

TRAINING AND DEVELOPMENT FRAMEWORK TO IMPROVE EMPLOYEE JOB PERFORMANCE IN PUBLIC SECTOR BANKS IN SRI LANKA

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ABSTRACT

Sri Lankan banking industry has grown rapidly due to the entrance of the new private banks other than the public banks. Consequently, customer attraction towards the private banks has been increased due to the customer dissatisfaction with employee job performance in public banks. This was revealed that training and development is one of human resource management strategy in enhancing the employee job performance. Therefore, the requirement of effective training and development is emerged in order to mitigate the discrepancies in employee job performance in public sector banks in Sri Lanka while overcoming the training gaps in prevailing procedure. Hence, the aim of this research is to develop an effective training and development framework to improve the employee job performance in Sri Lankan public sector banks. Accordingly, case study research was selected as the most suitable research approach for this study since in-depth investigation is required to identify the weaknesses in prevailing training and development procedure. Fourteen interviews were conducted, representing the senior managers, branch managers and banking assistants in public sector licensed commercial banks. The collected data through the interviews was analysed using content analysis. The research finding of this study revealed several weaknesses in prevailing training and development procedure such as poor design of orientation program, poor content of training program, poor choice of training, poor evaluation of training program and poor performance evaluation practice. Finally, a training and development framework was proposed in order to overcome those weaknesses in prevailing training and development procedure.

Keywords: *Employee Job Performance; Public Sector Banks; Training and Development.*

1. INTRODUCTION

The changes in the world are giving birth to the need for employees to learn continuously and to be experts on their jobs. Therefore, the ultimate objective of any organisation is to improve their business processes while enhancing the learning opportunities that stimulate better employee job performance (Latif *et al.*, 2013). Training and development is a pathway which provides learning opportunities by creating a sense of progression and purpose that leads to organisational commitment (Armstrong, 2006). Training and development are often helpful to close the gap between employee current job performances and expected future job performance (Nassazi, 2013). Consequently, Khattak *et al.* (2010) found that effective training and development is directly related with the successful employee performance and organisation.

In the banking sector, the service provided by the bank is delivered through its employee to its customer simultaneously (Awan and Saeed, 2014). Hence, service errors can have an immediate impact on performance and customer satisfaction rather than manufacturing errors (Hess *et al.*, 2003). Consequently, the performance of the banking sector mainly depends upon the performance of its human resource since it is the main service delivery asset of the organisation.

Banking sector in Sri Lanka has witnessed a rapid growth in the last decade due to continuous changing competitive environment with the entrance of private banks, reflecting its importance to the country's economy (Wijetunga and Goonatillake, 2003). However, customer dissatisfaction towards the public

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sector banks is higher than the private sector banks due to lack of employee job performance (Yapa and Hasara, 2013). Hence, training and development is the best avenue to enhance the employee job performance. Moreover, Manuratne (2002) demonstrated that whether the large banks have their own training centres, lot of training gaps are occurred due to insufficient attention of Sri Lankan public sector bank managers. Therefore, there is a requirement of an effective training and development framework to fill the gaps in training while improving the employee's job performance in public sector banks in Sri Lanka. Accordingly, aim of the study was to develop a training and development framework to improve the employee job performance in Sri Lankan public sector banks. Public sector licensed commercial banks in Sri Lanka were selected as the cases and data collection was restricted to Colombo area due to time limitation. In addition, the training and development framework was mainly focused on the bank assistants in public sector banks.

2. PUBLIC SECTOR BANKS

Public sector banks are the banks that are owned by a government (Fernando and Nimal, 2014; Haq and Muhammad, 2012). The role of the public sector banks is not much varied from private sector banks. Though, ultimate objective of the public sector bank is not only to earn profit, but also to fulfil government objectives for development of nation. In case of private sector bank which operates solely to earn profit.

