



Impact of on-the-job Training on Employee Performance (A Case Study of Microfinance Banks in District Khairpur)

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Abstract

The study was conducted to examine the impact of on-the-job training on employee performance by using a questionnaire for collecting responses from the sample to check the above relation through SPSS 16. Data reduction technique was used to form the factors from number of variables and then linear regression was applied by putting employee performance as a dependent variable and training as an independent variable. Study concluded that 50% of employee performance depends on-the-job training.



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Introduction

Whenever someone joins any organization he has a question in mind, "can I do this job"? To provide a favorable answer to every new joiner organizations have orientation programs for them. These orientation programs generally cover following areas; introduction of the organization, policies, rules, regulations, job security, employee salaries & benefits, career ladder, introduction to executives, trainers, supervisors and co-workers, job overview, objectives, description and location. Once a new joiner successfully went through this program he finds himself in much better position to understand the organization's culture, business & goals. These orientation programs raise the motivation level of the employees & help them build longer career with the organization.

After that employees will go through the training programs. Training is the process of teaching & educating the employees to do their job in a better way. Training is something on going as long as an employee remain with the organization he usually go through various training courses, which are directly or indirectly pertains to his job and these training programs are mutually beneficial for the organization because they have a direct impact on employee performance. Continuous changes in the operational environment these days develop the significance of training requirements to upgrade employees' skills and awareness. Organizations need human capital having ability and experience to deal with the changing work dimension. Moreover human resources that are stretchy in nature have a tendency to adopt change more rapidly which is why organization pay great emphasize on training.

Training acts like an input feature in enhancing employee's skill as well as retaining them for the reason that it offers opportunities for the development in the organization ranking. The organizational performance depends on employee performance for the reason that employee of organization acting a vital role in organizational achievement.

Training is very important part of Human Resource Management & on-the-job training is something which provides a more complete & comprehensive insight to a trainee about his job. Primary objective of this training is to teach employees that how to perform your job. The trainer usually a supervisor or a coworker performs duties of an instructor. Nowadays companies have well planned extensive & comprehensive training programs for the employees. These training programs are developed according to the training need assessment of employees & keeping in mind the organization's short & long term objectives. It has been proved through various researches that "training have a positive impact on employee performance" but it is not the only factor towards better performance achievement. A better trained worker performs his job with more perfection than an untrained worker.

During the last decade the microfinance sector of Pakistan has seen a tremendous growth. The market potential in the country for microfinance has been measured around 27 million making it a large segment to capture. Previously only few NGOs were serving this market in very limited geographical area of the country. Later, State Bank of Pakistan, national banking sector regulator stepped in & formed the prudential regulations for microfinance banks & took concrete steps to promote this sector. At the moment there are many microfinance banks operating nation wide. As these banks dominantly deal with rural clients, who have very diversified cultures, largely illiterate & mostly never had any previous banking relationship makes the job of branch staff very challenging. Therefore these banks prefer to provide their staff on-the-job training where the supervisor & experienced coworker serve as instructors for the new joiners. We have selected Khairpur district as our geographical area of study where 4 largest microfinance banks of the country have extensive branch network with a large number of staff. Through this research we have tried to understand the "impact of on-the-training on employee performance in microfinance banks operating in district Khairpur".

Literature Review

Training is a continuous process which improve current & future performance of the employees. Training's objective is to acquire job interrelated skills, attitudes and information. To have maximum benefit from the training, organizations must do the proper training need assessment of its employees, need to maintain trainee motivation level and interest, training design and delivery must match the training need assessment. And proper feedback from the trainees should be obtained to evaluate the training's effectiveness. On the other hand employees see training opportunities as a message that organization care for them. Researchers in this study have taken multilevel, multidisciplinary and global perspective. Therefore they have concluded that training not only benefit the individual, the team, the organization but also benefit the society at large and have economic benefits for the nation as well. To evaluate the impact of training on employees performance, organizations need to keep a proper system to track the pre-training & post-training performance. Due to emense competition and market pressure there is need to understand benefits of training more rapidly & faster. Training will have even greater positive impact if it is bundled collectively with other HRM principles and best practices (Amin, Saeed, & Tehreem, 2013).

