

An Overview on Effective Employee Training Systems of Private Sector Commercial Banks in Bangladesh

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Abstract

This study attempts to analyze the importance of effective employee training systems of private sector commercial banks in Bangladesh. This paper is both a theoretical and empirical exploration, aimed to explore previous training systems analysis with some suggestions of new thoughts, methods, techniques and applications. Various private banks in the field of HRM provide different types of training with different systems and aims. A methodology for formulating training systems effectiveness from primary and secondary source was developed by 5 point Likert Scale in this study. HRM has been, and remains one of the most powerful and influential ideas to have emerged in the field of business and management. Effective training can ensure long-term benefits to the employees of the private banks and it also increases quality, performance, values, and commitment to future ethical need. Training is the way of enlarging executive's performance and job satisfaction in their organizations at global level with ethics. The data of this study was collected via practical survey, email and over telephone interview of 50 respondents of 10 private banks of Bangladesh. The findings addressed that the effective training prerequisite for organizational growth and development.

Keywords: *Training, Effectiveness, Systems, Commercial Banks, Private Sector*

Field of Study: *Human Resource Management*

Abbreviations: *HRM = Human Resource Management; TSE = Training systems effectiveness, SFT = successful feedback of training*

1. Introduction

The banking sector of Bangladesh has been playing a very important and most significant role in the economic and social development of the country. The banking history of our country is more than half a century old in modern sense and there are four state own banks, five specialized banks, nine private foreign banks, thirty one private commercial banks and eight Islamic banks are operating in the country (Bangladesh Bank Report, 2013). The Government

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of the People's Republic of Bangladesh established training and development policy by formulating National Training Council in 1983. Banking is a prime mover in the economic and social development of a nation and banking growth research study is very essential to improve its success. Private sector commercial banks in Bangladesh should have a clearly defined strategy, policy, techniques and objectives that direct all the decisions made especially for effective training decisions. Private commercial banks should plan their training process to be more successful than those that do not. Most private banks want to succeed, but do not engage in effective training design that promise to improve their opportunities of success. Effective training helps to achieve banking goals and targets. Training makes employees reach their goals. The study based on the previous successful training literatures by providing a detailed examination of effective systems of training, training needs assessment, importance, evaluation practices, and comparing those practices with perceived levels of organizational effectiveness. The question of the amount of learning of training and the effect of training is answered through evaluation process. Therefore, the purpose of training need assessment is to add value to an organization. Hence, evaluation measures the progress in achieving this goal by purposefully improving training programs and measuring their worth. The evaluation model and the training program are established by the needs assessment of training. The importance of employee

In addition, the research will focus on emphasizing new developments and trends in the application of training needs assessment. The study further will review the literature pertaining to the identification of employee training needs and conclude by proposing a set of recommendations about the importance of effective training to facilitate organizations in the Banking sector of Bangladesh.

2. Rationale of the Study

During the last two decades training of the private banking sector has increased to a greater extent. There are limited studies in the area of training in the private commercial banking sector in Bangladesh. Therefore, this research has become an important issue to both the researcher and the bankers willing to increase efficiency of the employees in Bangladesh. Some of the most common reasons for Training are as follows:

1. Training needs as part of a professional development plan or as determined in a performance appraisal of employee.
2. To help guide and prepare the private banks for a new technology or tool of the employees of private sector commercial banks in Bangladesh.
3. To ensure better career planning and development.
4. To reduce employee turnover.
5. To ensure organizational development through effective training system.

3. Scope of the Study

This research covers the effective training system of private commercial banking sector of Bangladesh. Private commercial banks have partners in all organizations and training can bring in experts employees to make sure that get the best results. As mentioned throughout the course of this research, the benefits of continuous and ongoing training applied in private banks are given in the below:

- i. Training improves customer satisfaction.
- ii. It enhances employee motivation.
- iii. It increases job satisfaction and morale.
- iv. It improves efficiencies in processes.
- v. It encourages knowledge of new technologies and methods.
- vi. It increases in productivity.

4. Objectives of the Study

This study is an attempt for achievement of two major objectives of the private sector commercial banks in Bangladesh.

A. General Objective

To analyze the importance of effective training systems of some selected private commercial banks in Bangladesh.

B. Specific Objectives

The specific objectives are:

- a) To analyze and evaluate the training plans and policies of selected private commercial banks in Bangladesh.
- b) To analyze the training needs assessment practices of selected private commercial banks in Bangladesh.
- c) To evaluate the execution of training programs of selected private commercial banks in Bangladesh.
- d) To identify the weakness in training practices of selected private commercial banks in Bangladesh.
- e) To provide suggestions with a view to improve the training systems of selected private commercial banks in Bangladesh.

