

The Impact of Training and Development on Employee Performance:

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Abstract: *The aim of this study was to explore the impact of training and development on employee performance. This study conducted under the framework of banking sector of Pakistan. Study finding reveal development leads to better employee performance, training and development both increase the employee performance. Organizations need to spend on training and development of its employees for sustainable long term competitive edge.*

Key Words: *Training, Development, Employee Performance, Banking*

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I. Introduction

Human resources have played a significant role in the economic development in most developed countries such as United States of America, Britain and Japan. it can, therefore be concluded that a developing country like Pakistan, with its rich natural resources and the necessary financial support can also experience such economic success if the appropriate attention is given to the development and training of his human resource.

It is thus seen that in Pakistan the organizations are taking adequate steps to ensure that people acquire the necessary knowledge and skills. Organizations make necessary to provide long term and systematic training and development programs for their employees. This is because every aspect and activity of an organization involves people. For instance, a manager in an organization will not be successful until he has subordinates beneath him who are well equipped with skills, talent and knowledge because the increasing diversity of today's workforce brings a wide variety of languages and environments. When the employee of the company lacks training he or she losses skills that are necessary to communicate and enhance their performance. Trained employees are well equipped with the knowledge and tools to perform the job. Untrained employees are not able to adopt the changes that take place inside or outside the organization.

Training and development are the processes of investing in people so that they are equipped to perform. These processes are part of an overall human resource management approach that hope fully will result in people being motivated to perform. It goes without saying therefore that the training and development of employees is an issue that has to be faced by every organization. However, the amount, quality and quantity of training carried out vary enormously from organization to organization. Organizations have to train their employees very well.

Research Question and objective of the study

To what extent training and development lead to better employee performance?

There are following objectives of the study:

- 1) To identify major purposes of training and development
- 2) To ascertain training and development policies in operations of the organizations
- 3) Finding impact of training and development on employee performance

II. Literature Review

Training is of growing importance to companies and is a tool by which organizations can build a more committed and productive workforce (Brum, 2007). Continuous training and development of human resource is very crucial and vital because training and development are very important in a world where technological advancement is very rapid and is very important for any organization's success (Laing, 2009). Gap between given performance and desired performance can be diminished by providing effective training to employees (Bossche, Segers and Jansen, 2010). Organizations, which give training and development opportunities to their employees, can get high results because training and development play an important role in employee performance (Saleem, Shahid & Naseem, 2011). Employee development can boom organization's performance. By developing employees; employee learning, skill growth, self direction and employee attitude enhance organization's performance (Hameed & Waheed, 2011). For any organization, training is considered to be of very much importance in order to achieve excellence and competencies (Akhter, Ali, Sadaqat and Hafeez, 2011). Due to weaknesses of vocational training and educational systems in some countries, companies have to increase their budgets for training and development (Vo and Hannif, 2012).

III. Theoretical Framework

Three variables are used in this study for fulfilling the purpose of the study, which are; training and development as independent variables which affect employee performance which is independent variable.

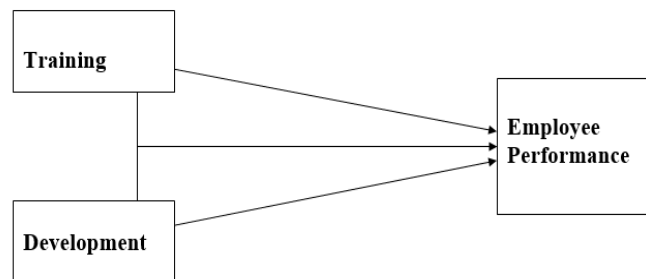
There are three variables influence transfer of training are trainee characteristics, training design and work environment (Baldwin and Ford, 1988). Training improves individual and organizational performance and assists an agency in achieving its mission and performance goals (human resources division, eastern services branch, afm/ars, 1998). Training is of growing importance which is helpful for gaining advantage among competitors (Brum, 2007).

There is a huge need of career development programs since the new century started and the number of organizations using them has steadily increased since the mid 1970s, as more organizations strive to meet needs of their employees (Merchant, 1995). Quality development through training is a major factor determining long term profitability and optimum performance of the organization (Laing, 2009). For the sake of learning and, employees should participate in many other activities such as seminars, workshops and other training sessions, either on the job or off the job. This will definitely lead to employee development which will lead to better employee performance (Hameed and Waheed, 2011).

Employee performance can be increased by effective management because human resource has been vital for sustained performance (Pfeffer, 1998). Employee performance is affected by performance management in certain organizations but not in all (Azmi, Ahmad and Zainuddin, 2009).

Quality development through training is a major factor determining long term profitability and optimum performance of the organization (Laing, 2009). Employee performance has been increased by training and development which enhances job satisfaction and productivity of the organization (Saleem, Shahid & Naseem, 2011). Training and development have positive impact on employee performance (Ghafoor, Ahmed and Aslam 2011).

Based on the previous discussion, the research frame work for the study can be represented as in following diagram. Diagram suggests that there is a relationship of training and development with employee performance.



Study Design

Training affects employee performance: the close alignment of training with development of skills and competencies that are strategically important to the business seems to enhance the value of the training (Coony, Terzioski and Samson, 2002). Few people argue that training is of very much importance as it has a major influence on the success of the organization. Employees are important but expensive. For gaining optimal growth rate in the industry it is important to optimize the contribution of employees to the aims and goals of the organization (Laing, 2009).