For successful achievement of the training objectives it is necessary that the training course is designed and implemented in a planned and systematic way. Organizations which empower in exact manner of employee training after their training need analysis, it can increase employee performance as well as skills and competencies. Training becomes even more important when there are foster technological innovations and emense competition. Training helps bridge the space among what should occur and what is occurring. It is concluded that organizations success depends on continuous investment in training to keep the human capital ready to face any challenge. Training need analysis of staff should be done regularly. There is need to link training programs with employee promotion system to raise the motivation level and produce better performance. To maintain the employee interest in the training programs, benefits of the training should be communicated clearly. Trainees communicate openly with ease if the trainer is from within the organization. And there should be a system in place to evaluate the training programs to measure its effectiveness (Sultana, Mehmood, Irum, & Ahmed, 2012).



Training has great contribution towards employee performance. There is affirmative relationship between employee performance and training. And it has a affirmative impact on the performance of the individual and the organization. Organizations, which have good training programs for employees get enhanced employee performance. Training also contributes towards employee motivation. Training contributes more on employee performance than other factors such as technology, working environment and management behaviour. If organizations focus on employee performance they will have improved employee performance (Khan, 2012).

There is need to have a mechanism to assess employee performance, trace out the possible reasons of below par performance and then develop a training program to improve performance of the employee to the desired level. A training program should be designed after setting clear training objectives and goals, whereas keeping in mind the requirements of the employees and organization. Training is a thoughtful intervention with the aim to upgrade employee knowledge, skills, abilities and competencies to achieve the ultimate objective of better employee performance and increased organizational productivity. Primary objective of a training is to include significance to the employee performance. Training is considered as an investment, which not only brings returns but help organizations develop competitive advantage. It helps overcome employee deficiencies and prepare them to hold future positions in the organizations. Training has a positive effect on employee performance (Elanga & Imran, 2013).

Training programs are mostly conducted in the organizations as per its general needs and the changes that has taken place in the organizations with the aim to enable employees to cope with their deficiencies. Employers try best to train employees perform better. On-the-Job training programs really influence workers performance. It leads to good performance but it is not the only factor. Other factors such as operational environment, employee skills and awareness, stimulus and incentive, communication flow and organizational management also plays very important role in better employee performance. It is considered to be very hard to attend higher employee performance without training (Jagero, Komba, & Mlingi, 2012).

It is concluded by (Asibey, Gyamfi, & Barigo, 2012) that in technological era and new environment young employees adjust themselves quickly and easily than their older colleagues. At the same time new joiners and recent joiners need to go through more structured and extensive training programs than their older colleagues. This means that each group of employees have different training needs. Therefore training programs for each group should be different according to their training needs. At times there is weak relationship between training and performance, such a situation indicates that there are other variables as well which are linked to the employee performance other than training. Training is mutually beneficial for the employer and employee, but it has to be ensured that knowledge & skills acquired in training are transferred into the job. Therefore the training contents should have relevance to the job. And the evaluation of a training program is mandatory to gauge the effectiveness of the training provided .

Value of training in business world has been tinted in the earlier literature. Our research on this subject has produced consistent results with previous such studies. Training has an impact on the performance of employees. Training maximize the job performance of employees and prepares them to take on challenges in competitive business climate. Organizations should have clear training policies, objectives and methods. There must be opportunities to train employees and that training must have relevance to the job (Nassazi, 2013).

Training ensures the better understanding of the vision and mission statement and employees can identify themselves with organizational values in execution of the duties. Training has been identified as very crucial for an organization to be effective. Training reduce a manager's work in conditions of close supervision. Training upgrade skills, enhance capacity, improve constrain, inventiveness and excellence of work. Through training employees become more committed to achieve their objectives and goals. Therefore organizations should be encouraged to train employees and pursue training programs vigorously. The employee training need assessment should be done and training contents should be relevant to the job (Joseph, 2009).

Training is the part of employees development. Employees development is concerned with training, growth and education. Human resource development has been definite as an structured learning practice, conducted in an specified time period, to increase the opportunity of improving job presentation and enlargement. Training is defined as knowledge that provided in sort to improve performance on the current job (Nadler, 1984).

