



Effect of Training and Career Development on Bank Employees' Performance: Evidence from Selected Banks in Nigeria

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Abstract

This study examines the effect of training and career development on banks employees' performance, using survey research design, through the administration of structured questionnaire on some employees of some selected banks at Ijebu Ode, Ogun State, Nigeria. The findings reveal that, all the variables have positive individual significant effect on employees' performance. The individual significance career development has the highest effect on Nigerian banks employees' performance with t-stat = 6.256 *0.000. To further certify this, the multiple linear regression was used to test the combined effect of training and career development on employees' performance to which only career development has positive and significant effect on employees' performance (t-stat = 6.359 *0.000), where training has positive but insignificant effect (t-stat = 1.556 * 0.123). The adjusted R² (0.398) indicated that, 39.8% variation in employees' performance is accounted for by training and career development. The findings revealed that, an improvement in training and career development tends to enhance banks employees' performance. It can therefore be concluded that, training and career development are important determinants of banks employees' performance. Therefore, it is recommended that banks should enhance their training and career development activities towards the enhancement of their employees' performance.

Keywords: Bank, Career Development, Employees' Performance, Training, Nigeria



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I. Introduction

The nature of the work environment is dynamic due to technological advancement, globalization, political reformation and economic environment changes. So, firms are facing increased competition. (Evans, Pucik & Barsoux, 2002). There is need for firms to provide better and crucial training to their employees to face these challenges and further enhance their performance. This is because, the success or failure of firms is usually determined by the quality of their human resources (Aruna, 2019).

Human resource is considered to be one of the most important resources of contemporary firms, because people possess tacit knowledge which the organization can make use of to leverage its competitive advantage. This attribute of human capital fulfills the VRIN (valuable, rare, inimitable, and non-substitutable) criteria of a competitive resource as advocated by Barney (1991), thus making development of employees a central feature of contemporary competitive advantage for any organization. Development of employees implies a managerial orientation, which ensures that human resource or capital are utilized in such a way that delivers value to the organization by giving it a competitive advantages, thus leading to the attainment of organizational goals, vision, and mission (Kiiru, 2015). In contemporary economics, "Capital is no longer used to describe only physical resources of an organization like plants, tools, buildings, and vehicles that are used in the production process" (Olaitan, 2013). Modern economics now include human capital or intellectual capital to the capital concept, which is the investment in skills and education.

In the banking sector, current challenges are basically related to growing demands of the public and the regulatory factors (Pérez, 2014; Sutton & Jenkins, 2007), so as the increase in competitors that are not part of the banking industry, but also offer financial services that banks usually render (Langley, 2016; Sutton & Jenkins, 2007). In reaction to these challenges, banking entities tend to integrate the substantial financial capital with human capital, that is highly qualified in both knowledge and abilities (Aldrich, Dietz, Clark & Hamilton, 2015).

Explicitly, training plays a central role in achieving organizational objectives through improvements in individual and organizational performance (Rothwell & Kazanas, 2008; Salas & Stagl, 2009; Spitzer & Conway, 2002). It enhances the knowledge, capacities and dispositions demanded from employees in order to bring a company's strategy to accomplishment (Ubeda, Lajara, Sabater & García, 2013) and also increase productivity, work quality, motivation, and workplace satisfaction (Niazi, 2011). This is why upper management expects investments in training to translate into improved performance and company results (Ubeda *et al.*, 2013).

Considering human capital therefore as an integral part of production input is not an over statement to assert that the most important asset of an organization anywhere in the world is its human resources. This is because, while systems and processes do contribute to the realization of organizational goals and objectives, the real achievements would all be made possible by the people (human resources), since they are the ones who do the work, by contributing the ideas gathered from training and experiences.

