

**The Relationship Of Training & Development Practices and
Organizational Performance
(The Case of Commercial Bank Of Ethiopia)**

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OF HUMAN RESOURCE MANAGEMENT**

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STATEMENT OF DECLARATION

I, the undersigned, declare that this thesis is my own original work and has not been presented in any other University. All sources of materials used for this thesis have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor.

Declared by

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STATEMENT OF CERTIFICATIONS

This is to certify that Firehiwot Guta Degefa has carried out her thesis work on the topic entitled The Relationship of Training and Development Practices and Organizational Performance (the case of Commercial Bank of Ethiopia).The work is original in nature and is suitable for submission for the award of Master’s Degree in Human Resource Management.

Advisor: Fesseha Afework (Ass. Pro)

Date: -----

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ABSTRACT

The study objective is to investigate the relationship of training and development and organizational performance in CBE under West Addis Ababa District. An explanatory cross-sectional survey study and quantitative approach was used to provide empirical data to help address the existing research gap. The study consisted sample of 125 employees selected through stratified simple random sampling. The respondents answered questionnaire items adopted from previous researchers using Likert's traditional questionnaire. The findings showed that CBE has had experienced inefficiency in TNA and Training evaluation elements of its T&D practices. An inferential relationship was computed using Pearson correlation analysis to investigate their relationship with organizational performance under the BSC measurement framework, which CBE is currently practicing. Therefore, it is found that both TNA and training evaluation elements has strong positive relation with all the four dimensions, i.e. financial, customer, internal process and learning & growth performance in CBE. As a result, in order to achieve effectiveness in its T&D programs, CBE is recommended as the TNA and training evaluations needs to be systematically linked and derived from the overall organizational strategies, plans and policies, rather than being piecemeal, standalone activities, designed to react to the current organizational conditions.

Key words: Organizational Performance, T&D Practices.

ABBREVIATION AND ACRONYMS

BSC	Balances Scorecard
CBE	Commercial Bank of Ethiopia
CSO	Customer service officer
HR	Human Resource
HRD	Human resource development
HRM	Human Resource Management
ROI	Return On Investment
SWIFT	Society for Worldwide Interbank Financial Telecommunication
SCSO	Senior Customer service officer
TNA	Training Needs Assessment
TQM	Total Quality Management
WAAD	West Addis Ababa District

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CHAPTER ONE

1. INTRODUCTION

The success of an organization is the sum total of the factors or variables that exist in the environment that may influence the present and future survival of an organization (Armstrong, 1998). The factors may be internal or external to the organization. Cascio (1995), uses the terms societal environment to define the varying trends and general forces that do not relate directly to the company but could impact indirectly on the company at some point in time. Four of these forces are identified as economic, technological, legal and political and socio-cultural and demographic forces. The second type of environment is the task environment that comprises elements directly influencing the operations and strategy of the organization. These may include the labor market, trade unions, competition and product markets comprising customers, suppliers and creditors. The task environment elements are directly linked to the company and are influenced by the societal environment.

However, variables in the task, competitive or operative environment as they are variously referred to, affect organizations in a specific industry and it is possible to control them to some extent. As such, environmental change, whether remote or task, disrupts the equilibrium that exists between the organization's strategy and structure, necessitating adjustment to change. Pfeffer (1998) proposes that there is evidence demonstrating that effectively managed people can produce substantially enhanced economic performance. Pfeffer extracted from various studies, related literature, and personal observation and experience a set of seven dimensions that seem to characterize most if not all of the systems producing profits through people. He named them the seven practices of successful organizations. Extensive Training is one of them.

1.1 Background Of The Study

A number of studies has found that, in spite of the methodological challenges, investments in HR can provide a sustainable source of competitive advantage and can increase the likelihood of successful implementation of the firm's business strategies. Because of these effects, investments in human capital have the potential to produce attractive rates of return for the firm's

shareholders. The process of investing in HR goes beyond simply hiring and retaining good people. Bundles of human resource management practices can help to create a source of sustainable competitive advantage, especially when they are aligned with the organization's competitive strategy. While organizational HR strategy is properly configured, it will provide a direct and economically significant contribution to the organization's performance. Employee training and development is one of the crucial HR practices where people acquire capabilities to aid in the achievement of organizational goal (Hitt, Ireland, and Hoskisson 2007).

Training and development is a subsystem of an organization that emanate from two independent yet interdependent words training and development. Training is often interpreted as the activity when an expert and learner work together to effectively transfer information from the expert to the learner (to enhance a learner's knowledge, attitudes or skills) so the learner can better perform a current task or job. Training activity is both focused upon, and evaluated against, the job that an individual currently holds (Learner R., 1986). On the other hand development is often viewed as a broad, ongoing multi-faceted set of activities (training activities among them) to bring someone or an organization up to another threshold of performance. This development often includes a wide variety of methods, e.g., orienting about a role, training in a wide variety of areas, ongoing training on the job, coaching, mentoring and forms of self-development. Some view development as a life-long goal and experience. Development focuses upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate (Nadler ,1984).

Training and development ensures that randomness is reduced and learning or behavioral change takes place in structured format. In the field of human resource management, training and development is the field concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including employee development, human resource development, and learning and development (Harrison, 2005).

Although training is used with development, the terms are not synonymous. Training typically focuses on providing employees with specific skills or helping them to correct deficiencies in their performance. In contrast development is an effort to provide employees with capabilities

the organization's will need in the future. Employee development is, therefore, training people to acquire horizons, technology or viewpoints. It enables leaders to guide their organization onto new expectations by being proactive rather than reactive. Development is not only limited to a particular task, but it aims to improve their personality and attitude for their all-round growth which will help them to face future challenges. It changes the mindset of the employees and makes them more challenging or competing (Harrison, 2005).

Training and development, has its strategic positioning and it directly contributes towards organizational business goals and objectives. The objectivity of training and development and its continued learning process has always been leverage and now it has become rather an overarching trend of social needs, emphasizing that organizations must inculcate learning culture as a social responsibility. It has been also proved by many studies in the past that there are sound connections between various Training and development practices and different measures of organizational performance. The performance of an organization is based on the quality of its employees, and so the greater the quality of employees, the greater will be their performance (Becker and Huselid, 1998).

1.2 Background Of The Organization

The Commercial Bank Of Ethiopia is a state owned bank that has been playing significant roles in the economic progress and development of the country since its establishment 1942. It is the leading African bank with assets of 384.6 billion Birr as on June 30th 2016. It has more than 1140 branches stretched across the country with more than 13.3 million account holders and more than 1,352,000 Mobile and Internet Banking users as of September 30th 2016. It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank and a SWIFT bilateral arrangement with more than 700 others banks across the world.

The Commercial Bank of Ethiopia has a vision to become a world class commercial bank by 2025 with a mission to best realize stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities with state-of-the-art

technology. It combines a wide capital base with more than 29,000 talented employees committed to the organization`s mission (www.cbe.combank.net.et).

The Commercial Bank of Ethiopia, part of its budgetary allocation, has been earmarked solely for training of top management, vice presidents, managements and all operational Staffs to enhance their capacity to perform their duties effectively and efficiently so as to achieve the vision and mission statements of the bank.

To this effect, the human resource development, with the so called Center of Excellence (i.e. training institution) ,which has the mandate to promote effective training of all the above mentioned organs, over the years, has conducted several training programs to build their capacity to perform their functions as effectively as excellent and has been undertaking the Balanced Scorecard(BSC) Framework for measuring it`s organizational performance, for the past few years.

Although, the strategic importance of training and development practices for having highly skilled and knowledgeable work force that can successfully perform job- with higher motivation, commitment and productivity- which enables the organization to culminate a strong competitive advantage, is highly recognized by the bank, still there is a problem in developing and/or implementing effective training and development practices, objectively, as a key means to achieve sustainable competitive advantage(CBE Annual report,2014/15).

1.3Statement Of The Problem

At this era of globalization, planning for globalization strategy is critical to ensuring you get the highest quality outcome in the shortest time frame, while keeping costs under control. Training and development is the way process to cope up with the knowledge of this globalization since knowledge is becoming a reliable source of sustained competitive advantage and basic capital and the trigger of development. Modern organizations, therefore, use their resources (money, time, energy, information, etc.) for permanent training and advancement of their employees. Organizations which are constantly creating new knowledge, extending it through the entire organization and implementing it quickly inside the new technologies, develop good products

and excellent services. These activities determine the company's success and will be addressed through extensive employee training and development programs (Harrison, 2005).

Nevertheless, there is significant debate among professionals and scholars regarding the relationship of T&D and organizational performance. On one hand, like, the resource-based perspective emphasize the importance of training. It argues that traditional resources, such as financial capital or access to technology, are less important because they are easier to imitate than human resources (Neal & Hesketh, 2002). Thus, competencies that are rare, unique, non-imitable, and non-transferable help to achieve competitive advantages and facilitate business success (Lepak & Snell, 1999). Such competencies are developed internally by means of processes such as co-operation, participation, and more importantly by training and development (Boxall & Steeneveld, 1999). On the other hand, one school of thought argues that training leads to an increase in turnover- it serves as a way losing talented people to other rival companies (Colarelli & Montei, 1996; Becker, 1993).

Brum, (2007), however, has come up with an issue that bring most professionals in to agreement- the reciprocity theory. It essentially states that both the organization and the employees are mutually benefited from T&D programs. He said an employee will help the company because the company helped him/her. This parallels the notion of the employees having "a sense of debt" toward the organization. Researches in this element of commitment indicate that training can play an integral role in building the sense of debt to the company. Training that achieves reciprocity in the employee will foster an individual's commitment to the organization.

Therefore, the question is no longer whether we should train or not, rather it is about whether or not training is worthwhile and effective (Mann, 1996). This is, therefore, will be attained by first setting the critical TNA that determines the whole direction and purpose of T&D processes and second evaluating the proper implementation and effectiveness of these programs (Hesseling, 1966).

Thus, the researcher had tried to investigate whether the above mentioned theoretical problems are empirical or not, in the case of CBE.

Commercial Bank of Ethiopia placed T&D as the bases for its strategic operational excellence and business growth, which are the ultimate results of the Bank. Consequently, it has been

allocating huge sums of money in its budgetary allocation towards training and developing its employees as a highly valued asset. It has also built the first huge training center called “center of excellence” for its capacity building and other firms in the industry. The Germany’s Frankfurt School of Finance has also been enlisted as the T&D consulting firm in millions of dollars expense, for the past few years. The bank believes that its employees are its indispensable assets and they must uphold critical competencies that match world class standards and is convinced that this can be attained only when continuous investment is made to upgrade the skills of existing ones as to boost productivity and the ability of the Bank to effectively realize its objectives. (CBE annual Report 2013/14).

Thusly, while the researcher review the bank`s Five Years Performance Report,**2010/11 – 2014/15**, it is stated that regardless of the bank`s huge investment in T&D, these programs are not being used as a strategic tool of achieving the bank`s vision and objectives. Consequently, the bank has put it as one of the eight major focus areas in its corporate strategy for the year 15/16 – 19/20. In light of this, the researcher got the interest to investigate the relation of T&D programs and organizational performance of CBE.

Consequently, in order to clearly identify the practical problem, the researcher has undertaken a preliminary interview with HR manager at WAAD on “is T&D generating the expected outcome on the bank`s performance and attainment of its vision?”. The result was, therefore, evident that there existed knowledge gap that needs to be filled through research. This study, therefore, sought to help bridge this gap by determining the relation of T&D programs and organizational performance, which helps to reconcile the gap between what should happen and what is happening – between desired targets or standards and actual levels of performance.

Therefore, as per the preliminary interview outcome, the researcher has found the following two basic gaps, mentioned here under,

- **Poor Training Need Assessment.** The training that has been deployed for the past few years is based on what has been assessed five years ago. In other word the bank has never made it`s TNA for the past five Years.

-
- Poor, if not no at all, evaluation of an added/changed employee's performance/behavior, by immediate supervisor after one has completed a specific training.

1.4 Research Questions.

Upgrading employees performance and improving their skills through training and development is a necessity in today`s global competition and swiftness of changes, where uncertainty is the only certainty, knowledge is becoming a reliable source of sustained competitive advantage. Training and development is concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. As a result the researcher essentially research for questions to answer:

1. Which T&D practices lacks effectiveness in CBE?
2. What factors are affecting the current T&D program`s effectiveness?
3. What is the relationship between T&D and organizational performance in CBE?