3. EMPLOYEE JOB PERFORMANCE

Employee job performance is a set of behaviour which employee shows when doing his/her job or amount of efficiency gained from the employee (Dizgah *et al.*, 2012). Moreover, Sultana *et al.* (2012) defined that performance is "the achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost and speed" (p.647). Therefore, employee job performance can be simply defined as the level of employee commitment to perform their job in order to achieve organisational goals.

3.1. IMPACT OF EMPLOYEE JOB PERFORMANCE TO PUBLIC SECTOR BANK

Human being is the main service delivery asset in the banking sector which includes providing better banking service as promise by the bank staff, willingness and readiness to help customers, effectiveness of bank staff skills and ability to cope critical incidents making customers feel safe and secure in their transactions, giving caring and individual attention to bank customers by having the customers' best interests at heart (Alamgir and Shamsuddoha, 2004). Consequently, all activities of banking industry depend on the employee-customer relationship. Hence, banking industry must strive to provide better service to the customer with a smiling face in order to cultivate and maintain long and strong relationship with their customers (Rathnaweera, 2010). As a result, employee job performance provides an opportunity to add a human touch to customer interaction (Wallace *et al.*, 2011). Therefore, better customer-employee rapport enhances customer satisfaction, loyalty and positive word of mouth (Gremler and Gwinner, 2000). Moreover, employee job performance enhances the customer trust and value (Briggs and Grisaffe, 2010).

By considering aforementioned facts, customers are the success of the organisation. Hence current regular customers can be retained and new customers can be attract towards the public sector banks in a competitive atmosphere which is created by private banks by providing high level of customer service which is a result of better employee job performance. According to Kahya (2009), employee job performance is the best predictor of an organisational effectiveness and efficiency which is capable to enhance the productivity of the organisation. Therefore, as a financial service sector which contributes to stabilization of country's economy, employee job performance is the most important factor in banking sector for the way of attainment of organisational competitive advantage.

3.2. TRAINING AND DEVELOPMENT

In the field of human resource management, training and development is one of the major areas of the HRM function which is significantly concerned with organisational activities aimed at improving the performance of individuals and groups in organisational settings (Harrison, 2000). Ghosh (2010) defined training as “the process involved in improving the attitudes, skills and abilities of the employees to perform specific jobs” (p.205). Similarly, Dessler (2004) defined training as “the methods used to give new or present employees the skills they need to perform their jobs” (p.187). According to Noe (2009), training was defined as the planned effort by an organisation to facilitate an opportunity to employee’s learning of job related competencies including knowledge, skills or behaviours that are critical for successful job performance. Though, training is in contrast with the development, if the training that provides the opportunity to enhance the employee knowledge, skills, abilities and attitudes for anticipated future jobs and roles (Noe, 2009), whilst Bernardin (2003) defined the training as any endeavour to improve employee performance on a currently held job through changing the employee specific competencies and behaviours. Similarly according to Miller (2006), training is attached with the current performance and progress of an employee whereas development is attached with the future employee performance and progress. Moreover, McNamara (2008) defined that development is a comprehensive on-going multi-faceted set of activities which is aimed at bringing employee to another threshold of performance, to perform some job or a new role in the future. Therefore, the term of development is differed with the training since the outcome of the development is long-term which helps employee to perform the future jobs, but the outcome of the training is short-term which leads employee to perform the current job.

According to Sadler-smith (2006 cited Latif, 2012), training and development is a very formal, systematic and step wise process. Furthermore, Snell *et al.* (2010) stated that a systematic approach should be used to ensure the successful training and development process. According to Snell *et al.* (2010) systematic training process consists of four phases. Initial stage is to conduct a needs assessment in order to identify the gaps between the employee’s actual performance and desired performance by analyzing the organisation, task or job and person. Second stage is to decide what sort of training is required to satisfy these needs (Armstrong, 2006). Next step is to implement the planned training program. Final phase is to evaluate the training program in order to determine its effectiveness and to determine whether the training has accomplished its objectives. According to Kirkpatrick (2006), training evaluation can be conducted into four levels as reaction, learning, behavior and result.