According to the (Reymond, 2010) Training is very helpful for new recruited employees for enhancing their knowledge and skills regarding job specification or to know about the new technology. On-the-job training is very suitable training because it can be immediately implemented in the job whatever you learn in training you immediately apply it on the job. In such a way trainees are motivated to see the positive results and more concentrate on learning from training. Further, company can be able to save the cost of hiring trainers from outside the organization by giving charge of trainer to the experienced employees of organization to trained new employees, because they knows about the environment and goals, objectives of organization very well.

On-the-job training acting a major role in the improvement of the organizations, enhancing performance as well as rising output and eventually putting companies in the most excellent position to face rivalry and stay at the peak. This means that, there is a considerable link between organizations that train their employees and organizations that do not (Evans & Lindsay, 1999).

Employees competencies vary through successful training program, it hence not only improves the overall performance of the employees to efficiently perform their present jobs but also enhance the comprehension, skills and mind-set of the workers essential for the upcoming job thus contributing to the better organizational performance (Wright & Geroy, 2001)



Research Objective

We conducted research on the topic "impact of on-the-job training on employee performance" in order to find out the relation between training and employee performance. The main objective of this research is to identify the training impact on employee performance.

Methodology

Our research is descriptive in nature mainly based on quantitative data. Data collected through primary source of information by following questionnaires. The questionnaires were based on closed ended questions. To understand the impact of on-the-job training on employee performance in microfinance banks working in district Khairpur. The sample selection was based on random sampling; questionnaires were filled through an interview from employees of four leading microfinance banks working in Khairpur district. Respondents have gone through the on-the-job training programs of their respective organizations. The questionnaire contains twenty five questions. We conducted interviews from 100 respondents, out of which 63 respondents gave us feedback including staff of different age groups, experience, cadres and levels to assess results of on-the-job training on their performance.

Techniques Used

Regression technique is used to process the questionnaires response through SPSS 16 software.

DEPENDENT VARIABLES

Employee Performance

Employee performance is dependent on training if training is given to any particular employee then there would be clear difference between trained and untrained employee that's why employee performance is dependent variable as training having impact on employee performance.

Organizational performance

If employee performance improves then it will have positive impact on organizational performance, that's why organizational performance also having effect of training.

INDEPENDENT VARIABLES

TRAINING

Training is independent variable because training is not dependent on any factor there are some training elements such as training design, on-the-job training & delivery style.

$$EP = \alpha + \text{training } \beta + \mu.$$

Regression Results

Model Summary		
Model	R Square	Sig. F Change
1	0.500	0.000

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.971	1	30.971	60.886	0.000
	Residual	31.029	61	0.509		
	Total	62.000	62			

Coefficients		
Beta	sig.	
0.707	1.000	



Discussion

Results of SPSS show that there is a positive impact of training on employee's performance; training contributes 50% in improving employee's performance. Remaining 50% improvement can be achieved through other variables e.g. motivation, compensation and benefits, reward for good work and so on.

Suggestions for Further Research

This research is for Khairpur district only. Therefore it is suggested that such type of research should also be conducted for other cities for enhancing the value of on-the-job training. It is also suggested that this study has evaluated only one variable which is on-the-job training's impact on employee performance, such studies on other factors should also be conducted.

Conclusion

This study concluded that training is an important factor for improving the performance of employee. Without training we are unable to know about the innovations in technology, how to beat competition and how to perform better. Majority of employees in microfinance banks in Khairpur have strongly agreed that on-the-job training should be given to every employee. According to them on-the-job training makes employees more effective and job satisfaction also increases. According to our research results, on-the-job training is contributing 50% role in improved employees' performance. Training is a factor which improves the employee performance but there are other factors which play an important role towards better employee performance such as motivation, reward for excellence, job satisfaction, compensational benefits, working environment, supervision and so on. At the end we concluded that organizations cannot ignore the importance of on-the-job training for the improvement of employee performance because it has a great significance towards the improved employee performance.

Limitations

This research is conducted in the limitations of microfinance Banks in Khairpur district, and it was only for the impact of on-the-job training on employee performance. Further researchers are welcome to research on other variables and in other sectors.

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