1.5 Objective Of The Study

1.5.1 General Objective Of The Study

The general objective of the study is to investigate the relationship of T&D practices and organizational performance in CBE, the case of West Addis Ababa District.

1.5.2 Specific Objective Of The Study

In order to investigate the relationship of T&D and organizational performance in CBE, the researcher conducted the following specific objectives;

1. To assess the T&D practices which lacks effectiveness in CBE, WAAD?
2. To evaluate factors affecting the effectiveness of T&D programs, in CBE, WAAD.
3. To determine the relationship between training & development and organizational performance in CBE, WAAD.

1.6 Significance Of The Study

The importance of this study comes from the increasing interest in the relationship of T&D and the performance of an organization.

In this particular study, the employees and the employer's .at large will be benefited from the findings. Specifically the finding will assist employees in understanding the significance training and development plays in:

- ✓ Acquiring and maintaining the knowledge, skills and abilities to provide quality service to provide to customers in the most efficient and economical possible manner.
- ✓ Providing with opportunities for personal growth and professional development in the organization.
- ✓ Prepare employees to assume broader responsibilities, cope up with change and current global issues in their current and for future development and improve performance.

In addition to this, it will also help to increase the productivity of the bank by identifying the weakness and demanding the recommendation of the research which can help to insure its growth and sustainability.

Furthermore, it will be helpful in paving the way to other researchers to go research further in detail of this specific issue of the topic and can extend to other human resource practices that can help the bank to be competitive in the market. Beyond all the listed benefits, the findings of this research will contribute more to the body of knowledge which can helps to build the theoretical capacity of interested individuals.

1.7 Scope Of The Study/Delimitation

The scope of the study is theoretically delimited to two major variables, T&D and organizational performance. The assessment of T&D practices is made on training need assessment (TNA) and training evaluation as a key elements and factors affecting their effectiveness whereas, assessment for organizational performance were delimited to the Balanced Score Card measurement, where financial outcome, customer service outcome, internal business process and

learning & growth outcomes being its four dimensions. Finally, their theoretical relationship and contribution of T&D for organizational performance has been assessed.

The geographical scope of the study undertaken is delimited at Addis Ababa, the Western District (WAAD). The study targets the perception of clerical employees (i.e. CSO-checker/maker, SCSO- accountant, SCSO- auditor, and SCSO- chiefcashier), since these are the major forces and has direct relation with the service provision and/or the performance of the case under the study.

1.8 Definition Of Terms

1.8.1 Training And Development

Training is an educational process. People can learn new information, re-learn and reinforce existing knowledge and skills, and most importantly have time to think and consider what new options can help them improve their effectiveness and performance at work. Effective trainings convey relevant and useful information that inform employees and develop skills and behaviors that can be transferred back to the workplace. (Charnov 2000)

Development is a process that “strives to build the capacity to achieve and sustain a new desired state that benefits the organization or community and the world around them”. (Garavan, Costine, and Heraty 1995). Its process aims to find ideas and solutions that can effectively return the group to a state of high performance. Development implies creating and sustaining change. (Lepak D.R & Snell S.A. (1999).

Four ‘W’s bring out the differences between **training and development** as follows:

Table 1.1- Differences between training and development.

	Training	Development
WHO?	Non-managerial personnel	Managerial personnel
WHAT?	Technical skills	Conceptual skills
WHY?	For specific task/job	For multiple professions
WHEN?	Shot-term	Long-term

Source: Lepak D.R & Snell S.A. (1999)

1.8.1 Organizational Performance

The performance of the organization refers to those attitudes' that have been assessed or measured as to their contribution to organizational goals (Cook and Hunsaker, 2001).

Among the most common and distinctive performance frameworks that attempt to tie performance metrics to the organization strategies and visions, the Balanced Scorecard Framework developed by Kaplan and Norton (1992) is organizational performance measurement used for the study undertaken.

The research paper consists of five chapters. The first chapter is the introduction chapter and contains statement of the problems, research questions, objective of the study, and significance of the study and delimitation of the study. Literature reviews were presented in chapter two. The third chapter dealt with the methodology used in the research activity. Data analysis and interpretation of the research results were discussed in chapter four. The final chapter covered the discussion of result, conclusions and recommendations. In addition other sections, namely, list of references and annexes are also parts of the research framework.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. Introduction

The global competition and swiftness of changes emphasize the importance of human capital within organizations, as well as the swiftness and ways of knowledge gaining of that capital. In the economy where uncertainty is the only certainty, knowledge is becoming a reliable source of sustained competitive advantage - basic capital and the trigger of development (Schuler& Jackson, 2005).

Leading management thinkers suggest that “it is not technology, but the art of human- and humane-management” that is the continuing challenge for executives in the 21st century (Delaney, and Huselid, 1996). Similarly, (Smith and Kelly, 1997) believe that “future economic and strategic advantage will rest with the organizations that can most effectively attract, develop and retain a diverse group of the best and the brightest human talent in the market place”.

The purpose of this chapter is to review the theoretical background on the effect of training and development in organizational performance, the empirical findings and conceptual framework thereof.

Based on the literature review, the relationship between “training and development” and “organizational performance” were conceptualized, with “training and development” being an independent variable and “organizational performance” being the dependent variable.

2.1 Theoretical Literature Review

Organizations need to consider some important issues as they face the future: continuous technological change; the increasing removal of trade barriers; the consequent globalization; the volatility of customer demand within existing markets (Luoma, 2000; Ulrich, 1997). These continuous changes have challenged organizations to learn how to manage their businesses in the context of these continuous unpredictable changes, to learn how to confront these changes quickly and successfully. In other words, these continuous changes and challenges have created

the need for a learning organization. It is argued that, in order for an organization to be a learning organization and to achieve its objectives and strategies, it needs to consider the important role of its people; it needs a highly competent, skilled and trained workforce. The need to compete from the inside out has made organizations aim to increase the power of their people-related processes to build and sustain competitive advantage as the ultimate organizational objective; thus, outperforming competitors (Luoma, 2000)

Much attention has been given to the value of Human Resource Management (HRM) activities, particularly Human Resource Development (HRD), of which T&D is considered the most important activity. T&D is responsible for building skilled, qualified and capable people and responsible for creating a learning culture, which helps organizations to improve their performance and adapt to any new change.

However, there has been a general resistance to investment in training in organizations until recently because of the presumption that employees hired under a merit system are qualified and trained for their jobs (Okotoni and Erero, 2005). It was further assumed that if that was not the case then it means that initial selection of personnel was faulty (Stahl, 1956). This assumption no longer holds as the need for training became evident in all sectors (Okotoni and Erero, 2005). Training offers a way of “developing skills, enhancing productivity and quality of work, and building worker loyalty to the firm” (<http://www.bls.gov/oco/ocos021.htm>)

Training and development has become the Holy Grail to some organizations, an evidence of how much the management truly cares about its workforce (Hamid, 2011). Hamid (2011) went further to say that the effectiveness with which organizations manage, develop, motivate, involve and engage the willing contribution of those who work in them is a key determinant of how well these organizations perform.

There are two main theoretical approaches towards employee training and development, namely, the human capital approach and the technology-based approach. According to Luo (2000), the human capital approach regards training as investment in human capital. Thus, training is provided only when the benefit from productivity gains is greater than the cost of training. On the other hand, the technology-based approach regards training as a skill formation process. According to this approach, the expanded training in the contemporary period is driven

by the rapidly changing technologies and work reorganization. Thus, training is provided because it satisfies the functional needs of an organization and equally contributes to human capital accumulation or skill formation.

2.1.1 Training And Development

T&D is the most important subsystem or element of HRD. It concerns increasing, improving, enhancing and modifying employees' skills, abilities, capabilities and knowledge, thus, they will be able to conduct their current and future jobs effectively, thereby increasing individuals' and organizations' growth and performance. According to Mondy et al. (1999: p.254), T&D is "a planned, continuous effort by management to improve employee competency levels and organizational performance". Nadler and Nadler (1990: p.6) define T&D as "an organized learning experience provided by employers within a specific period of time to bring about the possibility of performance improvement and/or personal growth"

The Manpower Services Commission (1981) defines training as "a planned process to modify attitude, knowledge and skills through learning experience to achieve effective performance in an activity or range of activities ". It defines development as "the growth or realization of a person's ability, through conscious or unconscious learning. Development programmes usually include elements of a planned study and experience and are frequently supported by a coaching or counseling facility".

According to Neelam et al., (2014) Training and development is defined as the planned learning experiences that teach employees how to perform current and future jobs. These two processes, Training and Development, are often closely connected. Training can be used as a proactive means for developing skills and expertise to prevent problems from arising and can also be an effective tool in addressing any skills or performance gaps among staff. Development can be used to create solutions to workplace issues, before they become a concern or after they become identifiable problem (Kennedy, 2009).

Training and development have become the most important factor in the business world today, because training increases the efficiency and the effectiveness of both employees and the organization (Raja, Furqan and Mohammed, 2011). Training is a systematic restructuring

of behavior, attitude and skills through learning- education, instruction and planned experience. The cardinal purpose of training is to assist the organization achieves its short and long term objectives by adding value to its human capital. Training and development are not undertaken for the sake of training, but rather are designed to achieve some needs. Therefore, training and development are need based in the sense that they are undertaken to fill some knowledge gap within an organization (Gunu et al., 2013).

❖ **Key Differences Between Training And Development**

Although training is used with development, the terms are not synonymous. Training typically focuses on providing employees with specific skills or helping them to correct deficiencies in their performance. In contrast development is an effort to provide employees with capabilities the organization`s will need in the future. The major differences between training and development are as under:

- Training is a learning process for new employees in which they get to know about the key skills required for the job. Development is the training process for the existing employees for their all-round development.
- Training is a short-term process i.e. 3 to 6 months, but development is a continuous process, and so it is for the long term.
- Training focuses on developing skill and knowledge for the current job. Unlike, the development which focuses on the building knowledge, understanding and competencies for overcoming with future challenges.
- Training has a limited scope; it is specific job oriented. On the other hand, development is career oriented and hence its scope is comparatively wider than training.
- In training, the trainees get a trainer who instructs them at the time of training. In contrast to development, in which the manager self-directs himself for the future assignments.
- Many individuals collectively attend the training program. Development is a self-assessment procedure, and hence, one person himself is responsible for one's development.

2.1.1.1 Purpose Of Training And Development

A number of authors recognize the purpose of training and development as being to develop capacities of employees and by extension represents an investment in human resources (Ulrich and Lake, 1990). The quality of employees and their development through training and education are major factors in determining long-term profitability of any business venture. Human Resource professionals also believe that an organization is only as good as its employees, and this understanding suggests that training should be more specifically responsive to employees' training needs (Noe, 2008). Arguing in the same line, Bratton and Gold (2000) affirm that successful corporate leaders recognize that their competitive edge in today's market place is their people. They also acknowledge that few organizations know how to manage human resources effectively, primarily because traditional management models are inappropriate in today's dynamic work environment.

To manage an organization both large and small requires staffing them with competent employees. The formal educational system in Nigeria does not adequately teach specific job skills for a position in a particular organization and few employees have the requisite knowledge, abilities, skills and competencies needed to work. As a result, many employees require extensive training on the job to acquire the necessary knowledge, abilities, skills and competencies needed to make substantive contribution towards the organization's growth. The effectiveness and success of an organization lies on the people who form and work within the organization. It follows therefore that for the employees in an organization to be able to perform their duties and make meaningful contributions to the success of the organizational goals, they need to acquire the relevant skills and knowledge (Ospina and Watad, 1999). In the appreciation of this fact therefore, it becomes imperative for organizations to ascertain the training and development needs of its employees, through its training need analysis and align such needs to the organizational overall needs and objectives in order to actualize the organizational vision and mission.

Smith (2010) opines that training motivates employee and make them more productive and innovative. Smith asserts further that the reasons why training makes sense include, well trained employees are more capable and willing to assume more control over their jobs; they need less supervision, with free management for other tasks; employees are more capable to answer questions from customers which enhances customer loyalty. Furthermore, employees

who understand their job, complain less, are more satisfied and more motivated and thus improve management-employee relationships. Heathfield arguing in the same direction opines that the opportunity to continue to grow and develop through training and development is one of the most important factors in employee motivation (Heathfield, About.com Guide).