Every organisation invest in the training and development for its employee in order to fulfil organisational responsibilities of generating profits for its stakeholders and providing excellent service quality for its customers (Evans and Lindsay, 2011). As per Opatha (2009), training has a positive impact on employee job performance by making benefits to both the employees and the organisation. Furthermore, Opatha (2009) stated that employee’s job performance basically depends on abilities and motivation. Figure 1 shows that effect of training and development on employee’s job performance.

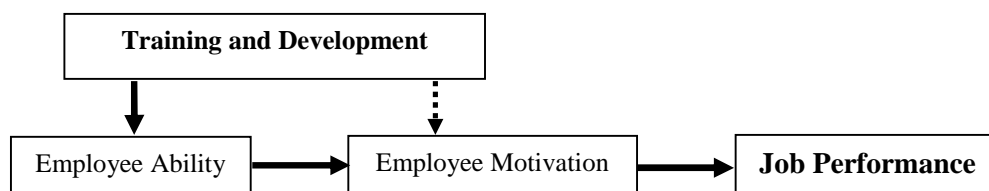


Figure 1: Effects of Training and Development on Job Performance
Source: Opatha (2009, p.450)

As shown by the above figure, training and development directly drives to increase employee ability by increasing knowledge, skills and attitudes and it indirectly affect to increase the employee motivation. When the employee ability increases, self-confidence in performing their job successfully and employee’s self-esteem will increase. Consequently, employee motivation will increase. Ultimately, employee job performance increase while increasing the organisational performance.

4. RESEARCH METHODOLOGY

This study comprised with two components as literature review and primary data collection. Initially, a comprehensive literature review was carried out in respect of understanding the general concept by means of reviewing the books, journals, articles, conference proceedings, previous dissertations, government publications and websites. Subsequently, empirical study was conducted by adopting qualitative research approach. Therefore, this research was adapted the case study research methodology in order to conduct an in-depth study about the current training and development procedure in public sector banks in Sri Lanka. Semi-structured interviews were conducted with senior managers, branch managers and banking assistants in public sector banks to identify their perceptions towards the training and development process. Collected data was analysed using a content analysis.

5. DATA COLLECTION AND ANALYSIS

Two cases were selected in order to investigate the current training and development procedure of the public sector banks in Sri Lanka. These cases comprise with the public sector licensed commercial banks in Sri Lanka. Both banks annually invest considerable amount in both local and foreign training programs and both have separate training institutes to facilitate the in-house training for their banking staff.

Data was collected by conducting fourteen semi-structured interviews covering three levels of employees in these banks. Interviewees belong to three levels as senior managers in training and development department, branch managers and banking assistants from each bank. Top level managers were interviewed for the purpose of exploring the current training and development procedure of the Sri Lanka public sector banks and to identify the strategies what they use in designing the training and development procedures. The branch managers and banking assistants were interviewed to identify their perception towards the current training and development opportunities, provided by the bank.

6. RESEARCH FINDINGS AND DISCUSSION

In here, initial attention is drawn to identify the current status of training and development in public sector banks. Hereafter, several essential themes were selected according to the systematic training and development process for the purpose of data analysis.

6.1. CURRENT STATUS OF TRAINING PROCEDURE IN PUBLIC SECTOR BANKS

Training and development procedure of both public sector banks is handled by the separate department as well as both have their own training collage in Colombo District which facilitates the residential training for its staff. In addition, both of these banks have training and development policy which is changed in time to time by ensuring the attainment of organisational goal and customer requirements. Besides, both banks annually invest the considerable amount in both local and overseas training and development programs. Other than that, orientation programs are conducted for new recruit banking assistants. Though, all respondents from banking assistants have participated for the orientation program, thus majority are pointed out that orientation program which they participated had not greatest impact to perform their job.