Human resource development with reference to training and career development holds the key to success of any organization. For this to happen, the Nigerian banks must be able to train and develop their staff. The problem of this study centers on the need to expand or grow the skills of the human resources of an organization as a competitive strategy in achieving sustainable growth of a business organization in the face of competition. As a matter of fact, the extent of success achievable by any organization be it profit or non-profit oriented depends on the ability of its human resources to utilize other resources (factors of production) such as capital, equipment and land for the achievement of the organization objectives. Investment in intellectual capital (human capital) therefore should not be treated merely as an expense in the profit and loss account of an organization, but rather as a capital expenditure which repays with huge gains or profit over time.

Although it is believed that when employees are trained or undergo developmental programs in the organization, there is likely to be improved performance in the employee work attitude and behaviour. However, the effect of training and career development on employees' performance is inconclusive. Hassan (2016) found that human resource practices such as compensation, career planning, performance appraisal, training, and employee involvement have a positive impact on employee's performance. In contrast, Rawashdeh and Al-Adwan (2012) found that training and development posed a negative association with the firms performance. Therefore, the objective of this study is to examine the effect of training and career development on banks employees' performance.

In line with the research objectives, the following hypotheses are tested:

- H₀₁: Training does not significantly affect bank employees' performance
 H₀₂: Career development does not significantly affect bank employees' performance

H₀₃: Training and career development do not have a combined significant effect on bank employees' performance

II. Literature Review

Training is seen as the process of learning that modifies behavior through education, development and planned experience (Armstrong, 2001). In the context of this paper, training is perceived to be a deliberate mechanism channeled at bringing out the best improvement in job performance of an employee and hence, facilitates their career advancement. The technological advancement in this modern world has made most of the organizations identify the significance of training to enhance employee productivity. This is because, it is geared towards the acquisition of targeted or specific knowledge and skills for the purpose of a given task. Cole (2002) posits that, training is the most necessary component for an organization to develop employee's knowledge, skills and ability in order to carry out their task efficiently. De-Cenzo and Robbins (1996) opine that training is a basic learning experience that is required for a permanent or long term change in an individual's ability, knowledge, skills, attitude and social behavior. This shows that to become an efficient worker, employees should have a better training in order to improve their skills, knowledge, attitudes and their social behavior.

In the business world, an organization's growth, development and goodwill depend on various factors. Among these factors, training plays a major role to enhance employee performance as well as organizations productivity. Therefore, the organization should identify its training needs and provide better training for their employees (Aruna, 2019). Extant literature provides evidence about training that positively influences employees' performance as well as organizational performance.

Career developments and training both go hand in hand. It is a lifelong mechanism of learning that is designed to enhance an individual's needs, skills level and goals with current or future needs in the organization. Rastogi (2000) asserts that, human resources are crucial elements of an organization, especially for employees' continuous improvement. Thus, career development is referred to as "the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being" (OECD, 2001).

According to Nadler and Nadler (1970), career development is a stream of action in an organization that is done to produce behavioral change and improve the ability of the employees and reciprocate to performance increase. Werner and DeSimone (2006) supported the view of Nadler and Nadler (1970). They perceived career development as a continuous process that is designed by an organization and geared towards providing the employees an opportunity to learn and enhance necessary skills to perform efficiently in their current role and future job demands. Solkhe and Chaudhary (2011) opine that, career development is a managerial decision and practice that, it practically serves as guide for the human

resources, which affect and control how they perform on the job.

According to Becker (1964), human capital theory distinguishes from human capital development in general-usage and firm-specific skills. In his seminal work, Becker (1964) argues that employers will not be willing to invest in general training when labor markets are competitive. However, they are willing to invest in specific education and training within the organization which cannot be used outside the firm. There is an assertion that specific training yield returns in a perpetual education with the training firm i.e the sponsored firm, while general training increases the productivity of a worker in many firms besides those providing it. This theory separately addresses these phenomena and draws two main conclusions. The first conclusion was that employers will share the returns and the cost of investments in firm-specific skills with their employees. Second, in a competitive labor market, firms will not invest into general skills of their employees due to their inability to collect the returns from such investments. The human capital theory represents an attempt to modify the basic neoclassical model of supply and demand in the labor market, which is based on wage levels and the relative benefits of work compared with non-work. It recognizes that differential education, training and experience levels produce differential costs/earnings in many different labor markets.