2.1.1.2 Approaches To T&D

1. Reactive, Proactive And Active Approaches To T&D

I. Reactive Approach

The traditional approaches to training can be generally termed as reactionary, driven by tactical delivery of technical skills in bricks and mortar, classrooms trainings and where training is seen as an event oriented activity. This approach is similar with Robinson and Robinson (1989) training-for-the-activity approach. In this approach the program is designed to meet the qualitative expectations of topmanagement and tends to be reactive to the organization's current needs and problems.

II. Proactive Approach

In the learning organization this approach aligns all learning activities with the corporate business strategy, and its focus is on developing competencies. Robinson and Robinson (1989) also called this approach as training-for-the-impact approach, which emphasizes the proactive role of T&D; that is, through making employees more capable and skillful to improve on-the-job performance and to achieve the organization's corporate objectives.

III. Active Learning Approach

In this approach, trainees play a leading role in learning by exploring issues and situational problems under the guidance of their facilitator. The trainees learn by asking thought provoking questions, searching for answers, and interpreting various observations made during the process. The active learning approach has its lasting impact on learning since it helps in long-term retention and finding better solutions in the challenging situations. In

today's fast paced world, continuous learning is essential to success. Individuals need to learn to succeed in life and at work. Companies need to ensure their employees continue to learn, so they can keep up with increased job demands and so the company can gain or maintain competitive advantage.

2. Systematic And Non Systematic Approaches To T&D

I . Non Systematic T&D

Adamu (2008) argues that the traditional approach of training of staff in organizations is not a systematic one. Training follows a process and that process makes it systematic. But most of the time, human resource departments in most organizations ignore the process and conduct training in an ad-hoc and haphazard ways without training need analysis. (Olaniyan and Ojo, 2008).

II .A Systematic T&D Approach and Process

T&D should be based on a systematic approach, rather than being piecemeal, fragmented, isolated short programs developed to meet specific short-term needs. Armstrong (2003) argues that T&D will fail to obtain its objectives and affect organizational performance if it is based on a piecemeal basis and is used in isolation without the backing of top management.

A systematic training approach includes some important stages or sub-processes: development of Training Needs Assessment (TNA); formulating T&D objectives; designing and implementing the T&D program; evaluating the effectiveness of the program (Goldstein, 1993; Luberd, 1989). One of the most important training approaches is advanced by Robinson and Robinson (1989). They argue that organizations need to adopt training-for-the-impact approach (proactive and strategic), rather than training-for-the-activity approach (reactive). Training-for-the-impact approach emphasizes the proactive role of T&D; that is, through making employees more capable and skillful to improve on-the-job performance and to achieve the organization's corporate objectives. While, in training-for-the-activity approach the program is designed to meet the qualitative expectations of top management and tends to be reactive to the organization's current needs and problems.

In general, it could be argued that the systematic T&D approach emphasizes four essential stages, training need assessment; development stage; implementation stage; evaluation stage. However, it is important to say that a general understanding of learning theories and individual's and groups' preferred learning styles is required when conducting any of the T&D stages, importantly, the development and designing stage.

2.1.1.3 Key Elements Of An Effective Training Program

I. Training needs assessment

Training is designed to help the organization accomplish its objectives. Consequently, assessing organizational training needs represents the diagnostic phase of setting training objectives. The assessment phase considers employee and organizational performance issues to determine if training can help. When doing the training needs assessment, it is important to consider non-training factors such as compensations, organization structure, job design, and physical work settings. Mathis and Jackson (2004) further note that organizational analyses, job analyses and individual analyses could be used to identify training needs.

After training needs have been identified using appropriate analyses, then training objectives and priorities must be established by identifying a skill gap or training need, which is the distance between where an organization is with its employee capabilities and where it needs to be. Training objectives and priorities are set to close the gap. Ideally, training needs are ranked in importance on the basis of organizational objectives. The training most needed to improve the health of the organization is done first in order to produce visible results more quickly.

II. Training Design

Once training objectives have been identified, training design has to be developed. Training must be designed to address the assessed needs. Effective training design considers learning concepts, legal issues, and different approaches to training.

A training program is constructed in terms of the achievement of objectives. When you are developing your objectives it should have to be specific, attainable and measurable.

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- ✓ Specific -- Objectives should be clear-cut and to the point, without leaving a lot of room for ambiguity.
 - ✓ Measurable -- This can be more difficult, but it can be very helpful to develop objectives that you can measure in some way. This accomplishes two different things: first of all, achieving these objectives helps both trainers and trainees leave the session with a better feeling of accomplishment. Second, it's also a good way to be able to use your training results in future grant applications or on other documents where your organization needs to be able to quantify what you have done.
 - ✓ Attainable -- World peace won't happen overnight. Try to think in terms of what can realistically be accomplished in the time you have. Particularly if this is the first training session your organization has developed, you might try to obtain some relatively simple objectives. Unrealistic objectives will leave everyone involved frustrated. It's important to set yourself up for success.

III. Training Delivery

After the development of the training design, then begins the actual delivery of training. It is generally recommended that the training be pilot-tested or conducted on a trial basis in order to ensure that the training meets the needs identified.

IV. Training Evaluation

Training evaluation compares the post-training results to the objectives expected by managers, trainers and trainees. Often times, training is conducted with little thought of measuring and evaluating it later to see how well it worked. Mathis and Jackson (2004) suggest that because training is both time-consuming and costly, it is imperative that there is evaluation after training

Grove and Ostroff (1990), Redshaw (2000) and Shandler (1996) argue that evaluating training gains or influences on organizational effectiveness and performance is a very hard task for the following reasons.

- There are many other factors which can have an influence, positively or negatively, on the organization's performance: for example, other

organizational activities, market forces, competitive activity, new technology, legislation, the economy, etc (Shandler, 1996; Redshaw, 2000; Burrow and Berardinelli, 2003); also, luck, industry, power and size.

- The impact of training may take a considerable time to show up in overall results (Redshaw, 2000).
- Training results and outcomes are usually complex and difficult to be measured or quantified, such as employee satisfaction, commitment, motivation, changes of behavior and attitudes, etc. This causes confusion between accountants and line managers who view training evaluation differently from the way trainers view it. Accountants and line managers may believe that training evaluation is not different from any other form of evaluation; simply, outputs can be compared with inputs, while the fact is that the relationship between training intervention and organizational performance cannot be easily identified.

To overcome most of the evaluation difficulties, Burrow and Berardinelli (2003) and Redshaw (2000) suggest that there are two important things to be taken into account. First, line managers should be involved. As mentioned before, effective T&D programs require top and line management support, commitment and leadership. Thus, line managers should participate in determining the training objectives and evaluation criteria. These occur when trainers are consulting with line managers. They may ask them questions such as, what they want to improve, how they will recognize success and how they will measure this success. During this process all the other factors that influence the organization's performance would be identified and agreed. Second, because it is hard to connect training interventions to the organization's performance measurements directly, these measurements need to be revised, refined and resized to document the impact of planned learning (T&D) on organizational performance.

There are many training evaluation approaches and techniques. However, there are four main complementary evaluation frameworks: Kirkpatrick, the Bell system, Parker and CIRO; all have been reported by McCracken and Wallace (2000). However, Kirkpatrick's evaluation model is the one most commonly used by many organizations (Hale, 2003) According to Kirkpatrick

(1996), there are four stages to be considered when evaluating training effectiveness: reaction, learning, behavior and results level.

Training Evaluation Model

The need to measure the effectiveness of training programs is as important as determining the need for training and the best program that fits such needs. According to (Donald Kirkpatrick 1998), there are Four-Level Training Evaluation Model which serves as a tool in analyzing the effectiveness of training. The Four Levels Models are:

Level 1: Reaction

This level measures how the employee being trained reacts to the empowerment program, their experience towards the program, instructor, the delivery style and the materials being used. The need to measure the reaction of training is important because it helps the organization in understanding how well the training is received, the strengths and weaknesses of training and determining if it accommodates personal learning styles.

Level 2: Learning

This level measures what the trainee has learnt, how much of knowledge and skills acquired through the training session. When planning training program a list of specific learning objectives to be achieved are to be put into consideration and it is important to measure what the trainees are learning, by this not only will it help in mapping out knowledge acquired but also as a guide for future training programs to be adopted.

Level 3: Behavior

At this level, the employee's behavior is evaluated based on the training program received, by looking at how the skills and information gained is applied on the job through the employee's behavior. Most time, the behavior can only change if the conditions are favorable and when the behavior has not changed, it indicates that nothing has been learnt and training was ineffective.

Level 4: Results

Analyzes are evaluated based on the final result of training through the outcome the employee exhibit after the training. This is evaluated alongside the organizational goals and objectives such as employee retention, higher morale, higher quality rating, less customer complaints and increased production.

2.1.1.4 Main Characteristics: Factors Influencing T&D Effectiveness

Pettigrew et al. (1989) identify a number of factors that influence T&D effectiveness. These factors relate to the business strategy, the external labor market needs, and internal actors and systems, which include factors such as training philosophies, systems, management organization and external supporting and funding for training. Hussey (1985) identifies three important matters related to HRD that affect T&D activities and program: an integral strategy, top management commitment and an organizational culture. Armstrong (1992) adds another theme: a coherent and flexible training approach. Garavan et al. (1995) identify eight contextual factors which affect the form of HRD function and the type of activities it engages in: the external environment and organization stakeholders, culture, technology, structure, change, size and power. Also, Garavan (1991) identifies nine key characteristics or criteria for SHRD, which relate to the main organizational factors influencing T&D effectiveness. All are important in their own right, but they are interrelated and integrated together.

- **Integration with an organization's missions and goals.**

This criterion implies integrating HRD strategies within an organization's corporate strategy and objectives. It also stresses that HRD is viewed as a strategic lever in the organization, as a means of helping the organization to implement and shape its strategies. This kind of integration is called 'vertical integration', as described by Guest (1997) and Storey (1992), or 'strategic HRD aligned' (Legnick-Hall, 1988; Garavan, 1991). Therefore, strategic integration implies that HRD should play responsive and proactive roles, rather than just a reactive role. Also, HRD integration with the overall organization's goals and missions suggests an implementation role for HRD, but truly strategic HRD should also shape and influence these missions and goals.

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- **HRD policies and plans must be formulated, derived from and integrated with business plans and policies**

This criterion is one of the most important factors which could influence T&D effectiveness. Taylor (1996) emphasizes that T&D should be considered an integral part of an organization's investment plan. To ensure successful T&D planning, implementation and evaluation stages, T&D plans and policies should be linked to, derived from, and integrated with the overall business plans, objectives and needs. This integration helps to provide the organization with the competencies required to implement the organization's strategies. Hussey (1985) suggests that all organizations should start with strategy and make a training plan in accordance with it.

- **Top management support and commitment.**

Top management commitment and support is considered a critical factor for a successful T&D program (Taylor, 1996; Jones, 1990). Top manager roles as key stakeholders, should be active rather than passive, supportive and involved (Garavan, 1991; Lee, 1996; Harrison, 1997). Grove and Ostroff (1990) argue that the effectiveness of T&D depends on top management and line managers' support and understanding of what training hopes to achieve and its potential benefits. They also argue that top managers and T&D managers should discuss exactly, what needs to be developed. According to Yeomans (1982), top management support could be verbal and/or action support. Verbal support is related to words, written documents and reports, while action support is the most important one; it is about supporting the T&D implementation and evaluation stages, through planning and allocating the required resources and time in the early planning stage. So, top management should support and provide T&D activities with all the abilities required to conduct such activities. In other words, top management needs to be convinced about the benefits of T&D and the nature of its outcomes, whether they will be measured financially or non-financially, and identify any potential barriers (Garavan et al., 1995)

- **Line management commitment and involvement**

Line managers are key stakeholders and actors; therefore, they should be involved and work in partnership with HRD specialists on both operational and strategic issues. In fact, mostly, line managers do not fully understand the importance of T&D activities, because training means

those trainees (their employees) will leave their work and duties to attend the training programs for a while. Therefore, it is very important to convince line managers of the importance of T&D in improving the work when the employees come back to their work after training. This is stressed by Wognum (2000) who emphasizes the importance of fully involving line managers in any HRD decision-making, so that HRD activity, at the tactical and operational level, is aligned with HRD policy making at the strategic level. Furthermore, Lee (1996) and Harrison (1997) stress the need for shared ownership of HRD where line managers and HRD staff work in partnership over HRD issues. However, the role of the line managers is underdeveloped for a variety of complex, attitudinal and cultural reasons.

