

 <p>ISSN NO. 2320-5407</p>	<p>Journal Homepage: - www.journalijar.com</p> <p>INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)</p> <p>Article DOI: 10.21474/IJAR01/4888 DOI URL: http://dx.doi.org/10.21474/IJAR01/4888</p>	
---	---	---

RESEARCH ARTICLE

A MODEL OF TRAINING EFFECTIVENESS WITH EMPLOYEE PERFORMANCE AS OUTCOME – AN EMPIRICAL STUDY OF BANKING SECTOR OF MORADABAD DISTRICT.

Ms. Ekta Srivastava¹ and Dr. Nisha Agarwal².

1. Research Scholar, School of Business Management IFTM University, Moradabad (U.P.).
2. Associate Professor, School of Business Management, IFTM University, Moradabad (U.P.).

Manuscript Info

Manuscript History

Received: 19 May 2017
Final Accepted: 21 June 2017
Published: July 2017

Abstract

In order to survive and succeed in the fast changing competitive environment, banks need to organize, develop and manage their human resources effectively. The major responsibility of banks in this regard is to build up a right mix of skills, attitude and conceptual understanding amongst their employees. For achieving this, a continuous process of training interventions in banks is a must. Purpose of this study is to determine the impact of training effectiveness on employee performance in banks of Moradabad (Uttar Pradesh) district. Based on review of literature a theoretical model was framed and structured questionnaire was constructed. Data from a sample of 200 bank employees, working with public and private sector banks of Moradabad district, was collected. Data was analysed using SPSS-19 and AMOS-20. Findings of the study reveal that employee performance (latent construct) is highly determined by salary received by the employee (.850) and effectively designed training has the maximum impact on overall training & development activity. Employee commitment has poor correlation with employee performance hence future studies can be carried out to explore this construct.

Copy Right, IJAR, 2017.. All rights reserved.

Introduction:-

Customer service, productivity, safety, employee retention and growth, the downturn in the economy, coping with the retirement of skilled employees - these are some of the issues affecting companies in all industries and sizes and influencing training practices (Noe, 2012). Training has the distinct role in the achievement of an organizational goal by incorporating the interests of organization and the workforce (Stone, 2002). Increased need for improved performance requires more efficient ways to identify, recruit, measure and improve the training and education of the workforce (Zane et. al, 2002). Training has become an essential element for organizational growth and employee performance in organizations.

The field of training and development (T&D) has undergone changes reflecting the dynamic factors in the corporate world overall. T&D's objectives continue to shift from a focus on programmed instructions (and behavior task analysis), to performance-system analysis (Zane et al., 2002). Firms invest a lot in selecting most highly skilled people, and providing them with increased skills through continuous T&D opportunities so that organization have highly quality employees (wright et al., 2003). This makes for a positive work environment by enabling them to

Corresponding Author:- Ms. Ekta Srivastava.

Address:- Research Scholar, School of Business Management IFTM University, Moradabad (U.P.).

focus on serving their own customers successfully, doing their own job well and not having to constantly clean up the mess of other co-workers.

In order to survive and succeed in the fast changing competitive environment, banks need to organize, develop and manage their human resources effectively. The major responsibility of banks in this regard is to build up a right mix of skills, attitude and conceptual understanding amongst their employees. For achieving this, a continuous process of training interventions in banks is a must (Korde and Laghate, 2015).

The effect of training on employee performance may be both direct and indirect. Sahinidis and Bouris (2008) notes that directly the role of training programs is seen as a measure of improving employee capabilities and organizational capabilities i.e. when the organization invests in improving the knowledge and skills of its employees, the investment is returned in the form of more productive and effective employees. While indirectly they highlight that as companies train their employees so as to enable them to handle both current and future issues, the training can lead to high levels of motivation and commitment by the employees, who actually see the opportunity they are given hence the appreciation of the investment their organization is making in them and is shown in their hard work and their contentment in being a member of such an organization (Anglea, 2014).

Research Objectives:-

In spite of the large number of studies on the relationship between training and employee performance, there appears to be a gap, concerning the study of employee training and their performance in Banking Sector of Tier II cities of Indian. In order to fill this research gap the purpose of this study is to close this gap in the relevant literature, shedding more light into the relationship of training effectiveness, with employee performance in banks of Mordabad (Uttar Pradesh) district.