According to the manager's point of view, whether training programs are designed by the head office, in some circumstances that training programs are not practical in real working environment. Besides, majority of interviewees from banking assistants revealed that most of the training programs give only the theoretical knowledge and sometimes that gained knowledge was not applicable in real practice. One of banking assistant confirmed this by stating "Normally, most of the training programs are doing by the external lecturer. In such a case, there are some differences between what the trainer taught and what we have to actually do within our working culture. So that, the knowledge gained from the training would be useless when performing the job".

Currently, Sri Lankan public sector banks organize training programs to improve knowledge relating to banking activities, team work skills, communication skills, Information Technology (IT) knowledge, customer handling skills and interpersonal skills. Thus, as per the responses of the banking assistants, training programs are unable to do significant impact on improving the team work skills, improving them

communication skills, improving the customer handling skills and improving the interpersonal skills. Though, these skills are very essential in competitive banking sector when attracting the customers towards the bank.

6.2. TRAINING NEEDS IDENTIFICATION

Sri Lankan public sector banks use different methods to identify the training needs of their employees such as observation of employee behaviour or performance during the working time, through the performance evaluation, request from branch managers, through the Human Resource Information System (HRIS), job test, customer complaints, feedback from retired officers, when introducing new product and services, changes in existing procedures and circulars and changes in employee job description. As per the research findings, some banks adapt more comprehensive and practical training needs identification strategies due to its importance in designing the training and development programs. Nevertheless, some banks are not currently adapted with the ways of strategically training needs identification.

6.3. SELECTION OF THE TRAINEES

Basically, main three ways are used by the Sri Lankan public sector banks in nominating the trainees for particular training. Those are that nominated trainee by the head office and nominated by the branch manager. Sometimes, trainees are participated for the training program on the personal request. When nominating the trainees by the head office, they consider annual individual performance evaluation. One senior manager stated that “When selecting the trainees, we consider every employee’s annual performances evaluation forms which are filled by their managers”. In addition, individual performance, individual learning preference, working section and job grade of the employee is considered when selecting the trainees by the branch managers. Most of the time, managers give priority to the person who has better job performance and who are willing to learn. One of branch manager said that “.... So that most of the time, I give priority for the employee who are willing to learn or have good performance. If not, we couldn’t get benefits from such training program”.

6.4. SELECTION OF THE TRAINER

For most of the training programs, experts of particular subject in their own bank were selected as the trainer since experts in banking industry are currently working for these both banks and sometimes guest lecturers who have specialized knowledge in particular subject matter are selected for some training programs.

6.5. EVALUATION OF THE TRAINING PROGRAM

According to the opinions of both senior managers and banking assistants, the effectiveness of the training program is evaluated at the end of training session by getting evaluation form. One senior manager confirmed this by saying “Training program is evaluated at the end of the training programs by getting the evaluation form from every trainee”. Though, most of the expertise in the field of Human Resource Management divulged the strategic training evaluation methods rather than getting feedback at the end of the training program.

6.6. TRAINING AND DEVELOPMENT FRAMEWORK

Figure 2 demonstrates the ideal framework for effective training and development in order to improve the employee job performance in Sri Lankan public sector banks while mitigating the weaknesses, associated in current practice. Strengths in prevailing training and development procedure overcome by the weaknesses in prevailing procedure. Figure 2 shows the strengths in current procedure as better management support, better budgetary allocation, learning based culture and better expertise knowledge within the public banks.

Meanwhile, Figure 2 illustrates several weaknesses in current training and development practice as poor design of orientation program, poor content of training programs, poor choice of trainees, poor evaluation of the training program and improper performance evaluation practice and strategies proposed to mitigate those weaknesses. Orientation program should not be limited only few hours, giving basic idea about the bank since the banking sector is wide industry which essential thorough knowledge, skills and abilities regarding the related subject matters in order to perform the job well. Many of new appointed employees for the role of banking assistant has got appointment after the completion of advance level because of this, they do not have any job experience before and relevant knowledge and skills that needs to perform the job. Therefore, it is vital to design the appropriate orientation program which gives thorough knowledge relating to banking activities as well as enhancing the customer handling skills, interpersonal skills and communication skills.