- **Environmental scanning**

This criterion implies that T&D functions and programs should be responsive to any change in the external or internal organizational environment. Training needs should be based on organizational environmental scanning. That means that HRD, like any other organizational function, should explore the external environment to determine any potential opportunities and threats in order to be up-to-date with the external change, such as technological changes. At the same time, an organization should scan its internal environment to determine its strengths and weaknesses. By doing so, it could determine the gap between what it is able to do and what it should be able to do. Also, it will ensure that training needs are assessed and analyzed based on organizational, tasks and individuals needs or requirements.

- **Expanded role of trainers**

Garavan (1991) and Talbot (1993) argue that trainers' roles should be expanded to be innovative and consultative, rather than just simply providing and managing training programs. A trainer's roles should include adaptor (adapting skills and knowledge of staff to fit with the existing system), adopter (getting staff to adopt new values and attitude and emphasizing change) and innovator (informing and influencing organizational change processes). Therefore, trainers should be well qualified, understand and know how to manage the T&D process and know how to design and conduct successful T&D programs. They should not be just lecturers or teachers, but they should play different roles, as adaptor, adopter and innovator.

- **Recognition of organizational corporate culture**

Culture in general is defined, according to Schein (2004: p. 17), as: "A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." The role of organizational culture is to embrace change as a strategic advantage, to influence the organization's life cycle and facilitate the organization's learning process (Garavan et al., 1995). Culture influences work behavior and the way organizations view things; it identifies the accepted ways, beliefs, thoughts and feelings in the organizations. Organizational culture contains tangible and intangible factors that influence work behavior and attitudes, and affect the organization's activities. Top management commitment and philosophy are some of the cultural aspects that affect training and development in the organization. T&D requires an appropriate culture that views it, as a source of achieving the organization's objectives by developing employees' skills, attitude and behavior, rather than, as a cost for which tangible and direct outcomes are not evident. Two other important cultural aspects that shape and influence corporate education and training practice are innovation and resistance to change. So, any organization that innovates and has less resistance to change invests more in T&D. However, HRD should create a match between an organization's culture and strategy. (Garavan, 1991; McCracken and Wallace, 2000)

- **Emphasis on evaluation**

It is argued that, although training evaluation is a very important phase for a successful T&D program, this phase is the most neglected one, resulting from a lack of time and resources to complete the evaluation process, or maybe a lack of top management support, ineffective design of the evaluation process and unclear evaluation criteria. Thus, the data would be misunderstood, misused and misinterpreted (Beardwell and Holden, 1994; Houlton, 1996; Combs And Falletta, 2000). Mann (1996) argues that, despite heavy investment in training, organizations can frequently fail to evaluate adequately the value or success of their training programs.

2.1.2 Organizational Performance

2.1.2.1 What Is Performance Measurement?

Performance measurement is the process of collecting, analyzing and/or reporting information regarding the performance of an individual, group, organization, system or component. It can involve studying processes/strategies within organizations, or studying engineering processes/parameters/phenomena, to see whether output are in line with what was intended or should have been achieved.

2.1.2.2 What Is Organizational Performance?

For the past many decades, organizations were measuring their performance traditionally. Traditional performance measurement systems may encourage conservatism and a ‘playing it safe’ attitude: “Managers need to be encouraged to identify defined areas within which a degree of experimentation and risk-taking might be beneficial. Too often we stifle creativity and learning by insisting upon good performance from all activities” (Otley 1994).

Measurements like ROI discourage senior managers from innovating, investing in market share or developing sources of competitive advantage (Dent 1990) and encourage conformity (Roberts 1990). Moreover, strategic planners’ flexibility and creativity may be inhibited by formal control systems (Langfield-Smith 1997) which prompt management to engage in systematic planning (Flamholtz et al. 1985). Control systems create a climate that can act against successful strategy implementation and formulation processes. Dent (1990) illustrates how MCS could foster or inhibit innovation depending on their design. The design of an information system and MCS necessitates several decisions regarding the choice of information measured, omitted and reported. A design that filters inconsistencies will promote fictitious comfort and clarity and will confirm conventional reasoning. The perception of managers is limited to the information available (Flamholtz et al. 1985).

Performance measurement contributes to strategy formulation and implementation by revealing the links between goals, strategy, lag and lead indicators (Kaplan and Norton 1992, 1996) and subsequently communicates and operationalizes strategic priorities (Nanni et al. 1992). The role of performance measurement evolves from a simple component of the planning and control cycle to an independent process that assumes a monitoring function. This function entails measuring movement in a strategic direction instead of distance from a goal, which is different from the planning and control cycle (Nanni et al. 1992).

Many measures of performance may be more relevant to some sectors than others. When measuring organizational performance, the choice of measures should be informed by the sector and business-specific context (Page *et al*, 2006). Measurement of organizational performance is not without its challenges. Measures based on accountancy are to some extent, open to manipulation and therefore may be difficult to compare over time, or between organizations. Many measures do not necessarily capture the quality of a product or service and where part-time work is frequent and to be comparable, measures need to take into account hours worked (Page *et al*, 2006).

In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions. For this study the researcher will also focus this measure.

2.1.2.3 The Balanced Scorecard

To develop a more predictive set of organization performance measures, Professor Robert Kaplan and Professor David Norton of Harvard University developed a tool called the “balanced scorecard.” Using the scorecard helps managers resist the temptation to fixate on financial measures and instead monitor a diverse set of important. Indeed, the idea behind the framework is to provide a “balance” between financial measures and other measures that are important for understanding organizational activities that lead to sustained, long-term performance.

the Balanced Scorecard's perspectives permit a balance between short and long term objectives: between external measures (shareholders and customer) and internal critical processes (innovation and learning and growth); between desired outcomes and performance derived from those outcomes; between hard objectives measures and softer more subjective measures (Kaplan and Norton, 2000; Wongrassamee *et al.*, 2003).

The balanced scorecard recommends that managers gain an overview of the organization's performance by tracking a small number of key measures that collectively reflect four dimensions:

1. Financial Measures

Financial measures of performance relate to organizational effectiveness and profits. Examples include financial ratios such as return on assets, return on equity, and return on investment. Other common financial measures include profits and stock price. Such measures help answer the key question “How do we look to shareholders?” Such measures have long been of interest to senior management and investors.

Financial performance measures are commonly articulated and emphasized within an organization’s annual report to shareholders. To provide context, such measures should be objective and be coupled with meaningful referents, such as the firm’s past performance. For example, Starbucks’s 2009 annual report highlights the firm’s performance in terms of net revenue, operating income, and cash flow over a five-year period.

2. Customer Measures

Customer measures of performance relate to customer attraction, satisfaction, and retention. These measures provide insight to the key question “How do customers see us?” Examples might include the number of new customers and the percentage of repeat customers.

Starbucks realizes the importance of repeat customers and has taken a number of steps to satisfy and to attract regular visitors to their stores. For example, Starbucks rewards regular customers with free drinks and offers all customers free Wi-Fi access. Starbucks also encourages repeat visits by providing cards with codes for free iTunes downloads. The featured songs change regularly, encouraging frequent repeat visits.

3. Internal Business Process Measures

Internal business process measures of performance relate to organizational efficiency. These measures help answer the key question “What must we excel at?” Examples include the time it takes to manufacture the organization’s good or deliver a service. The time it takes to create a new product and bring it to market is another example of this type of measure.

Organizations such as Starbucks realize the importance of such efficiency measures for the long-term success of its organization, and Starbucks carefully examines its processes with the goal of

decreasing order fulfillment time. In one recent example, Starbucks efficiency experts challenged their employees to assemble a Mr. Potato Head to understand how work could be done more quickly. The aim of this exercise was to help Starbucks employees in general match the speed of the firm's high performers, who boast an average time per order of twenty-five seconds.

One key aspect for organizations producing physical goods (as compared to services) are supply-chain management indicators. Both Wal-Mart and GM are examples of the increased profits that can result from effective management of the supply chain through initiatives such as "just-in-time" supply-chain management. Of course, to reduce supply inventory, data must be both timely and accurate (or else you run out of key parts and the production line stops...). In the 1990s (pre-Internet) Wal-Mart acquired their own satellite system that allowed them to collect sales by item and ordered replacement to restock their shelves every eight hours, while GM kept only enough tires for four hours of car assembly at any one time!

4. Learning and Growth Measures

Learning and growth measures of performance relate to the future. Such measures provide insight to tell the organization, "Can we continue to improve and create value?" Learning and growth measures focus on innovation and proceed with an understanding that strategies change over time. Consequently, developing new ways to add value will be needed as the organization continues to adapt to an evolving environment. An example of a learning and growth measure is the number of new skills learned by employees every year.

One way Starbucks encourages its employees to learn skills that may benefit both the firm and individuals in the future are through its tuition reimbursement program. Employees who have worked with Starbucks for more than a year are eligible. Starbucks hopes that the knowledge acquired while earning a college degree might provide employees with the skills needed to develop innovations that will benefit the company in the future. Another benefit of this program is that it helps Starbucks reward and retain high-achieving employees.

2.1.3 Models That Link Organizational Performance With T&D.

The knowledge and skills of workers acquired through training have become important in the face of the increasingly rapid changes in technology, products, and systems (Thang, Quang and Buyens, 2010). Most organizations invest in training because they believe that higher performance will result (Alliger, et al. 1997:50; Kozlowski, et al. 2000). Devanna, Formbrun and Tichy (1984) proposed the Michigan School model also known as the ‘soft’ Human Resource Management (HRM). This model’s emphasis is on treating employees as a means to achieving the organization’s strategy. Its assumption is that ‘what is good for the organization is equally good for the employee’. According to Devanna, Fombrun, and Tichy (1984), training and other HRM activities aim to increase individual performance, which is believed to lead to higher organizational performance. Although the Michigan School model acknowledges the importance of motivating and rewarding people, it concentrates most on managing human assets to achieve strategic goals (Pinnington and Edwards, 2000).

A second ‘soft’ HRM theoretical model to show how Human Resource Management (HRM) policies can affect employees and organizational outcomes was developed by Guest. The central hypothesis of Guest’s model is that if an integrated set of HRM practices is applied with a view to achieving the established goals, employees’ performance will improve. It also assumes that this will translate to increase in organizational performance. The strength of Guest’s model is that it is a useful analytical framework for studying the relationship between HRM policies and organizational performance. This is because it expresses pathways for more careful, clear and ease of empirical testing. Guest also saw the goals of linking employees with organizational performance as important to ensure the high quality of products and services. He thus opines that training policy play an important role in HRM and contributes to improved strategic integration, employee commitment, flexibility and quality. He further asserts that HRM outcomes can lead to high job performance, high problem solving activity, high cost effectiveness, and low turnover, reduced absences and fewer grievances.

Similarly, Kozlowski and Klein (2000) offered an excellent analytical framework, which uses a multi-level approach to training. This model bridges the gap between theoretical models of training needs assessment, design, and evaluation, and the higher levels at which training must have an impact if it is to contribute to organizational effectiveness (Kozlowski and Salas 1997). The model focuses on training transfer. There are two types of training transfer

namely horizontal and vertical transfer. Horizontal transfer concentrates on traditional models of training effectiveness, while the vertical transfer examines the link between individual training outcomes and organizational outcomes. The vertical transfer processes are composition and compilation. Composition concentrates on individual contribution at the same content, while compilation focuses on individual contribution at the different or diverse content.

Thang, Quang and Buyens (2010) contend that similarities exist between the normative (hard and soft) models of HRM. According to these authors, training has been put on a set of HRM policies and it is considered as an important and vital policy for improving knowledge, skills, attitude and motivation of employees.

This review of theoretical models linking training to organizational performance suggests that it explicitly recognized that no organization can attain its goals or organizational strategy without employees that have the right knowledge, skills, abilities, behavior, and attitudes. Thus, training plays an important role in improving the quality of employees directly and affecting organizational performance through HR outcomes (Thang, Quang and Buyens, 2010)

2.1.4 T&D Contribution To Organizational Performance

T&D is one of the most important HRM functions, though criticized in terms of its relevance to the key business processes and outcomes. It is suggested that unless training is targeted at results that make a difference in measuring the significance to the organization, it will not be valued or valuable. However training would deliver great value if it could provide measurable results. Providing training effectiveness is so important not only for justifying its expenses but also to justify the reason for caring it out. The big task for many organizations is to make the T&D function affects the organizations corporate strategies. That depends on the ability to measure and demonstrate training benefits for organization`s success.