Theoretical Framework and Research Hypothesis:-

Today, organizations, whether private or public, are faced with fierce competition, scarce resources and rapid technological changes. This has meant that organizations ought to be managed in such a way that not only is their immediate survival guaranteed but also their long-term future development is ensured. Employee training plays an important role in the realization of these goals. Training and development (T & D) must accept the challenge of being a major contributor in employee performance approach by creating a platform for their holistic development (Adamson, and Caple, 1996).

Training is a mean whose end is enhanced performance of employees. Employee training has several antecedents and also several outcomes; here researcher has focused on performance as an outcome of training. This section of the paper results in developing a theoretical model for the study, which will act as premise for observed reality.

Antecedents of Training & Development [E2]:-

Human resource is the very important and the backbone of every organization and it is also the main resource of the organization. So organizations invest huge amount on the human resource capital because the performance of human resource will ultimately increase the performance of the organization.

Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita, 2000). As the Mwita (2000) explains that performance is the key element to achieve the goals of the organization so to performance increase the effectiveness and efficiency of the organization which is helpful for the achievement of the organizational goals. But the question arise that how an employee can work more effectively and efficiently to increase the growth and the productivity of an organization (Qaiser Abbas and Sara Yaqoob). There are many factors which improves the work of the employee such as flexible scheduling, training etc. It is very necessary for the organization to *design the training* very carefully (Michael Armstrong, 2000). The design of the training should be according to the needs of the employees (Ginsberg, 1997). Those organizations which develop a good training design according to the need of the employees as well as to the organization always get good results (Partlow, 1996; Tihanyi et al., 2000; Boudreau et al., 2001). It seems that Training design plays a very vital role in the employee as well as organizational performance. A bad training design is nothing but the loss of time and money (Tsaur and Lin, 2004).

On the job training helps employees to get the knowledge of their job in a better way (Deming, 1982). People learn from their practical experience much better as compare to bookish knowledge. On the job training reduces cost and

saves time (Flynn et al., 1995; Kaynak, 2003; Heras, 2006). It is better for the organizations to give their employees on the job training because it is cost effective and time saving (Ruth Taylor et al., 2004). It is good for organization to give their employees on the job training so that their employees learnt in a practical way (Tom Baum et al., 2007).

Delivery style is a very important part of Training and Development (Carlos A. Primo Braga, 1995). Employees are very conscious about the delivery style Michael Armstrong, 2000). If someone is not delivering the training in an impressive style and he is not capturing the attention of the audience it means he is wasting the time (Mark A. Griffin et al., 2000). It is very necessary for a trainer to engage its audience during the training session (Phillip seamen et al., 2005). Delivery style means so much in the Training and Development. It is very difficult for an employee to perform well at the job place without any pre-training (Thomas N. Garavan, 1997). Trained employees perform well as compared to untrained employees (Partlow, 1996; Tihanyi et al., 2000; Boudreau et al., 2001). It is very necessary for any organization to give its employees training to get overall goals of the organization in a better way (Flynn et al., 1995; Kaynak, 2003; Heras, 2006). Training and development increase the overall performance of the organization (Shepard, Jon et al., 2003). Although it is costly to give training to the employees but in the long run it give back more than it took (Flynn et al., 1995; Kaynak, 2003; Heras, 2006). Every organization should develop its employees according to the need of that time so that they could compete with their competitors (Carlos A. Primo Braga, 1995).

Above discussion results in three antecedents of training and development – training design, training method and training delivery style. Research objectives focused on performance as an outcome of employee training, so in next phase of this head we will attempt to set up a premise for performance as an outcome of training and development.

Outcomes of Training and Development:- Performance Measurement:-

Aim of Performance Measurement is to increase the motivation of employees, provide on time and quick feedback, provide fairness in the structure of the organization, provide equal opportunities, support the employees and help them improve themselves (Griffith J.,2003; Key E., 2003). Performance is a continuously examined theme in most branches of management, including strategic management by both academic scholars and practicing managers (Luft J. 2004). Performance measurement can be defined as "a method of measurement of how tasks are performed within a program impartially during the implementation of products, services, or processes"(Busco C., Ribacconi A. and Scapens R, 2006).