Wage levels are directly related to the profitability of the products in those markets and to the level of skills, which are developed through training and experience in order to produce those products. Katz and Ziderman (1990) however argue that, the firm may be willing to invest in a worker's general skills if his level of training is unobserved by the market. This is supported by Acemoglu and Pischke (1998), who developed a study model where the training firm obtains superior information on the worker's ability during the training period. The informational disadvantage of firms in the external labor market gives rise to adverse selection, i.e., the equilibrium market wage falls short of the marginal product of highly skilled workers. As a result, a training firm enjoys some monopoly power over its workers and is able to capture the return from general training. According to this theory, the most successful companies and the most successful countries are those that manage human capital in the most effective and efficient manner by investing in their workers, encouraging workers to invest in themselves, providing a good learning environment including social capital as well as skills and training (Becker, 1964). This theory is highly relevant to training and career development as well as employees' performance. The reason is that, it shows that training and career development will lead to superior employees' performance.

III. Methodology

The survey research design was adopted for this study. This is to aid the collection of data on the subject matter. The population of the study comprises all employees of the selected deposit money banks in Ijebu-Ode, Ogun State, Nigeria. The population are the employees in the selected deposit money banks which are

Access Bank, Diamond Bank, Eco Bank, First Bank of Nigeria (FBN), First Continental Monument Banks (FCMB), Guarantee Trust Bank (GTB), Skye Bank, United Bank of Africa (UBA), Wema Bank and Zenith Bank. A sample size of one hundred and forty nine (149) respondents was purposively selected from the selected bank branches. This was obtained from the different selected deposit money banks by the use of random sampling technique. Simple random sampling techniques were employed in order to avoid a deliberate selection of a particular employee and also to give all the employees equal chance to be selected.

The researcher made use of a well structured questionnaire adapted from the study of Gberevbie, (2012) which is the main instrument administered for the primary data and it is designed to cover demographic data, as well as technical data. The demographic data consist of questions based on the personal characteristics of respondents, which include educational qualification and occupational status. However, the technical data consist questions based on the research questions and research hypotheses.

The adapted questionnaire was assessed by three faculty members at Olabisi Onabanjo University. They assessed the instrument on two scales (relevant and not relevant). Thereafter, the content validity index formula was employed and a CVI value of 0.81 was obtained. Furthermore, to enhance the validity of the instrument, a pre-testing was conducted on a population similar to the target population. The reasons behind pre-testing were to assess the clarity of the instrument items so that those items found to be inadequate in measuring the variables were either discarded or modified to improve the quality of the research instrument, thus enhancing its validity.

Table 1: Result for Reliability Statistics

Constructs	Number of Items	Cronbach's Alpha
Training (TRA)	5	.904
Career development (CRD)	4	.782
Employee performance (EPV)	4	.811

Source: SPSS Output

Reliability Analysis

According to Nunally (1978), the reliability of the scale requires the value of Cronbach's alpha to be equal or greater than 0.7. To check the reliability of the scale and internal consistency of the questionnaires, the study uses the Cronbach's Alpha technique to determine the internal consistency of the variables.

Model Specification

The model is specified as follows;
 $EPERF = \alpha + \beta_1 TRA_i + \beta_2 CRD_i + \mu$

Where:

EPERF represent Employees' Performance

TRA represents Training

CRD represents Career Development

α is constant

β_1 and β_2 are coefficient of the estimator

$\beta_1, \beta_2 > 0$

μ is the error term

The a priori expectation is that, training and career development are expected to positively affect the employee performance of Nigerian Banks. Hence, the parameters of training and career development should have a positive sign. The simple percentage was used in the presentation and interpretation of the demographic data was collected. Ordinary least square regression analysis method was adopted to test the individual and combined effect of training and career development on employees' performance with the aid of SPSS 23. The formulated hypotheses were tested at 5% level of significance.