However, measuring the effectiveness that results from training is probably the most difficult and problematic task of all the training stages. It is described by Foxon(1986) as “ the art of the impossible! A survey carried out by Hum Res Management International Dgest indicates that only 35% of UK companies have measured the effectiveness of their education and T&D

programs (Tennnant et al, 2002). There are different reasons that make measuring T&D impact on organizational performance difficult. The benefits of training often arrive gradually over a long period of time. In addition, it is difficult to separate variables influencing an individual performance, in other words, there are many other organizational issues that could affect individual and organizational performance, such as reward, encouragement, performance management, motivation, recognition, leadership, organization culture and so on.

Moreover it is difficult to isolate the influence of other organizational activities on organizational performance from training intervention, which implies that training is not working in isolation from organizational activities, but working in harmony and in a contingent way. Training outcomes are normally difficult to quantify because, for most of the time training outcomes are about to change trainee`s behavior, attitudes, skills and knowledge which could not be measured easily (McCracken & Wallace, 2000; Reshadow, 2000). In this regard, Reshaw (2000) contends that other internal and external factors could positively or negatively influence the relationship between training and organizational performance. Other organizational activities includes such as, marketing, marketing forces, competitive activities, new technology, legislation, the economy, industrial actions, resistance to change. Reshaw(2000) suggests that to overcome the above problems, line managers should be involved in evaluating training effectiveness, organizations should not try to evaluate effectiveness of the organization as a whole , bur break the evaluating down into smaller workable fields.

Moreover, Yeo(2003)claims that it is difficult to measure the relationship between training and organizational performance because the cause and effect relationship are not necessarily straightforward and hardly ever clearly defined. He points out there is another thing which could determine or affect T&D and organizational performance relationship. It is phenomena known as “Myopia of Learning” which occurs when organizations tend to ignore the long run results ignore the larger picture and overlook failure (Levin Thal and March, 1993).

Training professional has been challenged to document or demonstrate the results of training using organizational performance impact measures, such as return on investment, change in productivity, customer satisfaction, and quality market share. In this regard , Muhlemeyer & Clark(1997) also argue that it is difficult to measure the correlation between the implementation of TD and the overall success of the organization, especially in the case where the organization`s

success is measured in financial terms, because there is a little evidence that training performance can improve the financial performance(Ashton & Fe & lsted, 1995). However, may studies show that the higher performance HRM practices used the better the performance that occurs in respect of productivity, skills flexibility, labor turnover and financial indicators (Guest 1996; Deancy and Huselid, 1996; MacDuf, 1995).

In measuring training contribution to organizational performance, Cameron (1986) also advanced a useful framework, Later modified by Bramley(1986) which suggested four main categories for organization performance resulting from training interventions.

1) Achieving goals

The most commonly used measurement of organizational effectiveness focuses on the extent to which targets/goals are met. These goals and targets could be sales achieved, units produced, profit generated and quality improvement. In successful organizations, there are sub-organizational processes that are designed to monitor and measure such activities. Therefore, it's easy to identify and agree the elements which training interventions are likely to bring. Here line managers and HRD staffs can already determine the other factors which could influence success, such as the effect of advertising and competitive activity.

2) Increasing Resourcefulness

The focus within this measurement in on activities designed to make organizations more effective. Comparison is made with other similar organizations or with the previous years. Criteria may include things such as; increasing employee's versatility or flexibility; increasing expertise; broadening the market base; increasing production capacity; improving production economy; increasing ability to respond. However, most of these achievements occur in the long term and it is difficult to isolate them from other functions interventions but by planning the assessment phase that could be easily made.

3) Satisfying the Customer

The emphasis within this measurement is on the extent to which an organization meets the expectations of its customers` needs and demands. Criteria could include such as accuracy of

customer order, efficiency or speed to respond to customer order or service on time deliveries, repeat business and customer compliant.

4) Improving Internal processes

Organizational effectiveness could be defined in terms of the effectiveness of its internal processes. So an effective organization is an organization which has a low level of internal strain and where everything runs smoothly. Evaluation could be based on hard data such as employee turnover, which could be assessed via positive elements such as team work, job satisfaction, motivation and commitment, and negative criteria such as absenteeism, grievance, industrial action and disciplinary actions. Improvement in internal processes resulting from training is difficult to assess but again, most organizations monitor this thing with prior planning and joint agreement.

2.2 Empirical Literature Review

Studies have sought to isolate whether high skills are contributory factor behind successful and higher performing firms (Tamkin, 2005). These studies have identified a significant association between a highly skilled workforce and organizational performance, most commonly measured by the level of labor productivity. For example, Haskel and Hawkes (2003) have shown that the top performers in UK manufacturing are hired workers with, on average, an extra qualification level compared to the lower performers. These studies also found that higher skill levels support innovation and more sophisticated production processes and were associated with the production of higher quality products (Penny, 2005). Haskel, Hawkes and Pereira (2003) showed that more productive UK firms hired more skilled workers. Their finding showed that skills were positively related to total factor productivity (TFP) and the skill gap between the top- and bottom-performing firms explained some 8% of the productivity gap. Similarly, Lynch and Black (1995) found in the US, that an extra year of education raised productivity by between 4.9 and 8.5% in the manufacturing sector and between 5.9 and 12.7% in the services sector. Other research has suggested that a more highly skilled workforce can bring other benefits such as enhancing company survival. Reid (2000) opined that a more skilled UK workforce was related to a greater commercial

orientation and strategic awareness and propensity to innovate and to retain competitive advantage.

An OECD study looked at innovation in UK SMEs and found that higher qualification levels of both managers and staff boosted innovation (Albaladejo and Romijn, 2001). Higher training expenditure per employee was also associated with higher technological complexity and originality. Perhaps, some of the most influential work in this area has focused on the investment in skills and training and the association between skills and productivity. A clear connection between higher skills and higher productivity has been identified particularly at the intermediate skills level. The studies found that the higher average levels of labor productivity in firms in continental Europe were closely related to the greater skills and knowledge of their workforces.

Within manufacturing firms, lower skills levels in the UK were found to have a negative effect directly on labor productivity and on the types of machinery chosen (Keep, Mayhew and Corney, 2002). There is evidence that skill levels are associated with innovation performance (Tamkin, 2005). Several studies have highlighted the performance benefits associated with increasing training activity, the type of training provided and the depth. Dearden and Van Reenen (2000) analyzed the impact of training on performance for a variety of measures including value added output, profits and wages for a group of British industries between 1983 and 1996. They found connections between more training and higher labor productivity across a number of sectors.

In essence, manufacturing firms undertaking training were found to be more productive, to have higher capital intensity, to conduct more research and development and have a more highly qualified workforce (Penny, 2005). A study in France (D'Arcimoles, 1997) found that the more training given, the better the economic performance.

Training was permanently and clearly associated with an increase in profitability and productivity. Raising the proportion of workers trained in an industry by 5% points (say, from the average of 10% to 15%) was associated with a 4% increase in value added per worker and a 1.6% increase in wages. They note that this level of increase has also been found by other researchers like Blundell *et al.* (1996) and Booth (1991). Collier *et al.* (2002) have found that

increasing investment in training reduces the chance of firm closure. For small firms it was the training of craft and manual workers that made the difference, for larger firms it was training of professional, clerical and secretarial employees. Others have found evidence on benefits from training in terms of motivation and attitude; Booth and Zoega (2000) suggested that training fosters a common firm culture and helps attract good quality workers; Green and Felstead *et al.* (2000) found that training had a downward impact on employee turnover.

Thus, with their perspective, there is recognition of the importance of having superior human resources. There is little doubt that organizations will need to invest heavily in their human resources in order to be competitive during the twenty- first century.

Management scholar Edward Lawler has described this investment requirement as follows: To be competitive, organizations in many industries must have highly skilled, knowledgeable workers. They must also have a relatively stable labor forces since employee turnover works directly against obtaining the kind of coordination and organizational learning that leads to fast response and high-quality products and services.

Contemporary management practices indicate that many leading companies have recognized the strategic importance of human resources and have adopted an investment perspective towards these resources.

2.3 Conceptual Framework

The following conceptual framework would be developed from reviewing different literature and articles.

Independent Variables

Dependent Variable

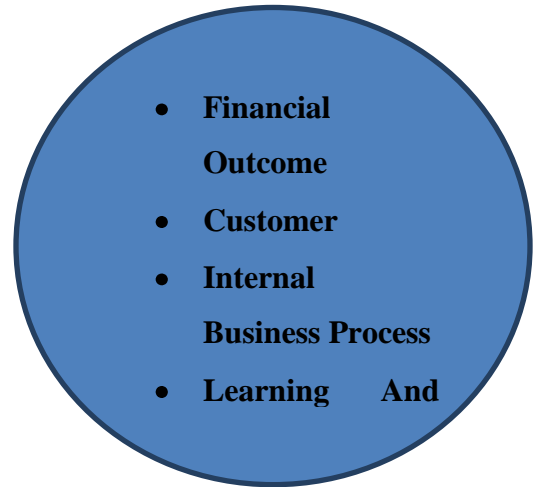
(Training and Development)

**Training Need
Assessment**

Training Evaluation



(Organizational Performance)



Source: Own Review

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter deals with methodology part of the study whereby research approach and method, the source of data, the population of the study, sampling technique and sample size, method of data collection, method of data analysis and research ethics are discussed.

3.1 Description of the study area

The study to be undertaken will be at the Commercial bank of Ethiopia, under West Addis Ababa District where branches from various grades will be targeted for investigation. This district was chosen for having three major advantages of the quality research outcome. First WAAD is the geographically the largest of all the districts, which enables to gain a more representative sample size. Second it is the second biggest profit generating district under CBE, which helps to investigate the relationship of T&D and organizational performance better. Finally, the researcher has better exposure and understanding than all other districts.

3.2 Research Design & Approach

Since, the main objective of this research is investigating the relationship of T&D and organizational performance of CBE under WAAD, the researcher deploys cross-sectional explanatory research design. In line with this design the researcher used quantitative approach. The purpose of using this approach is to evaluate objective data consisting of numbers with the aim of achieving high levels of reliability in terms of data analysis. A structured questionnaire was administered to all the target respondents. Quantitative research is based on attempts to apply the methods to facilitate data analysis. Its strength is that it provides data that are easily quantifiable and based on reasonably objective evidence that lends itself to rigorous analysis. Moreover, results can be reduced to numerical statistics and interpreted in short statements.

This research design is suitable for this study because it is an efficient way of collecting information from a selected number of respondents being targeted from a given population.

Cross-sectional studies involve data collection from a population, or a selected subset, at one specific point in time (Cooper & Schindler, 2006).

3.3. Population Of The Study, Sampling Method And Sample Size

3.3.1. Population Of The Study

According to CBE's human resource department 2017 data, the total size of the target population for the study is 1640 (N= 1640) employees, where there are one hundred seven (107) branches under WAAD, with varying levels of grade depending on their performance – grade four, grade three, and grade two.

Due to convenience, time constraint and budget constraint the researcher used sampling survey and selected fifteen (15) branches from all the three grades so as to keep representation of the total population in order to a miniature cross-section.

3.3.2. Sampling Method

For the purpose of this study proportionate stratified simple random sampling method was deployed. This is because it enabled the researcher stratifying branches based on their grade level, and proportionate numbers of employees from each branch were selected randomly. Simple random sampling has been preferred as it gives equal chance for the representatives of the population. Furthermore, the respondents are similar in characteristics and there is homogeneity among the respondents.

3.3.3. Sample Size

Among the different methods of the sample size determination, the one which developed by Carvalh (1984) will be used by the researcher to determine the number of respondents to be include in the study for employees. Accordingly, to have as good representative as possible, the researcher will use high sample size.

Table 3.1 Carvalh sample size determination

Population	Low	Medium	High
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50

281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
35001-45000	200	500	800

Source: Carvalh 1984

Note: Given the total population of WAAD, 1640, the researcher will select 125 respondents based on Carvalh`s sample determination table.