Performance Metrics:-

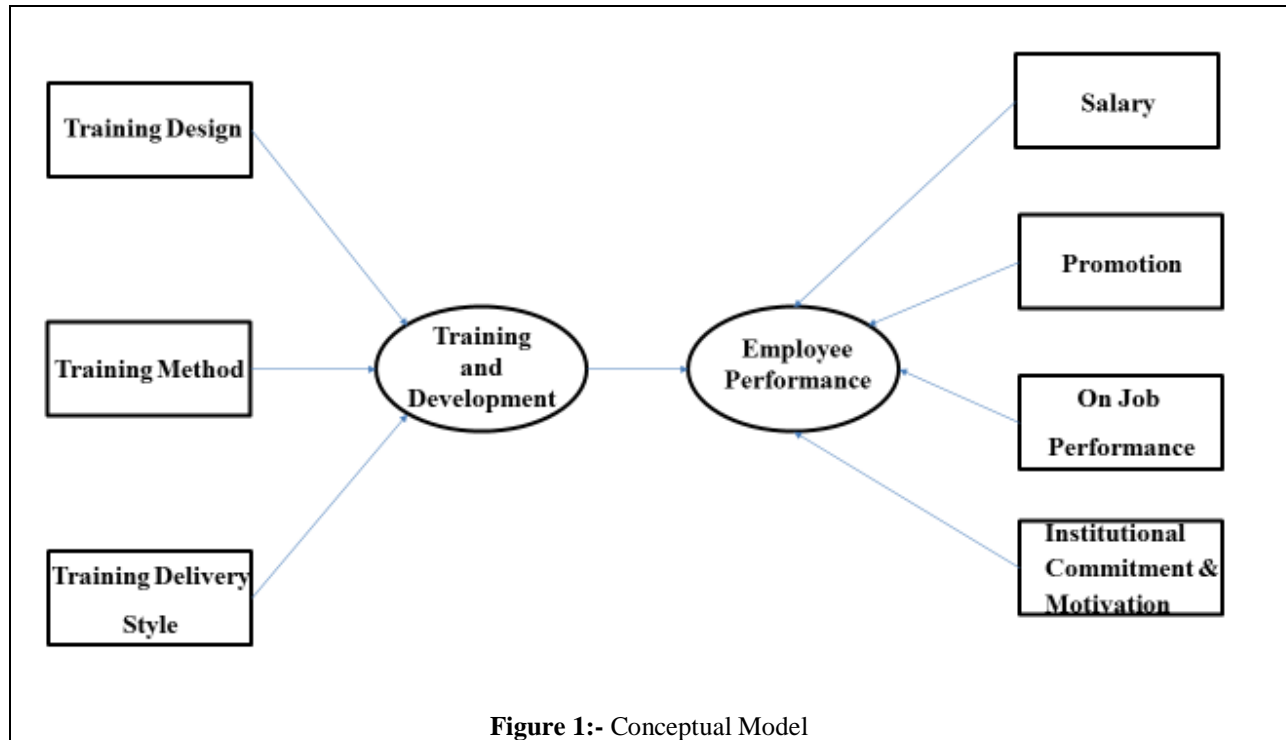
Having defined how the duties and works will be performed by employees, in a sense it is evaluated as performance standards or performance objectives. Thus, the difference between measured performance and standard performance which should be required has been done. Performance standards/purposes/criteria can be quantitative or qualitative as well.

Construct performance can be measured with the help of several variables viz., Salary, Promotion, Motivation, work definition and institutional commitment (Tsai et. al,2007; Chiaburu and Tekleab 2005).

On the basis of above discussion theory model, shown in figure 1, can be hypothesized.

Research Hypothesis:-

H₀₁: Those trainees who receive effective training he/she will be able to increase the quality of the task they perform which will ultimately shape their performance into an improved form.



Methodology:-

The twenty-first century is around the corner, and training continues to be an essential element for organizations striving for excellence. With the new emerging organizational reality where change, competition, workforce demographic changes and business upheavals are eminent, training and development is becoming ever more an important method that equips organizations with the flexibility, adaptability and durability required for survival.

The study was carried out in Moradabad (Uttar Pradesh). 4 banks were considered for the study, amongst them 2 public sector and 2 were private sector. The sample size decided was 300 but only 200 completely filled questionnaires were received. The questionnaire items for training were selected from the study of, while items for second independent variable were taken and modified a bit from the study of (Chiaburu and Tekleab 2005). Employee performance scale was designed using items or questions selected from pool of questions from training. All were designed using five point Likert scale. All selected items were being reasonably enough for collecting healthy information regarding training's role in influencing employees' performance. Results from questionnaire were analyzed through SPSS-19. Number of results in the form of reliability of data, mean and standard deviation were obtained.

