industry.

### 7. Discussion

The study shows that Training and Development programs and Employee performance are interlinked in the select banking industry. The analysis shows that Training and Development programs are strongly influencing the employee performance in the select Banking Industry. It is found from the above study that Training programs had certainly increased the performance levels of the select bank employees. The following suggestions are given by the researchers to organizations to further enhance their training programs:

- It is important to identify clear goals and outcomes of the training program based on the stage in which the business is in, the industry requirements and the roles and responsibilities of the trainees
- Proper identification of training needs has to be done on the basis of a well-developed training needs identification survey
- Training programs should have their roots in the basic elements like effective Customer Relationship Management, Total Quality Management and Talent Management.
- It is important to develop engaging training resources and curriculum to engage the interest of the employees.

The employees should be given the opportunity to bridge the gap between knowledge and action. They should be asked questions like “What do you know now that you didn’t know before?”

It is best to use a blended learning approach that includes training in several different formats (like computer-based, instructor – led etc).

### 8. Limitations of the Study

This study is limited to bank employees of select private and public sector banks in the Sultanate of Oman. The study is based on a limited sample due to constraints of time and resources. The same study can be conducted on a larger scale across sectors and industries. Several other variables linked to training and development can also be studied by researchers. Other statistical tools can also be used to study the impact of training on performance.

### 9. Conclusion

The findings in the research study indicate that there exists a strong correlation between Training and Development practices and Employee Performance in the select banking organizations. This infers that there exists a positive relationship in between

Training and Development practices and Employee Performance. Organizations which invest in their employee skills by way of Training and Development activities will certainly reap the profits through employee productivity.

It is very essential on part of the organizations to continuously develop the employee skills in order to maximize employee performance. This is possible only by way of continuous training and development practices. It is a well-known fact that untrained employees could not perform up to the mark and this will certainly affect the overall performance of the organization. As the concept of Training and Development Practices have a significant impact and influence on employee performance and productivity it is essential for the organizations to maintain the ambient environment which involves continuous training process. Organizations which promote training and development practices tend to possess a shining corporate image.

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