Table 3.2 Sample unit taken from each Branch

Branch grade	Total population	Sample	Proportion
Grade 4	270	21	16%
Grade 3	132	10	8%
Grade 2	1238	94	76%
Total	1640	125	100

Source: CBE HR WAAD,2017

3.4. Data Sources & Type And Instrumentation

3.4.1 Data Sources & Type

The methodologies used and their justification for conducting the research is primary and secondary sources of data and can be examined as follows.

A primary source of data was chosen because there was the need to obtain information unbiased and original data at first hand from the selected respondents to ensure objectivity with the data analysis within CBE, under WAAD. Also, secondary source of data was selected to obtain information for literature review of the research work which consists of mainly published text books, training and development publications and other human resource publications.

A structured questionnaire for the respondents was prepared for data collection. The questionnaires to the respondents were distributed by the researcher at the respective HRD and branch offices. In addition to this the researcher analyzed the organization's annual report for the last five years.

3.4.2 Data Collection Instrument

In business research, the most common method of generating primary data is the survey. A survey method involves studies that are normally quantitative and endeavor to provide a broad overview (Mouton, 2001). In other words, a survey design provides a quantitative or numerical explanation of trends, attitudes or views of a population, by studying a sample of that population (Creswell, 2009).

Data for this study was obtained from primary sources. The primary data were collected through the use of a structured questionnaire. The questionnaire was adopted from A. Eshikhati (2014) and A. Badenhorst (2013) with some modification. The data collected were qualitative in nature; a five point Likert scale was used.

The data collection method was questionnaires. Questionnaires are preferred since they are easy to analyze and save time in data collection (Oso and Onen, 2011). The questionnaires were self-administered by the researcher through drop and pick techniques. It also has an advantage over other types of surveys because it often has standardized answers that make it simple to compile the questions. Moreover, questionnaire permits a respondent a sufficient amount of time to consider answers before responding.

For this study, the researcher used a structured close ended pre coded questionnaire for CSOs, SCSOs and for a concerned body, HRD to collect data. A structured question format allows for the use of closed questions that require the respondent to choose from a predetermined set of responses or scale points. It is subdivided into four sections; the first part sought general information about the employee respondent. The second part focused on assessing the T&D practices adopted by the company. The third part contained questions aimed at determining the relationship between T&D and organizational performance and the last part focused on factors affecting T&D effectiveness. (See Appendix). Thus, before data collection, the researcher had

obtained authorization letter from the university that is used to gain access to the company under consideration.

3.5 Data Collection Procedure

Upon receipt of an official support letter from Addis Ababa University School of Commerce, the researcher presented it to the concerned staffs who are working for the selected branches of Commercial Bank of Ethiopia in West Addis Ababa district. Subsequent appointments were secured with the concerned authorities to get permission to administer the questionnaire to selected employees. Once gaining the approval from the authorities, the researcher distributed the questionnaire with a covering letter to the respondent staff and collected the filled out questionnaire after 10 – 15 days.

3.6. Validity And Reliability.

As lack of reliability is a serious drawback of an outcome measure as it indicates errors in measurements (Pellissier, 2007), Cronbach's Alpha reliability analysis was conducted in order to determine the reliability of the instrument used. Reliability is inversely proportional to a random error (Pellissier, 2007).

To test the validity and reliability of the research instruments, a pilot test was conducted. According to Mugenda and Mugenda (2003), the number involved in the pilot test should not be large. A pretest sample of between 1% and 10 % is good depending on the sample size. In this study, a total of 10 questionnaires were distributed using systematic random sampling and collected afterwards for analysis. Based on pilot test results some modifications were made with the questionnaires to increase understandability which increase response rate.

The questionnaires were coded in SPSS version 21 and Cronbach's Alpha was computed and compared with the threshold value of 0.7 an overall value of 0.909 was obtained which implied that the research instruments were reliable.

Table 3.3 Cronbach's Alpha statistics for the survey questioner

Reliability statistics for the survey questions		
Measures	Cronbach's Alpha value	No. of items
T&D practice	.836	6
Organizational performance	.892	8
Factors affecting T&D effectiveness	.856	7
All measurement items	.909	21

As indicated in table 3.1 above the Cronbach's Alpha test reveals that the instrument's internal consistency as 91% which is well above the acceptable value (i.e 70%). Therefore, the research instrument is reliable and the forthcoming findings & conclusions are acceptable

Validity is concerned with whether the findings are really about what they appear to be about (Anol 2012). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Anol,2012).

Therefore, to come up with a valid conclusion, the researcher had developed an appropriate research design aligned to the identified research problems, the research questions posed and the objective to be achieved.

- Numbers of different steps were taken to ensure the validity of the study: The data was collected from the reliable sources, from the company who adopt training practice (TNA & Training evaluation).
- The survey questionnaire were standardized and used by previous researchers.

3.7 Analysis Of Data

The research hypothesis is a sensitive and complex one and establishing viable results would demand varied but effective analytical tools.

The questionnaires were first checked for accuracy, consistency and completeness. Thereafter, the data was edited, coded, classified and tabulated for ease of interpretation and further analysis.

This researcher used both descriptive and inferential analysis. Frequencies and percentages were used to analyze background data on employees, and means were also used to achieve the first and the second objectives of the research while correlation analysis was used to determine the relationship between the independent variable (T&D practice) and dependent variable (organizational performance). The findings of this study were presented using tables. Every table were be accompanied by result interpretation. The data analysis were done using current and available SPSS version 21 software package.

3.8 Ethical Considerations

The research undertaken is harmless and in line with the common good. Besides, it maintains the private information of the individuals who participated in the study.

Consequently, ethical considerations identified in connection with this study included the need to provide information about the purpose and confidentiality of the data collected, the protection of the anonymity of the respondent and their free participation, including the right to withdraw their consent to participate. The completed questionnaire will never be shared by the researcher with anybody within or outside the organization. Confidentiality and anonymity is reinforcing by the fact that the results are always presented – whether in these thesis or when discussing them with anybody in a collective manner.

This chapter has presented a description of the methodology used in this study. It has covered the choices and motivations regarding research design, population and sampling techniques, instruments of data collection, methods of data analysis, validity and reliability of the research and research ethics.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents an analysis of data collected and discusses the findings on the relationship between T&D practices and organizational performance in the case of CBE,WAAD.

4.2 Overall Response Rate

The survey was conducted in 10-15 days' time. From the total 125 questionnaires distributed 114 were returned from which 6 were not correctly filled and rejected. Therefore, 108 were effectively used for analysis that shows response rate of 87%. Table below shows the overall response rate.

Table 4.2 Overall Response Rate

Sample	Number	Percent
Number of questionnaires distributed	125	100%
Returned questionnaires	114	91%
Incomplete questionnaires	6	6%
Total usable questionnaires	108	87

Source: Survey Result

4.3 Demographic Information Of The Respondents.

Table, below shows the general characteristics of the respondents of current position, age, gender, qualification and service year in the organization. The data collected from the respondents was analyzed as follows.

Table 4.3.1 Employee's Current position

Measurement	Frequency	Percent
CSO/Maker	49	45

CSO/ Checker	38	35
SCSO/Accounts	11	11
SCSO/ Audit	6	5
SCSO/ Chief Cashier	4	4
Total	108	100
Employee age		
21-25 Years	75	69
26-35 Years	23	21
36-45 Years	6	6
46- 55 Years	3	3
56 Years and above	1	1
Total	108	100
Employee gender		
Male	76	70
Female	32	30
Total	108	100
Employee Qualification		
Diploma	2	2
First Degree	101	94
Masters	5	4
Above Masters	-	-
Total	108	100
Employee Service Year		
1-5 Years	95	88
6-10 Years	7	6
11-15 Years	3	3
16- 20 Years	-	
21 Years and Above	3	3

Total	108	100
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Source: own questioner

As shown in the above table, 49(45%) of employees are CSO/maker,38(35%) of respondents are CSO/checker, 11(11%) of respondents are CSO accounts, 6(5%) of respondents are CSO/auditor and 4(4%) were SCSO/ Chief Cashier. This indicates that the research comprises the majority (CSO/maker and CSO/checker) which are very important positions inthe service delivering process of the bank.

As shown in table 4.3.1, 75(69%) of employees are between 21-25 years,23(21%) of respondents are between 26-35 years, 6(6%) respondents arebetween 36-45 years, 3(3%)respondents are between 46-55 years and 1(1%) respondents are 56 Years and above years. The data shows majority of the respondents are young andyounger employees are demanding more training, since they are on the early path of the carrier, Meadows (2003).

As shown table 4.3.176(70%) of respondents are maleand 32(30%) of the respondents are female. The data shows majority of the respondents are male.

As shown in the above table 4.3.4, 2(2%) of respondents are diploma graduates,101(94%) of respondents are degree graduates and 5(4%) of respondents aremasters graduates. This implies that respondents were professional and had at leastdiploma.

As shown in the above table 4.3.1, 95(88%) of currentemployee respondents had served between 1-5 years, 7(6%) of respondents had served from 6-10 years,3(3%) of respondents had served from 16-2 and above 21 years, each. This implies that majority of the respondents had served less than 5 years. From this it is possible to generalize that majority of employees who are engaged on the service delivery of the bankdemand training.

4.4 AnalysisOf Findings

The statistics used to summarize the basic features of data setsis through measures of central tendency and dispersion. It allows the researcher to describe variables numerically (Saunders et al., 2001). Frequency, percentage and meanswere the descriptive statistics tools used for analyzing the first and second objectives of the study.

4.4.1 Extent Of T&D Practice Efficiency

The study sought to establish the extent of T&D practices implementation efficiency in CBE, WAAD. Respondents were requested to state the extent of adoption of indicators of elements of T&D practices where TNA and training evaluations are the concern. A 5-point Likert scale was used to rate the extent of adoption of the elements of these indicators whereby 1 was accorded to 'never', 2 to 'rarely', 3 to 'sometimes', 4 to 'mostly' and 5 to 'always'

This section, relating to section B of the questionnaire, presents and analyses the collected data regarding how effectively T&D practices are, specifically how TNA and training evaluation are conducted in CBE, WAAD. Therefore, two parts are included: the training needs assessment (TNA) and training evaluation, elements.

Walton (1999) in his "why training lacks efficiency" literature explains: some organizations do not analyze T&D needs properly and evaluate the training program outcomes. It is an ignored element or they just get focused on the implementation element, alone. Similarly, Armstrong (2003) argues that T&D will fail to obtain its objectives and affect organizational performance if it is based on a piecemeal basis and is used in isolation, instead of applying the systematic approach.

4.1.1.1 Training Need Assessment (TNA)

This part of the analysis is concerned with part I of section B in the questionnaire, which is related to how often the bank conducts TNA, the way training need is determined and indicators to assess training needs for which training is provided to the employees.

Basically, training needs analysis answers the questions of which people need training and what kinds of training they need. This, therefore, includes when shall organizations assess training needs to ensure whether there is a specific skill or knowledge gap, who needs what specific skills & knowledge to perform his/ her job well and how it should be done (Stone (2002) and Latham and Wexley (1991)).

Table 4.4.1.1: Training Need Assessment (TNA) practices

Item	Measurement	Level of Agreement					Mean Value	SD		
			N	R	S	M			A	
1	How often does your bank conduct TNA?	F	56	17	17	16	2	1.69	0.691	
		%	51%	16%	16%	15%	2%			
2	TNA indicators									
	Poor performance	F	9	10	10	56	24	3.18	0.860	
		%	8%	9%	9%	52%	22%			
	Lack of knowledge	F		19	3	73	12	3.41	0.813	
		%	-	18%	3%	68%	11%			
	New work tool	F	-	-	19	19	70	3.82	1.041	
		%	-	-	18%	18%	64%			
	Poor service quality	F	21	42	14	11	42	2.08	0.703	
		%	19%	39%	13%	10%	39%			
	Low profitability	F	3	57	42	5	-	1.99	0.684	
		%	3%	53%	39%	5%	-			
	High turnover/absenteeism	F	8	58	6	35	1	2.40	0.722	
		%	7%	54%	6%	32%	1%			
	3	TNA conducted in your bank								
Questionnaire		F	6	9	16	13	64	3.13	0.859	
		%	6%	8%	15%	12%	59%			
Face to face interview with supervisor		F	12	9	68	18	1	3.09	0.809	
		%	11%	8%	63%	17%	1%			
Through specialist training committee		F	14	31	23	35	5	1.46	0.619	
		%	13%	29%	21%	32%	5%			
Performance appraisal results		F	12	41	24	21	12	1.82	0.673	
		%	11%	38%	22%	19%	11%			

Source: Questionnaire

Note: A = Never, R= Rarely, S = Sometimes, M = Mostly, and A= Always..