Results:-

Descriptives:-

Out of 200 respondents who participated in this research survey 62% were male and 38% were female; amongst them 47% were working in private sector, 53% were working in public sector banks. Average experience of respondents was 7.26 years.

Factor Analysis:-

The questionnaire was subjected to 'item validation' (Pattanayak *et al.*, 2002) through factor analysis, to determine the internal structure of the set of 31 items of the scale. Factor analysis is a generic name for one multivariate technique used to ascertain the underlying structure of a data matrix (Hair *et al.*, 2013). The Principal Axis Factoring method with varimax rotation was used to generate factors. The exploratory factor analysis is used as the literature strongly supports 7 factors. The obtained dimensions (Table 2) match exactly with dimensions stated in the literature. The extracted factors along with their sample questions are shown in Table 2. All the obtained factors had

Eigen values more than 1 (Table 2). Total percentage of variance extracted by Factors 1 to 7 was 67.550. The rotation converged in 7 iterations to yield four factors explaining 65.33% of total variance.

Prior to the extraction of the factors, statistical tests should be used to assess the suitability of the respondent data for factor analysis (Brett Williams et. al, 2010). These tests include Bartlett's test of sphericity (Bartlett, 1954), and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (Kaiser, 1970, 1974).

The Bartlett's test of sphericity is used to determine the presence of correlations among the variables. It provides the statistical significance that the correlation matrix has significant correlations among at least some of the variables (Hair et.al 2013). The statistical test should be significant ($p < .05$) for the factor analysis to be considered appropriate (Bartlett, 1954).

Table 1:- KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.963
Bartlett's Test of Sphericity	Approx. Chi-Square	18945.039
	df	861
	Sig.	.000

Table 1 shows the results of KMO and Bartlett's test of sphericity for our data set. Result reveal that the value of KMO is .963, which is above .80 and hence meritorious. Also the significant value for Bartlett's test of sphericity is less than .05 ($p < .05$) hence it also falls into the acceptable limit. Hence it can be concluded that our data set passes all the necessary conditions for factor analysis.

Factor loading for the data set explains **67.550%** of variance, but distribution of variance is more uniform in the case of rotated score, hence we will accept rotated scores for further factor analysis.

Many factor extraction rules and approaches exist including: Kaiser's criteria (Eigen value > 1 rule) (Kaiser, 1960), table 2 depicts that total 7 factors have Eigen values greater than 1. Hence it can be concluded that total 7 factors can be obtained from the given data set.

Table 2:- Rotated Factor Matrix

Factor Name	Item	Factor						
		1	2	3	4	5	6	7
Salary	I cannot live off the salary given, but for that bonus given four times a year by the bank	.635						
	I am hard up for money at the end of the months because of that my salary is inadequate.	.376						
	I have not been able to make savings adequately since I started working.	.304						
On Job Performance	I am aware of that the work that I do is important for the bank.		.367					
	I can learn new things while doing my work at bank.		.603					
	The work that I do requires qualified employees and everybody cannot do it.		.750					
	I can use my potential fully in my work.		.503					
	The work that I do is worth doing.		.661					
	I am aware of losses that the bank will incur if I don't do my work as it should be done.		.581					
Promotion	"Promotional Exams" applied by Human Resources deptt. could be			.485				

	considered as a criteria performance measurement.							
	I believe that "Promotional Exams" applied by Human Resource dept. provide fairness topic the topic of promotion.			.313				
	I approve the title rewarding policy of the bank.			.502				
Institutional commitment and motivation	I am proud of working at the bank.				.488			
	I am overjoyed because of working at the bank.				.399			
	I can work in every department of the bank gladly.				.325			
	It would be rather a lot hard for me, if I had to leave the work here in the bank.				.457			
	I can work except the regular work hours in order to that the bank can reach the aims determined previously.				.337			
	I do my work fondly.				.400			
	Developments taking place in the bank make me become hopeful for the future.				.462			
	I come to work pleurably every day.				.398.			
	If I begin to work again, I will prefer working in bank.				.506			
	I am aware of that the work that I do is important for the bank.				.629			
	The work that I do is worth doing.				.489			
Training Design	The objectives of the training were clearly defined					.552		
	The topics covered were relevant					.777		
Training Method	Participation and Interaction was encouraged						.673	
	The material distributed were helpful						.332	
	The time allotted for the training was sufficient						.631	
Training Delivery Style	Trainer seemed confident and poised with high energy level							.413
	The trainer was knowledgeable about the training topics							.734
	Is the trainer polite and respectful							.631