Nowadays, public sector banks give poor attention towards the improvement of soft skills, customer handling skills and communication skills. However, customer dissatisfaction has increased towards the public sector banks in Sri Lanka due to the frequent ignorance and being insensitive to customer anticipations. Therefore, managers in public sector banks in Sri Lanka must give a major concern to enhance these skills through the training and development. Further, behaviour modelling is the most suitable training method in improving those skills.

It is necessary to follow up the proper procedure to select the trainees for the training programs, so that the person who actually needs the training can be selected. Otherwise, if the previously trained and well skilful employees were selected for the same training which has no contribution to individual employee improvements as well as the organisational improvements, it will waste only money and time. This doctrine is common to the Sri Lankan public sector banks as well. Current procedure also confronts with the problem of poor selection of trainees. Therefore, when selecting the trainees, manager in public sector banks should give more attention to the person who has not trained before and less performers in particular area.

Managers in Sri Lankan public sector banks are strict in ensuring that the employees attend the training program, but evaluation of the effectiveness of training has not attracted sufficient attention. This weakness can be overcome by means of the most popular and widely used training evaluation model, introduced by Donald Kirkpatrick which consists of four levels as reaction level, learning level, behaviour level and results. In reaction level, it considers in addressing the question of how was the participants favourably to the training program. The next level of learning addresses the question of what does the trainee learn from training. In behaviour level, it is addressed the question, what are the changes in employee behaviour after training. The final level of results is measuring the final result of the training by finding the answer for how does the impact of training to the organisation. If there is the improvement organisational performance, the training is effective. Otherwise, if there is no improvement, training and development procedure needs to be revised again.

Performance evaluation is one of the best ways to measure the performance of each and every employee in the organisation. Currently, public sector banks conduct annual performance evaluation by using the specific performance evaluation form which is filling by the branch manager. Though, it is not mostly successful method. Therefore, it is better, if the banks can conduct the performance evaluation through the relevant system as well as both objective criteria and subjective criteria should be considered in performance evaluation. In addition, mini survey in rapid performance evaluation technique can be conducted by a regional managers or a senior manager who is responsible for human resource development since each banks have considerable amount of employees who are working in all around the country.

Moreover, Figure 2 illustrates the possible barriers that prevent the implementation of above proposed strategies in order to enhance effectiveness of the training and development procedure. It is difficult to realize employee for the training and development due to the tight working schedule. Implementing E-learning facility and organizing the branch wise training may be lead to mitigate this barrier. Lack of available facilities like training centers with new technologies, difficulties in use of advance technologies, generation problems like learning ability of adults, employee attitude toward the training, language problem and trade union issues are the another barriers which may obstruct the implementation of

proposed strategies. Ultimately, effective training and development can be arisen by overcoming the prevailing weaknesses. Employee job performance will be increased as a result of an effective training and development process. Eventually, customer satisfaction and organisation performance will be increased as the result of better employee job performance.

7. CONCLUSIONS

When consider about the Sri Lankan banking sector, it becomes more complex with the entrance of new private banks other than the public banks. Nowadays, customers are attracting towards the private sector banks due to the dissatisfaction on service provided by the public sector banks. One of the reasons for this dissatisfaction is the lack of employee job performance. Therefore, training and development provides an avenue for the employees in public sector banks to enhance their job performance.

The managers in public sector banks in Sri Lanka have better sense towards the training and development and allowed the employees to learn from its culture, not only to face the challenges of dynamic environment, but also due to the importance that linked to learning in the Sri Lankan culture. Although, when examine the training procedure thoroughly, several weaknesses in current procedure are identified. There are some loopholes in orientation program which is designed, focusing the banking assistants as well as there are some weaknesses due to impracticability of training programs. And also, there are some mishaps in the selection of trainees and evaluation of training program.