For the sake of simplicity Always and Mostly were merged together to regularly conduct and Never and Rarely were merged together Rarely conduct so that to test the mean value of the output.

Table 4.4.1.1-I: TNA practice category of mean value

Response	Mean value
Rarely	1.00-2.50
Sometimes	2.51-3.00
Regularly	3.01-5.00

Source: own survey

1. Conducting TNA

For T&D to be effective, TNA should be conducted at a variety of times and should be flexible to include any urgent need. Moreover, Table 4.4.1 and 4.4.1-I shows about 7% of the participant said that their organizations conduct TNA regularly. Similarly, 16% of the participants asserted that their organizations conduct TNA sometimes and, 77% of the participants revealed that their organizations rarely conduct TNA. The mean value of the output is 1.69 and it is close to rarely conduct. Therefore, it's possible to conclude that there is poor conduction of TNA. This seems consistent with Stone (2002) argument training needs assessment is the most neglected process of the whole training process that HR staffs see it as a privilege to conduct or not.

2. TNA Indicators

Table 4.4.1 and 4.4.1-I shows that introduction of new work tools (82%), lack of knowledge (79%) and poor performance (74%) representing with mean value of 3.82, 3.41 and 3.18 respectively, were regarded as the regularly used indicators taken into account when assessing training needs. Whereas low profitability (56%), high turnover/absenteeism (61%) and poor service quality (58%), were said to be used rarely as indicated in the mean output 1.99, 2.40 and 2.08, respectively. This, therefore, indicates that in CBE, TNA will be, mainly, undertaken when there is an introduction of new work tools, lack of knowledge and poor performance.

3. TNA Methods or Approach

Table 4.4.1 and 4.4.1-I shows that as the output of the mean indicated questionnaire 77(71%) is the most popular and regularly (always) used method of conducting TNA followed by face to face interview with supervisors 68(63%) which is mostly used method. Performance appraisal information 53(63%) & TNA determination through a specialist training committee 45(49%) were regarded as rarely used methods of conducting TNA discovered to be used rarely. Therefore, using the mean output it can be generalized questionnaire (3.13) is the most regularly used method of conducting TNA.

In essence, it can be generalized, there exist poorly conducted TNA in CBE, where questionnaire is a mainly method of conducting it. Thus TNA is rarely conducted when there is low profitability, high turnover/absenteeism & poor service quality whereas when an introduction of new work tools or lack of knowledge or poor performance is experienced the bank conduct TNA.

4.1.1.2 Training Evaluation.

This part of the analysis is related to part II of section B in the questionnaire, which is the evaluation stage. To understand how this stage is conducted questions were asked in the questionnaire. Thus, this part includes, determining whether or not training evaluation is made or not, analysis of the importance of the evaluation and the evaluation outcomes.

Table 4.4.1.2: Training Evaluation Practices

Item	Measurement	Level of Agreement					Mean Value		
			N	R	S	M			A
1	Training evaluation	F	46	18	35	4	46	2.39	0.722
		%	43%	16%	32%	4%	43%		
2	Importance of evaluating T&D	F	-	5	40	18	45	3.92	0.935
		%	-	5%	37%	16%	47%		
3	Evaluation outcome for further improvement	F	39	58	3	7	1	1.83	0.672
		%	36%	54%	3%	6%	1%		

Source: Questionnaire

Note: A = Never, R= Rarely, S = Sometimes, M = Mostly, and A= Always.

For the sake of simplicity Always and Mostly were merged together to regularly conduct and Never and Rarely were merged together Rarely conduct so that to test the mean value of the output..

Table 4.4.1.2 -I : Training Evaluation Practice category of mean value

Response	Mean value
Rarely	1.00-2.50
Sometimes	2.51-3.00
Always	3.01-5.00

Source: own survey

As organizations are spending more and more on training, evaluating the effectiveness of these programs has become critical. It is argued that, although training evaluation is a very important phase for a successful T&D program, this phase is the most neglected one, resulting from different reasons/ factors. Thus, the data would be misunderstood, misused and misinterpreted (Beardwell and Holden, 1994; Houlton, 1996; Combs And Falletta, 2000).

1. Training Evaluation

Evaluating the effectiveness of T&D programs is the hardest and most critical stage in the training cycle. It requires specific tools, models, methods and financial resources. Table 4.4.2 and 4.4.2b shows that almost 9(9%) of the participants said T&D programs are evaluated on a regular basis. Whereas 35(32%) of the participant said T&D programs are evaluate sometimes. Even though, 64(59%) of the respondent reveals that the bank has never evaluated its T&D practices. The mean value of the output is 2.39 and it is close to rarely. From this it can be generalized that the bank poorly evaluate its T&D practices which proves (Beardwell and Holden, 1994; Houlton, 1996; Combs And Falletta, 2000) statement training evaluation is the most neglected one, and similarly Mann (1996) argument`s, despite heavy investment in training, organizations can frequently fail to evaluate adequately the value or success of their training programs.

2. Evaluation importance

The evaluation stage is the most critical one in the training process cycle; it reflects the ways by which the effectiveness of T&D programs will be judged or assessed. Therefore, it is unsurprising that Table 4.4.2 and 4.4.2b-I revealed that 63(58%) of the participants asserted that training evaluation is a very important element and 40(37%) of the participants affirmed it as a relatively important stage where as 5(5%) regard it as somehow important. The mean value of the output is 3.92 and it is close to always. Therefore, it can be concluded that majority of participant views T&D as always important element. This complies with Hesseling (1966) it could be argued that evaluating training effectiveness is the starting point when talking about T&D benefits and contributions in any organization. Training is a tool used to change people's behavior, while evaluating training effectiveness is centered on measuring that change.

3. Evaluation Outcomes for further improvement

Table 4.4.2 and 4.4.2b show that 8(7%) of the participants asserted that their organizations always viewed training evaluation outcomes for further improvement and 3(3%) of the participants said that their organizations sometimes consider evaluation outcome for further improvements. However 97(90%) of the participant affirmed that evaluation outcomes are never used for further improvement. The mean value of the output is 1.83 and it is close to rarely. From this it can be concluded that evaluation outcomes are never used for further improvement. Therefore, if the data has never been used for further improvement, it conforms what has been indicated by (Beardwell and Holden, 1994; Houlton, 1996; Combs And Falletta, 2000) the data (evaluation outcome) would be misused and misinterpreted. .

4.4.2 Factors Affecting The Effectiveness Of T&D

The respondents were asked to indicate the extent to which their organizations experience factors that would likely affect the T&D practices` effectiveness. Even though there are many other factors, not included at this study, discussed by many different scholars, as per the pilot test made to refine the questionnaire, earlier, the researcher has redesigned it as the under mentioned factors were identified influential than others. Therefore, these influential factors are: integration of T&D policies with the business objective, top management support and commitment for T&D implementation and evaluation, line management's commitment and involvement, cooperation & coordination between the various departments and the T&D division,

environmental scanning, the role of trainer`s and evaluating T&D outcomes has taken in to account for the case undertaken. Therefore, using a 5-point Likert scale respondent`s rate of response is used to rate the extent to which affection has been experienced by each factors.

Table 4.4.2 : Factors affecting the effectiveness of T&D

I t e m	Measurement	Level of Agreement					Mean Valu e	SD	
			NA	SE	ME	GE			VGE
1	Integration of T&D policies and plans with an organization`s business strategy and Objectives	F	-	10	30	8	60	3.64	0.859
		%	-	9%	28%	7%	56%		
2	Top management support and commitment for T&D implementation and evaluation	F	-	30	10	58	16	3.62	0.818
		%	-	28%	9%	54%	9%		
3	Line management commitment and involvement	F	16	20	23	9	40	2.89	0.801
		%	15%	18%	21%	9%	37%		
4	Co-operation and co-ordination between the various departments and the T&D department /division.	F	40	10	32	8	18	2.18	0.761
		%	37%	9%	3%	7%	17%		
5	Environmental Scanning(Internal and external)	F	-	8	40	20	40	2.74	0.794
		%	-	7%	37%	19%	37%		
6	Role of trainer`s	F	40	10	30	8	20	2.09	0.703
		%	37%	9%	28%	7%	19%		
7	Evaluate training and development outcome	F	9	-	32	27	40	3.60	0.860
		%	9%	-	30%	25%	37%		

Source: Questionnaire

Note: NA = Not at all, SE= Small Extent, ME = Medium Extent, GE = Great Extent, and VGE = Very Great Extent.

For the sake of simplicity Very Great Extent and Great Extent were merged together to Great Extent and Not at all and Small Extent were merged together to Small Extent so that to test the mean value of the output.

Table 4.4.2- IFactors affecting the effectiveness of T&Dcategory of mean value

Response	Mean value
Small Extent	1.00-2.50
Medium Extent	2.51-3.00
Great Extent	3.01-5.00

Source: own survey

In order to be effective from the training program, offered by the organizations for their employees, T&D should play a strategic, proactive and influencing role, rather than just simply an implementing and reactive role. Consequently, organizations should identify and works proactively against factors which relates to the main organizational factors influencing T&D effectiveness, with their own importance, integration and interrelation, (Walton, 1999; Stone, 2002)

Thus, the above table 4.4.2 and 4.4.2-Irevels CBE has experienced these factors as influencing it's T&D effectiveness, although with differing magnitude. Integration of T&D policies and plans with an organization's business strategy and Objectives, Evaluating training and development outcome and Top management support and commitment for T&D implementation & evaluation greatly affect the T&D effectiveness in CBE with mean value 3.62, 3.63 and 3.60, respectively. On the other hand, Environmental Scanning (Internal and external) and Line management commitment & involvement had moderately affect the T&D effectiveness with mean value of 2.89 and 2.74 respectively. Finally, Co-operation and co-ordination between the various departments & the T&D department /division and the role of trainers is found to have a small affecting role in the effectiveness of T&D practices in CBE, WAAD, with mean value of 2.18 and 2.09 respectively. Therefore, it can be generalized that there are three major factors affecting the T&D effectiveness in CBE. These are

- Lack of integration of T&D policies and plans with an organization's business strategy and Objectives. This phenomena is similar with 'Myopia of learning' of Yeo(2003), which occurs when organizations tend to ignore the long run results, ignore the larger picture and overlook failure. (Levinthal and March, 1993), training is in misalignment

with the organization's corporate strategies and policies. If training is focused on one restricted area of the organization it will not influence the organization's outcomes. So, when design

- Lack of Evaluating T&D outcome. This proves (Burrow and Berardinelli, 2003).it is not easy to measure the direct relationships between training interventions and the organizational performance outcome (quality, customer satisfaction, ROI, and market share).
- Lack of Top management support and commitment for T&D implementation & evaluation greatly affect the T&D effectiveness. This phenomenon complies with Hussey (1985) in order to overcome any potential problem in assessing training effectiveness and get top management support and involvement, T&D objectives need to be determined by top management, line managers and HRD staff. He argues that top management should review training objectives whenever a switch in strategy is planned. Latham and Wexley (1991) also stress that T&D objectives should be customized to the people who will participate in the training events, based on their needs assessment.

4.5 Correlation Analysis

In order to facilitate the analysis of the third objective of the study, i.e. the relationship between T&D practices and organizational performance of CBE, respondents were requested to score for indicators of organizational performance (financial , customer, internal business process and learning & growth performance) which are experienced due to adopting T&D practice (Training Need Assessment and Training evaluation).

The researcher tried to accomplish this goal, the relationship analysis, of the study by deploying an inferential analysis through applying Pearson correlation analysis. It is the most widely used methods of measuring the strength and direction of relationship between and among variables.

4.5.1 Relationship Between T&D Practices And Organizational Performance

It is argued that the role of T&D activities in the Balanced Scorecard is demonstrated through customers, internal processes and learning and growth perspectives. In this regard, Rogers and

Wright (1998) argue that the Balanced Scorecard has been advocated as a way for T&D to demonstrate its impact on organizational performance. The Balanced Scorecard literature indicates that learning and growth areas enable the internal business process (innovation) which will, in turn, allow the achievement of specific customer objectives and, finally, affect the financial results. In this regard, Kaplan and Norton (2000) stress that, in order to get superior customer satisfaction and successful internal processes, in addition to the ability to compete globally, the fourth perspective of Balanced Scorecard, 'learning and growth' perspective, should continually improve the organization's capabilities for delivering value to customers and shareholders. Thus, organizations should invest more in reskilling employees or, in other words, in T&D, enhancing information technology and systems and aligning organizational procedures and routines. These objectives are articulated in the learning and growth perspective.