Structural Equation Modeling (SEM):-

A path model was developed, using AMOS-20, to find the impact of training on employee performance. Factor analysis shows that 3 dimensions of training effectiveness and 4 dimensions of employee performance were obtained. The obtained factors were shown in Figure 2, the path model obtained showing the above said relations.

Path Loading Model:-

Path analysis can be considered a special case of SEM in which structural relations among observed (vs. latent) variables are modeled (Lei and Wu, 2007). Path loadings in path diagram represent the predictive links among the constructs. It shows significant relationship between variables and its indicators. Path loadings of the obtained model (Figure 2) in this research are summarized in Table 3. In this model, the highest value of path loading is between salary and employee performance (.850) followed by impact of training design on overall training and development of employees (.720). Path model shown in Figure 2 depicts that training and development and employee overall performance have .493 units of association which is almost equal to .5 which is significant (Hair et al., 2013). All

determinants of training and development have good correlation with the latent construct viz., Training design has .720, training method has .429 and training delivery style has .610 units of respective association with overall training and development of the employee. Similarly, Employee Performance (second latent construct) also shows a fair enough association with its variables viz., salary (.850), promotion (.580), on job performance (.496) and institutional commitment & motivation (.310).

Above discussion supports our null hypothesis Those trainees who receive effective training he/she will be able to increase the quality of the task they perform which will ultimately shape their performance into an improved form. Model shown in fig. 2 is converged perfectly as per model fit indices shown in Table 3.

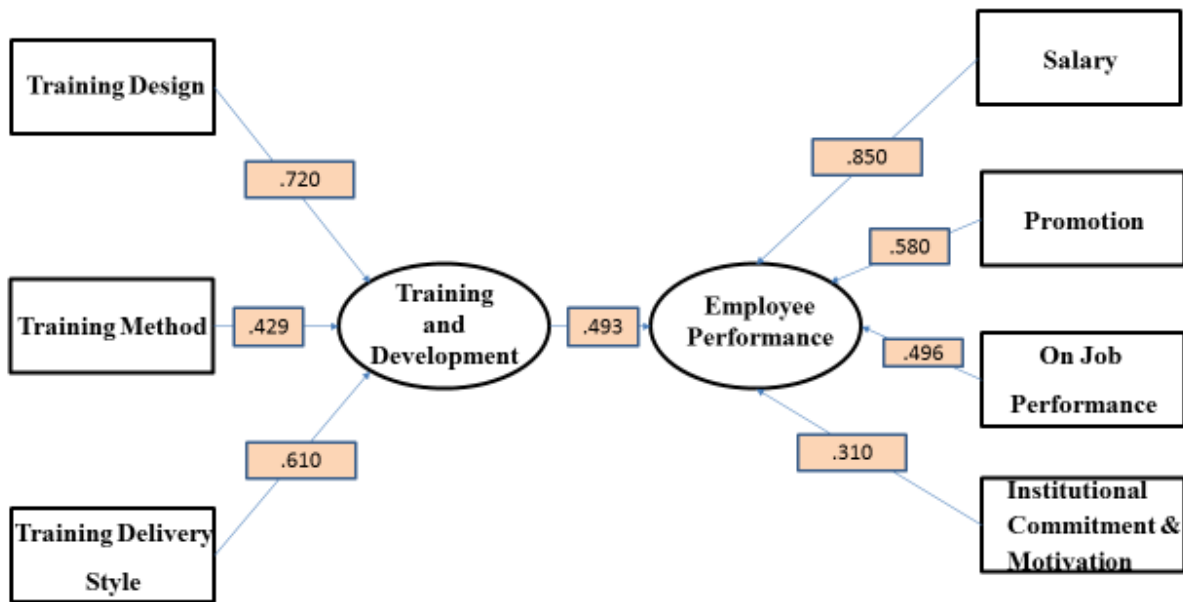


Figure 2:- Path Model showing the relationship between Training and Development and Employee Performance