IV. Findings and Discussion

This section presents, analyzes and interprets the data collected on the effect of training and career development on employee performance of banks. One hundred and forty-nine (149) questionnaires were administered on the respondents. However, only one hundred and four (104) representing 69.7% of the respondents were returned and used for the analysis.

Analysis of Demographic Data

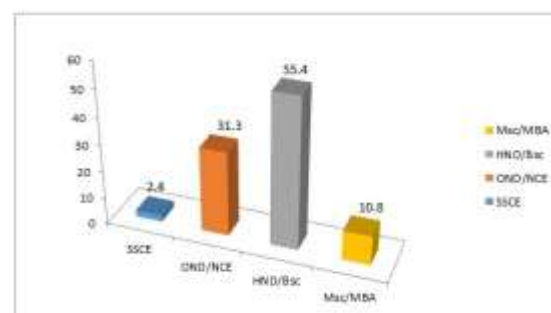


Figure 1. Educational Level of the Respondents

Source: Authors' compilation

Figure 1 shows that, 2.4% of the respondents indicated their educational level as O'level (SSCE), 31.3% of the respondent indicated their highest level as OND, 55.4% of the respondents indicated their highest level as HND/Bsc, and the remaining 10.8% of the respondents indicated their highest level as Msc/MBA. This is an indication that most of the respondents participating in this study are educated.

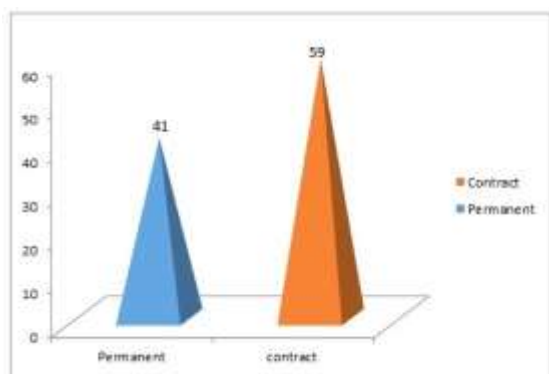


Figure 2. Job Status of the Respondents

Source: Authors' compilation

Figure 2 shows that, 41% of the respondents indicated their job status as permanent staff and 59% of respondents indicated their job status as contract staff. This is an indication that most of the respondents focused in this study are basically contract staff.

Hypotheses Testing

Hypothesis 1

H₀₁: Training does not significantly affect employee performance of banks

Table 2: Regression Results (Dependent Variable - Employees' Performance)

Independent Variable(s)	Coefficient	T-statistics	P-Value
Constant	21.685	20.906	0.000
Training	0.193	4.542	0.001
F-Statistics = 12.546 (0.001)		R-Square = 0.110, Adj R-Square = 0.101	

Source: SPSS Output

The result on Table 2 revealed that, training significantly affects employees' performance with a coefficient and probability value of $\beta_1 = 0.193$, $p < 0.05$. This indicated that, an increase in training activities will enhance employee performance of banks. The coefficients of determination (R^2) of 0.110 indicated that, only about 11% of variation or change in employees' performance in the selected bank is attributable to training and the remaining 89% is due to other factors not captured in the model. The coefficient value showed that, a unit change in training activities will lead to 0.193 change in employees' performance. The F-statistics of F-stat = 12.54 $p < 0.05$ revealed that, the variable specified fit the model well and it is suitable for policy making.