Therefore, in order to test this empirically, in CBE- WAAD, Pearson Correlation analysis was used to determine the relationship between independent variables (Training Need Assessment and Training Evaluation) and dependent variable organizational performance. Accordingly, the Pearson Correlation results range between 1 (perfectly linear positive correlation) to -1 (perfectly linear negative correlation). When the correlation value is 0, no relationship exist between the variables under study and when the correlation value lies in the middle between 1 & -1 (excluding 0) the below interpretation guide (table 4.1b) developed by Field, 2005 becomes handy. Accordingly, this guide has been used to interpret the result which is summarized in the coming sections.

Table 4.5. Correlation result interpretation guide

Correlation value in range	Interpretation
0.10 - 0.29	Small correlation
0.3 – 0.49	Medium correlation
0.5 – 1	Strong correlation

Source: Field, A. (2005)

Table 4.5.1 Correlation between T&D practice and organizational performance

		Organizational Performance
TNA	Pearson Correlation	.695**
	Sig. (2 tailed)	.000
	N	108
T. Evaluation	Pearson Correlation	.820**
	Sig. (2 tailed)	.000
	N	108
Organizational Performance	Pearson Correlation	1
	Sig. (2 tailed)	
	N	108

***Correlation is significant at the 0.01(2 tailed)*

Source: SPSS Output

As can be witnessed on table 4.5.1 above, which depicts the relationship between T&D practice (Training Need Assessment and Training valuation) and organizational performance, all Training Need Assessment and Training valuation are found to have significant correlation with organizational performance since two-tailed significance test values are less than 0.01. Further, the Pearson correlation value illustrates that TNA ($r=.695$) and Training evaluation ($r=.820$) have strong positive correlation with organizational performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, an attempt is made to give a summary of the research findings, conclusions, recommendation and suggestion for further research. The main purpose of this study was to determine if there exists a relationship between T&D practices and the organizational performance of CBE. Data for analysis was obtained by use of questionnaires adopted from Ikhlas Ibrahim (2014) and A. Badenhorst (2013) with some modification. Information obtained was analyzed quantitatively with the aid of statistical package for social sciences (SPSS) version 21 computer software.

5.2 Summary

From data analysis in chapter four, the study summarized the major research findings as follows where a 5-point Likert scale was used to rate the extent of adoption of these elements.

5.2.1 Extent Of T&D Practice Efficiency

The need to evaluate the effectiveness of training programs is as important as determining the need for training and the best program that fits such needs, according to (Donald Kirkpatrick 1998).

Therefore, the study sought to establish the extent of T&D practices implementation efficiency in CBE, WAAD. Respondents were requested to state the extent of adoption of elements of T&D practices, where TNA and training evaluations were the concern. As a result, the findings revealed

- TNA is rarely (77%) conducted and only (9%) training evaluation is made regularly. Furthermore, while conducting TNA, it is mainly, conducted when there is an introduction of new work tools (82%), lack of knowledge (79%) or poor performance is

experienced(74%) whereas, low profitability(56%), high turnover/absenteeism(61%) and poor service quality(58%), were rarely used indicators to assess TNA. Thus, questionnaire(71%) is the regularly used approach followed by face to face interview with supervisors(63%) which is mostly used method and performance appraisal information(49%) & TNA determination through a specialist training committee(42%) were regarded as rarely used approaches.

- Regarding training evaluation 64(59%) of the respondent reveals that the bank has never evaluated its T&D practices, 35(32%) sometimes evaluated and 9(9%) the participants said T&D programs are evaluated on a regular basis. Even though, 63(58%) of the respondent asserted it as important element, 40(37%) relatively important and 5(5%) regard it as somehow important.. Regarding evaluation outcomes, it is found 97(90%) evaluation outcomes are never used for further improvement, 8(7%) always and 3(3%) sometimes training evaluation outcomes are used for further improvement.

5.2.2 Factors Affecting T&D Effectiveness

Once the researched has go through the T&D practices implementation effectiveness, among the various factors that affect the T&D effectiveness, as per the pilot test made earlier, the researcher has recognized and identified these six factors as an influential than others.

- . Integration of T&D policies with the business objective(63%) and top management support and commitment for T&D implementation and evaluation (62%) are found to have great influence whereas line management's commitment and involvement (49%), and environmental scanning (57%) are identified as having medium influence. Finally, cooperation & coordination between the various departments and the T&D division (46%) and the role of trainer's(46%) are regarded as having smaller influence on the effectiveness T&D practices, in CBE.

5.2.3 Relationship Between T&D Practices And Organizational Performance

Pearson correlation analyses were used to investigate the relationship between T&D practices and organizational performance of CBE. The data obtained from the respondents indicating the extent of adoption of T&D practices are correlated with elements of organizational performance.

The correlation analysis which were found to be significant showed that both T&D practice (TNA $r=.695$ & Training Evaluation $r=.820$) have strong correlation with organizational performance. Further, both T&D practice have significant strong positive correlation with all organizational performance elements under BSC, i.e. financial performance, customer performance, internal business performance and learning & growth performance.

5.3 Conclusion

From the foregoing discussion it can be concluded that CBE had adopted T&D practices to perceivable levels. However, there exist considerable levels of inefficiency in its TNA and Training evaluation elements (poor training need assessment and training outcome evaluation), where integration of T&D policies with the business objective, top management support and commitment for T&D implementation and evaluation are found to have great influence over the T&D practices efficiency.

According to the Pearson correlation analysis, these T&D practices (TNA & Training Evaluation) tended to have strong positive relationship with financial performance, customer performance, internal business process performance and overall organizational performance. This confirms what many studies indicated. the higher quality T&D practices used, the better the performance that occurs in respect of productivity, skills flexibility, labor turnover and financial indicators (Guest, 1997; Delaney and Huselid, 1996; MacDuff, 1995). T&D has become an important means to improve organizational performance and effectiveness through a critical feature related to productivity, product development, market share and sales growth (Koch and McGrath, 1996; Kallenberg and Moody, 1994). Similarly, other studies, Horwitz (1999) contends that T&D contributes to the organization's performance, success and competitiveness through providing the capacity to enhance individual abilities and competencies as necessary requirements for effective organizational performance.

5.4 Recommendations

- In order to tackle the main problems and challenges of the T&D and achieve effectiveness, the TNA and training evaluations needs to be a systematically linked and

derived from the overall organizational strategies, plans and policies, rather than being piecemeal, standalone activities, designed to react to the current organizational conditions.

- In order to come up with effective T&D practices, specifically in TNA and Training evaluation practices of the bank, these activities should be taken seriously as a necessary rather than a prestige activity and/or a cost to be minimized and T&D staff need to be responsible and able to convince the organizations' people of the strategic importance of every T&D activities for the overall organizational success.
- Since, it is hard to connect training interventions to the organization's performance measurements directly; these measurements need to be revised, refined and resized to document the impact of planned learning (T&D) on organizational performance.
- For a systematic accurate TNA process, there is a need to link T&D with a promotion, reward and punishment system, so that the output will be as strong as feasible.
- Involving employees in training evaluation activities and taking inputs for future similar activities and documenting best practices to scale up in similar settings, will help the bank to take the evaluation outcomes for further improvement.

5.5 Limitation Of The Study

- This study is believed to have certain constraint. Primarily, it is worth keeping in mind that the sample of the study was limited to one district, WAAD, where there may exist minor difference in practices.. There should be caution taken when making generalization of the study
- Self-reported data is going to be a major limitation of the study, because it rarely can be independently verified that the researcher is going to take what the respondent said at face value

5.6 Suggestion For Further Research

Further studies should be conducted on the key determinants and drivers of every element of the whole T&D process. Similarly further study should be conducted on the strategic position of T&D and organizational performance.

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APPENDIX

Questionnaire

Addis Ababa University School of Commerce

Graduate Study for Masters of Art in Human Resource Management

Dear respondents: -

This questionnaire is designed for preparing a thesis on The Relationship of Training & Development Practices and Organizational Performance in the case of Commercial Bank of Ethiopia. The outcome of the study will be used in order to suggest possible solutions for problems identified while conducting the study. I would like to, kindly, request you to spend some time to fill the questionnaire as frankly and reasonably as possible. Your participation in this survey is highly appreciated. I confirm that, the information you provide will be consumed for academic purpose only and will be kept confidential.

Instructions on the completion of this questionnaire will follow before each section. The questionnaire is designed to make completion as easy and quick as possible. Most of the questions can be answered by simply put a circle (O) mark.

Thank you for your co-operation!

Instruction

- 1 Please circle "O" one of the correct answers
- 2 Answer all questions.

Section A: Demographic factors

1. Branch name -----

2. Your current position

CSO/make SO/checker CSO/Accounts SCSO/Auditor SCSO/Cashier

3. Age

21-25Years 26-35 Years 36-45 Years 46-55Years Above56 Years

4. Gender Male female

5. Qualification

Diploma First Degree Masters Above Masters

6. Service year

1-5 years 6-10 years 11-15 years 16-20 years 21 and above

SECTION B: TRAINING AND DEVELOPMENT PRACTICES

Indicate the extent to which your bank has implemented the following T&D practices. There are five options to answer.

N	R	S	M	A
Never	Rarely	Sometimes	Mostly	Always

Please put check mark circle "O" on the box provided that reflect your idea

I	Training Need Assessment (TNA)	N	R	S	M	A
1	How often does your bank conduct TNA?	1	2	3	4	5
2	Indicators to asses training needs in your bank					

	Poor performance	1	2	3	4	5
	Lack of knowledge	1	2	3	4	5
	New working methods	1	2	3	4	5
	Poor service quality	1	2	3	4	5
	Low profitability	1	2	3	4	5
	High turnover/ absenteeism	1	2	3	4	5
3	How is formal TNA conducted in your bank					
	Questionnaire	1	2	3	4	5
	Face to face interview with supervisors	1	2	3	4	5
	Through specialist training committee	1	2	3	4	5
	Performance appraisal results	1	2	3	4	5
II	Training Evaluation					
4	Does your bank evaluate T&D programs?	1	2	3	4	5
5	How important is evaluating T&D programs?	1	2	3	4	5
6	Are evaluation outcomes used for further improvement?	1	2	3	4	5

SECTION C

In your opinion, to what extent does your organization experience the following factors influencing T&D effectiveness? There are five options to answer

NA	SE	ME	GX	VGE
Not at all	Small Extent	Moderate Extent	Great Extent	Very Great Extent

Please put circle mark "O" on the box provided that reflects your idea.

	Factors affecting T&D	N A	SE	ME	GE	VG E
1	Integration of T&D policies and plans with an organization's business strategy and Objectives	1	2	3	4	5
2	Top management support and commitment for T&D implementation and evaluation.	1	2	3	4	5

3	Line management commitment and involvement	1	2	3	4	5
4	Co-operation and co-ordination between the various departments and the training and development department /division.	1	2	3	4	5
5	Environmental Scanning(Internal and external)	1	2	3	4	5
6	Role of trainer's	1	2	3	4	5
7	Evaluate training and development outcome	1	2	3	4	5

SECTION D: ORGANIZATIONAL PERFORMANCE

To what extent has your firm experienced an increase in the following performance outcomes as a result of T&D practices?

NA	SE	ME	GX	VGE
Not at all	Small Extent	Moderate Extent	Great Extent	Very Great Extent

Please put circle mark "O" on the box provided that reflects your idea.

	Financial Performance measures	NA	SE	ME	GX	VGE
1	Increasing profitability	1	2	3	4	5
2	Cost saving	1	2	3	4	5
	Customer measures					
3	Efficiency to respond to customer order/request	1	2	3	4	5
4	Customer satisfaction	1	2	3	4	5
	Internal Business Process measures					
5	Improved work efficiency	1	2	3	4	5
6	Reduction in errors	1	2	3	4	5
	Learning & Growth measures					
7	Innovation and change	1	2	3	4	5
8	Improved knowledge skill and attitude	1	2	3	4	5

THANK YOU VERY MUCH FOR YOUR COOPERATION!!