Table 3:- Goodness-of-fit measures for SEM

Goodness of Fit Measure	Model	Level of Acceptance
Degree of Freedom(df)	94	
p-vale	.08	p<0.05
Chi Square (χ^2)	126.82	
RMSEA	0.041	RMSEA \leq .06
RMR	0.047	RMR \leq .08
Goodness of Fit Index (GFI)	0.93	GFI \geq .90
Adjusted Goodness of Fit Index (AGFI)	0.90	AGFI \geq .08,
Comparative Fit Index (CFI)	0.96	CFI \geq .95
Normed Fit Index (NFI)	0.95	NFI \geq .95

Findings and Suggestions:-

The paper aims at diagnosing the relationship between training & development, carried out at banking industry, with employee performance. Based on literature review 3 constructs determining training & development and 4 constructs defining employee performance were identified. Data was collected using a structured questionnaire and then with the help of factor analysis, required factors were extracted out of the variables. Obtained factors were in accordance to the theory model. In second stage of data analysis factors were modeled using AMOS-20. Result of Structural Equation Modeling reveal that out of three factors training design has maximum impact (.720), followed by training delivery style (.610) and then training method (.429), on latent construct training and development. Whereas employee performance is best determined by salary of the employee (.850), followed by employee promotion (.580) which is further followed by on job employee performance (.496) and last institutional commitment & motivation (.310).

It is recommended that banks should focus more on designing effective training programmes they may implement outcome based learnings and may also work on their pedagogy. Training delivery aspect is also most crucial and important factor determining employee performance post training, so it is suggested that banks should take care of it. Findings also reveal that Salary and promotions are best traits to determine employee performance but institutional commitment & motivation and on job employee performance shows poor and moderate correlation with employee performance. Hence it is highly recommended that banks need to develop such an organizational climate where institutional commitment is considered to be high priority element amongst employees.

Implications:-**Implications for researchers:-**

An attempt was made in this study, to illuminate the relationship between employee perceived training effectiveness and employee attitudes. The results provide a picture of a robust relationship between the variables examined in the study. One of the challenges lying ahead, for researchers, is to re-examine the above relationships with better-designed instruments that measure the concepts discussed in this study. An additional hurdle is the incorporation of the antecedents of employee perceptions and their personal characteristics. Those employees who are committed to undertake training, may feel differently, in comparison with those who are not interested in learning (Tsai et al., 2007).

The causality issue is yet another matter that needs to be illuminated. Future studies may attempt to delve into the mechanics of the relationships described above. Is it that the motivated person perceives his/her training as effective, or is it that the effective training makes him/her satisfied?

Further research may also look into the relationship of PTE with the distinct aspects of commitment (affective, normative and continual) as in Meyer and Allen (1991), Also, the relationship between PTE and the various dimensions of job satisfaction as measured by instruments, such as the Minnesota Satisfaction Questionnaire (Weis et al., 1967).

Implications for managers:-

The results of this study point to the fact that, equally important with the actual quality and “frequency” of the training programs offered to employees, is the perceived effectiveness of the training programs. Training perceived by the employees to be effective, will likely have a positive impact on employee performance. Looking at the results from the opposite angle, motivated, committed and satisfied employees, will probably be more inclined to desire to learn more through training programs, adding thus value to the human capital of the organization. Although motivation, job satisfaction and commitment, went through the scrutiny of researchers for more than 50 years, training has not been studied for that long, so managers ought to be careful as to what constitutes “adequate” training and what the characteristics of effective training are, particularly in the eyes of the trainee.

Conclusion:-

This paper substantiates the strong relationship between, effectiveness of training programme and performance of employees. Construct effectiveness of training programme was measured with three variables viz, Training design, method and delivery style, whereas employee performance was measured on the basis of following variables – Organizational commitment and motivation, Performance, Promotion and salary.

Findings of the study reveal that employee performance (latent construct) is highly determined by salary received by the employee (.850) and effectively designed training has the maximum impact on overall training & development activity.

Future studies can further elucidate the found relationships, offering greater insight, concerning causality, incorporating more parameters in more comprehensive models and improving the efficaciousness of the existing ones.

Also employee commitment has poor correlation with employee performance hence future studies can be carried out to explore this construct.