Thus, the model is as follows:

$$EPER = \alpha + \beta_1 TRA$$

$$EPER = 21.685 + \beta_1 0.193$$

Hypothesis 2

H₀₂: Career development does not significantly affect employee performance of banks

Table 3: Regression Result (Dependent variable - Employees' Performance)

Independent Variable(s)	Coefficient	T-statistics	P-Value
Constant	13.449	7.120	0.000
Career Development	0.704	6.256	0.000
F-Statistics = 39.135 (0.000)		R-Square = 0.279, Adj R-Square = 0.272	

Source: SPSS Output

The result on Table 3 revealed that, career development significantly affects employee performance with a coefficient and probability value of $\beta_2 = 0.704$, $p < 0.05$. This indicated that, an increase in employee career development program will enhance employees' performance. The coefficients of determination (R^2) of 0.279 indicated that, 27.9% variation in employees' performance in the banking sector is attributable to career development and the remaining 72.1% is due to other factors not captured in the model. The coefficient value showed that, a unit change in training activities will lead to 0.704 change in employees' performance. The F-statistics of F-stat = 39.135 $p < 0.05$ revealed that, the variable specified fit the model well and it is suitable for policy making.

Thus, the model is as follows:

$$EPER = \alpha + \beta_2 CRD$$

$$EPER = 13.449 + \beta_2 0.704$$

Hypothesis 3

H₀₃: Training and career development do not have combined significant effect on employee performance of banks

Table 4: Multiple Regression Result (Dependent Variable - Employees' Performance)

Independent Variable(s)	Coefficient	T-statistics	P-Value
Constant	8.578	4.218	0.000
Training	0.137	1.556	.123
Career Development	0.698	6.359	.000
F-Statistics = 23.453 (0.000)		R-Square = 0.415, Adj R-Square = 0.398	

Source: SPSS Output

The result of the multiple linear regression indicated that, training ($\beta_1 = 0.137$, $p > 0.05$) does not significantly affect employees' performance while career development ($\beta_2 = 0.698$, $p < 0.05$) significantly affects employees' performance. Training and career

development reports a joint significant effect on employees' performance ($F = 23.453$, $p > 0.05$). The adjusted R-square ($\text{Adj } R^2 = 0.398$) suggests that, 39.8% variation in employees' performance is accounted for by training and career development. By implication, career development had the strongest effect on employees' performance for the selected banks.

Thus, the model is as follows:

$$\text{EPER} = \alpha + \beta_1\text{TRA} + \beta_2\text{CRD}$$

$$\text{ORGP} = 8.578 + \beta_1 0.137 + \beta_2 0.698$$

V. Discussion of Findings

The objective of this study is to examine the effect of training and career development on employees' performance in the banking sector. Using regression technique, it is evident that training and career development have positive individual significant effect on employees' performance. Career development has the highest effect on employee performance for Nigerian banks with $t\text{-stat} = 6.256 * 0.000$. To further certify this, the multiple linear regression was used to test the combined effect of training and career development on employees' performance to which only career development has positive and significant effect on employees' performance with $t\text{-stat} = 6.359 * 0.000$. Subsequently, training has positive but insignificant effect ($t\text{-stat} = 1.556 * 0.123$). The adjusted R^2 (0.398) indicated that, 39.8% variation in employees' performance is accounted for by training and career development.

This conform with the studies of Hamid, Maheen, Cheem and Yaseen (2017), Ezeanokwasa (2014) as well as Gidado, Kusairi and Muhamad (2014) who postulate that employee development enhances organizational performance and it is also consistent with the study by Ojo (2011) who found that corporate performance is largely determined by strategic human resource management practice. Hassan (2016) equally found that human resource practices such as compensation, career planning, performance appraisal, training and employee involvement have a positive impact on employee performance. In contrast, the study by Rawashdeh *et al* (2012) do not conform with the findings of this study, as he found that training and development posed a negative association with organizational performance.

VI. Conclusion and Recommendations

The findings revealed that, an improvement in training and career development tends to enhance employee performance of banks. It can therefore be concluded that, training and career development are important determinants of employee performance of banks. As a result, it is recommended that banks should enhance their training and career development activities towards the enhancement of employee performance.

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