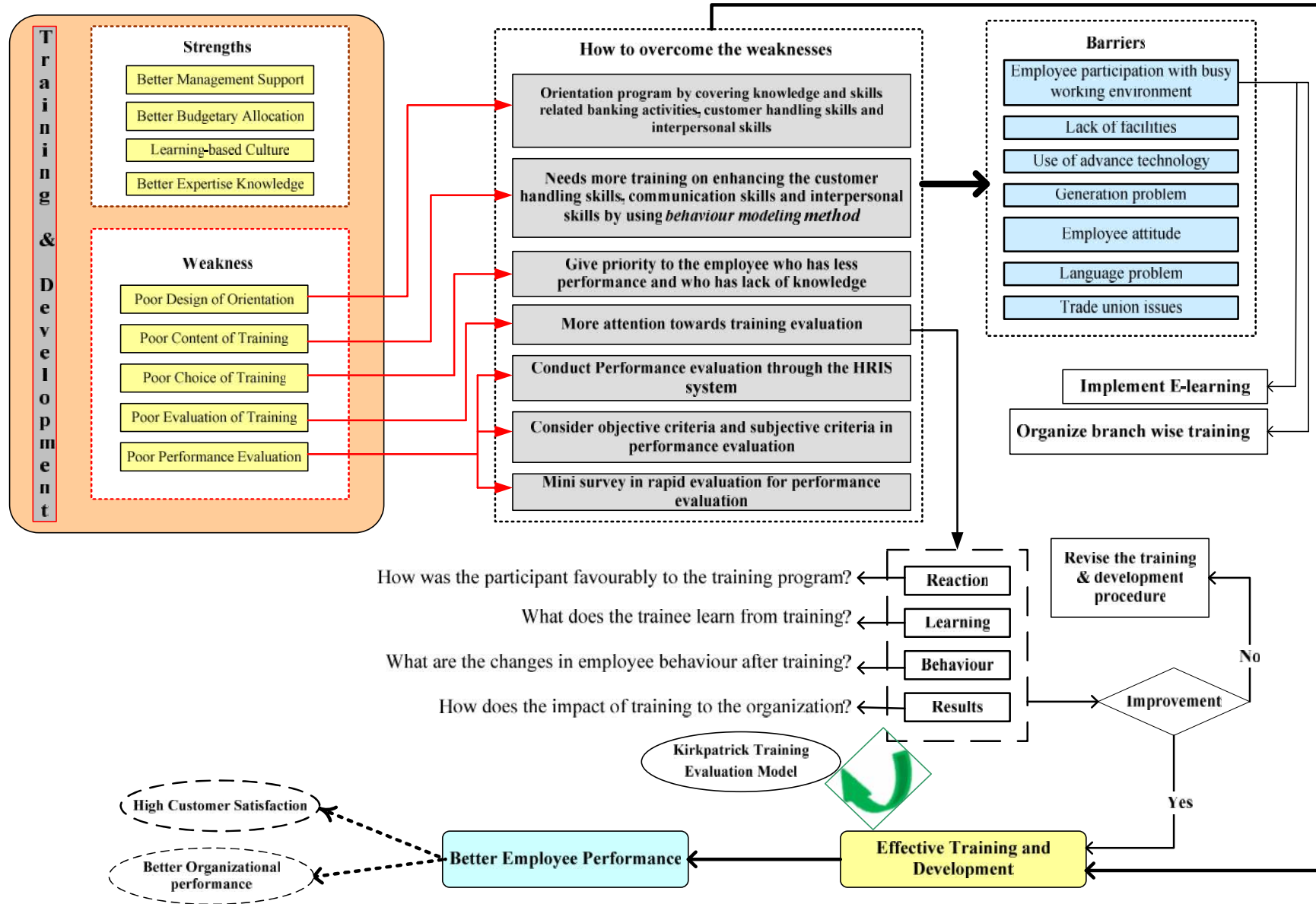


Figure 2: Training and Development Framework to Improve Employee Job Performance in Public

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