Reference:-

1. Adamson, P. and Caple, J.(1996). The training and development audit evolves: is your training and development budget wasted? *Journal of European Industrial Training*, 20/5, Pp. 3–12
2. Anderson, H.A. (1993), *Successful Training Practice: A Manager's Guide to Personnel Development*, Blackwell, Oxford.
3. Angela, G. (2014). *Effects of Training on Employee Performance: A Case Study of United National Support Office for the African Union Mission in Somalia*. Project Report Submitted to United States International University.
4. Bartlett, M. S. (1954). A note on the multiplying factors for various chi square approximations. *Journal of the Royal Statistical Society*, 16 (Series B), 296–298.
5. Busco, C., Ribacconi, A. And Scapens, R. (2006). Trust For Accounting And Accounting For Trust, *Management Accounting Research*, Vol. 17, N.1: 11-41.
6. Chiaburu, D.S. and Tekleab, A.G. (2005), "Individual and contextual influences on multiple dimensions of training effectiveness", *Journal of European Industrial Training*, Vol. 29 No. 8, pp. 604-26.
7. Griffith, J. (2003). Balanced Scorecard Use in New Zealand Government Departments and Crown Entities. *Australian Journal of Public Administration*, Vol. 62, N4, PP: 70-79.
8. Hair, J., Black, B. Babin, B., Anderson, R.(2013). *Multivariate data analysis*. 7th ed. Pearson Education Inc.
9. Kaiser H (1960). The application of electronic computers to factor analysis. *Educational and Psychological Measurement*. 1960;20:141-51.
10. Kaiser, H. (1970). A second generation Little Jiffy. *Psychometrika*, 35, 401–415.
11. Kaiser, H. (1974). An index of factorial simplicity. *Psychometrika*, 39, 31–36.
12. Key E (2003). *Performance Evaluation Is The Most Important Case*, "Dialogue", Idea, The Result, Human Resources, Istanbul, Turkey: Life Publishing.: 33.
13. Korde, A, and Laghate, K. (2015). Is There Any Impact of Training on the Performance of Selected Public Sector Banks? *Symbiosis Centre for Management Studies, Pune Annual Research Journal of Symbiosis Centre for Management Studies, Pune Vol. 3, April 2015*, pp. 135–15
14. Lei Pui-Wa and Wu Qiong (2007), "Introduction to Structural Equation Modeling: Issues and Practical Considerations", *Instruction topic in Educational Measurement*, The Pennsylvania State University.
15. Luft J. (2004). Discussion Of "Managers' Commitment To The Goals Contained In A Strategic Performance Measurement System". *Contemporary Accounting Research*, Vol.21, N4, PP: 959-964.
16. Meyer, J. and Allen, N. (1991), "A three component conceptualization of organizational commitment", *Human Resource Management Review*, Vol. 1 No. 1, pp. 61-90.
17. Noe, R. (2012). *Employee Training & Development*. McGraw Hill Education. 6th Edition.
18. Pattanayak B., Misra R. K., Niranjana P. and Pethe S. (2002), "Corporate Excellence: A Conceptual Framework and Scale Development", *Indian Journal of Industrial Relations*, 37, 3, 420–433. New Delhi: Sri Ram Centre for Industrial Relations.
19. Sahinidis, A. G. & Bouris, J. (2008). Employee perceived training effectiveness relationship to employee attitudes. *Journal of European Industrial Training* , 32 (1), 63-76
20. Stone R J. (2002), *Human Resource Management*, John Wiley & Sons, 2nd Edition
20. Tsai, P., Yen, C.Y., Huang, L. and Huang, I. (2007), "A study on motivating employee's learning commitment in the post-downsizing era: job satisfaction perspective", *Journal of World Business*, Vol. 42 No. 2, pp. 157-69.
21. Weis, D.J., Davids, R.V., England, G.W. and Lofquist, L.H. (1967), *Manual for Minnesota Satisfaction Questionnaire*, University of Minnesota, Minneapolis, MN.
22. Wright P. M., Gardner T. M., Moynihan L. M. 2003. The impact of HR practices on the performance of business units. *Human Resource Management Journal*, 13: 21.
23. Zane Berge, Marie de Verneil, Nancy Berge, Linda Davis, Donna Smith, (2002) "The increasing scope of training and development competency", *Benchmarking: An International Journal*, Vol. 9 Iss: 1, pp.43 –61