Although in this study it is very well exposed that training has an impact on employee performance. Thus, the null hypothesis proposed that training does not affect employee performance for achieving organizational goals. An alternative hypothesis might be:

H1 = Training leads to better employee performance

Development affects employee performance: multiple factors can affect learner's commitment to the process such as the quality of learner and coach relationship, learner's comfort with the process and learner's motivation to change behavior and improve performance (Alexander, 2006). When organizations contribute toward the development of their employees, employees work hard; utilize their full skills and efforts to achieve organizational goals (Hameed and Waheed, 2011). For checking the relationship between development and employee performance, null hypothesis will be: there is no relationship between employee development and employee performance, but the alternative hypothesis is as follows:

H2 = Development lead to better employee performance

Combined impact of training and development on employee performance: There is one major area in human resource management that is training and development. Adequate supply of trained, competent and capable staff is ensured by effective training and staff becomes hungry for career development into specialist departments and management positions (Laing, 2009). A good training and development ensures that employees can understand business and position of the organization and keeps learning skills that are necessary to perform their day to day functions that bring confidence and improved performance (Saleem, Shahid & Naseem, 2011).

As mixed findings are observed in the field experiment so the null hypothesis would be; training and development does not have positive relationship with the employee performance. Alternative hypothesis would be:

H3 = Training and development lead to better employee performance

The purpose of study is to find answers of questions. Hypothesis testing is in this study we will check the relationships between different variables; training, development, and motivation and employee performance. In this study differences among independent and dependent variables are explained.

A study in which researcher want to define the cause of one or more problems is called causal study (Sekaran and Bougie, Research Methods for Business, 5th Edition). Type of investigation is causal because we will check the relationship between all variables to know that whether they relate each other or not and how one variable changes due to other.

Studies conducted to establish cause and effect relationships using natural environments in which employees normally function are called field experiments (Sekaran and Bougie, Research Methods for Business, 5th Edition). Study is a field experiment. Primary research is conducted by going to field and receiving responses from related respondents by questionnaires.

Study is conducted on individuals because the purpose of study is to know and judge behavior of employees regarding training, development, and motivation and employee performance. Each employee's response will be treated as

individual data source as taken in earlier studies (Ahmed et al. 2014; Dastisheh and Farooq 2018; Farooq et al. 2018; Farooq and Jabbar 2014; Irshad, Madeeha; Farooq 2015; Irshad, Madeeha 2014; Yasmin and Buzdar 2018; Younas, Farooq, and Khalil-ur-rehman 2018; Zreen, Farooq, and Yasmin 2018).

The study in which data is gathered only once, perhaps over a period of days, weeks, months or years in order to answer a questionnaire regarding research (Sekaran and Bougie, *Research Methods for Business*, 5th Edition). Study is cross sectional. Questionnaires will be filled by respondents only once for whole time period of study.

Entire group of people, events or things in which researcher is interested is known as population.

Employees of whole banking sector of Pakistan are taken as population

Sampling frame is a representation of all the elements of a population from which sample is drawn (Sekaran and Bougie, *Research Methods for Business*, 5th Edition).

In this case sample frame is taken from employee data base form.

Stratified sampling technique of probability sampling is used as sampling method in which number of elements is selected by proportionate sampling. Every head office of all banks in throughout Pakistan is taken as stratified sample (stratum) and employees from all levels are taken by proportionate sampling who have equal chances of being selected by simple random sampling. A sample size of 500 employees was taken. Questionnaire was filled and out of 500 questionnaires only 350 were reliable.

IV. Results and Findings:

In our study, we had three variables; development, training and employee performance. Development and training were identified as independent variable and employee performance as dependent variable. 500 questionnaires were used as respondents. SPSS-16 was used for the analysis purpose. Results showed that in development, minimum respondents chose option 1 (strongly disagree) and maximum chose 5 (strongly agree) whereas mean and standard deviation was 3.43 and 0.793 respectively. As far as training is concerned, minimum chose option 2 (disagree) and maximum chose option 5 (strongly agree). Mean and deviation from mean was 3.48 and 0.662 respectively. In case of organizational performance, minimum number of respondents chose option 2 (disagree) and maximum chose option 5 (strongly agree). Mean and standard deviation was 3.53 and 0.693 respectively. [Table 1]

As conducted in earlier studies (Buzdar, Janjua, and Khurshid 2016; Farooq and Jabbar 2014) Correlation between development and employee performance was calculated and it was found "0.540" at 0.01 level of significance, which shows that there is a partial development between development and employee performance. [Table 2]

After that the effect of training was checked. Before training, R2 was 0.472 whereas after the effect of training, R2 was observed as 0.479. There was a change in R2 of 0.007. Change in level of significance was 0.422. As it was less than 0.05. [Table 3]

V. Conclusion

There is a relationship between training, development and employee performance. From all the study we have reached at a decision that training and development have positive impact on employee performance. Our all hypothesis have resulted as correct. We have proved that training lead to better employee performance (H1). Development lead to better employee performance (H2) and training and development both affect employee performance in a positive sense (H3). Organizations spending a lot of money on training and development have gained a reasonable employee output.

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Table 01
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Development	50	1	5	3.43	.793
Training	50	2	5	3.48	.662
Performance	50	2	5	3.53	.693
Valid N (listwise)	50				

Table 02
Correlations

		Development	Performance
Development	Pearson Correlation	1	.540**
	Sig. (2-tailed)		.000
	N	50	50
Performance	Pearson Correlation	.540**	1
	Sig. (2-tailed)	.000	
	N	50	50

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