5. Literature Review

Training has specific goals of improving employee's capability, capacity, and performance. It forms the core of apprenticeships and provides the backbone of content at institutes of technology (Wikipedia). Moyeen and Afreen (2001) found a positive relationship between training programs and employee's job involvement. Hughey and Musnug (1997) found a positive correlation between the employee training and employee & job satisfaction. In addition to the basic training required for a trade, occupation or profession, observers of the labor-market recognize the need to continue training beyond initial qualifications: to maintain, upgrade and update skills throughout working life. People within many professions and occupations may refer to this sort of training as professional development (Rahman, M.A, 2012). The instructional design process revolves around four basic steps: organizational objectives, needs assessment, training design, and training evaluation. Garavan et al. (2003) found that training process is more job oriented that can change employee attitudes and behaviors. The banking sector of Bangladesh is playing a significant role and playing as a leader in the financial, industrial and commercial activities. Debnath (2003) indicates that productivity of manpower in the banking sector of Bangladesh will have to be increased by proper training both on the job and off the job. Moreover, Decenzo & Robins (2003) state "training brings about the changes in ability, awareness, approach and behavior". Besides, Griffin (2003) supports training usually in human resources management perspective refers to teaching operational and technical employees as to how to do the job for which they were hired. Furthermore, Mathis & Jackson (2004) state 'training as a procedure whereby people obtain capabilities to assist in the accomplishment of organizational objectives'. Besides, McGehee and Thayer (1999) support training as, "the formal procedures a company uses to facilitate employees' learning so that their resultant behavior contributes to attainment of the company's goals and objectives". More specifically, training is a systematic approach to skills and knowledge acquisition or attitudinal enhancement that improves performance (Goldstein, 2001). Therefore, Rothwell, (2002) indicates effective training as systematically designed learning, based on a complete analysis of job requirements and trainee compatibility. This clarification implies a definite training process, one highly regarded model for describing the systematic development of training programs is the instruction design process (Hossain & Islam 2012). This model states that there should be a logical flow in training practice moving from planning to implementation to evaluation. Dowswell (1998) concluded that lack of time, growing age and other practical constraints demotivated the employees during the training. Training is the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies (Wikipedia).

Physical training concentrates on mechanistic goals: training-programs in this area develop specific skills or muscles, often with a view to peaking at a particular time. Some physical

training programs focus on raising overall physical fitness. For psychological or physiological reasons, people who believe it may be beneficial to them can choose to practice relaxation training, or autogenic training, in an attempt to increase their ability to relax or deal with stress. Some commentators use a similar term for workplace learning to improve performance: training and development. There are also additional services available online for those who wish to receive training above and beyond that which is offered by their employers. Some examples of these services include career counseling, skill assessment, and supportive services. One can generally categorize such training as on-the-job or off-the-job. On-the-job training takes place in a normal working situation, using the actual tools, equipment, documents or materials that trainees will use when fully trained. On-the-job training has a general reputation as most effective for vocational work. Off-the-job training takes place away from normal work situations — implying that the employee does not count as a directly productive worker while such training takes place. Off-the-job training has the advantage that it allows people to get away from work and concentrate more thoroughly on the training itself. This type of training has proven more effective in inculcating concepts and ideas. In religious and spiritual use, training may refer to the purification of the mind, heart, understanding and actions to obtain a variety of spiritual goals such as closeness to God or freedom from suffering. Training needs assessment is traditionally regarded as a diagnostic process that occurs before training. The purpose of formal needs assessment is to identify the training targets (Huselid, M.A, 1995). In the past, there has been disagreement about the appropriate terminology to describe this process. Some authors choose to distinguish needs assessment from needs analysis. For example, Kaufman & Valentine (1999) refers to needs assessment as the process for identifying and prioritizing gaps in performance. In contrast, they define needs analysis as the process for attributing cause to identify performance gaps. Hence, the entire process will be referred as needs assessment. So, once training has been conducted, a comprehensive evaluation should follow. In recent years, this taxonomy has been expanded to include additional evaluative criteria such as return on investment (ROI) and cost/utility analyses (Phillips, 2002). Training evaluation is concerned with the achievement of a desired level of proficiency and the attainment of requisite knowledge and skills (Goldstein, 2001). Hence, training effectiveness is a broad construct that identifies situational or contextual factors impacting learning, retention and transfer (Ford, 2006). Goldstein (2001) claims that, of all of the best practices, needs assessment is probably the most important part of the process.

Generally training is split into two very broad categories – Internal (provided by the company and utilizing existing internal resources and tools) and External (paid for by the company but provided off site through a 3rd party training firm). Most often external training is utilized when the skills are not already present in the organization and/or it is a senior level course requiring specialist knowledge and certification. In addition, External Training might be utilized if there is an urgent need for a specific skill set in the business. Both types of training

have value however and the reasons for choosing one type over another are somewhat dependent upon budget and time. While some technical courses are very specific to the technology that is being trained, there are some commonalities in training that should be made clear as many courses will emphasize these areas quite extensively. The primary purposes of effective training evaluation are to examine the viability, success rate and utility of implemented training programs. Without this information, no clear conclusions about the effectiveness of programs can be made. Nor can organizations make informed decisions regarding where to make revisions or updates to current programs (Dressler, G, 2007). To truly be effective or successful, training programs must incorporate more of the established best practices. All of the steps in the process are important (Brown, J, 2002). Although the terms training evaluation and effectiveness are sometimes used interchangeably, several authors have noted slight differences between the two (Ahmed, J. U, 2005).

6. Methodology

Data Collection

This study was conducted rely on both primary and secondary data. Primary data has obtained through a sample survey via face-to-face and email questionnaires to 55 respondents of different private commercial banks of Bangladesh, from which 50 responds properly and response rete was 90 percent. The respondents were the trainers and trainees of the selected banks. Besides, structured and semi-structured interviews had conducted with the concerned personnel of banks. The questionnaire designed with some questions to fulfill research requirements. The participants were the Mangers, Assistant Managers, Executive Officers, Senior Executive Officers, Officers, Junior Officers, and external and internal trainers of different private commercial banks.

The secondary sources of information has collected from various publications of Bangladesh Bank, journals, books, newspapers, magazines and websites about training systems of the selected private commercial banks. The data analyzed by applying statistical formulae. However, the information of banks has a great confidentiality as a result the participants ignored to disclose some information. Therefore, the researcher has tried to maintain confidentiality in the data analysis section.

Sampling (Population)

The convenience sampling method used which involves the selection of a group from the population on the basis of available information. This sampling is used in this study because knowledge of the researchers can be best used in this technique of sampling and this technique of sampling is also economical. The design of the questionnaire involves a combination both open and close ended questionnaires. To conduct this research study 10

selected from the total private commercial banks in Bangladesh. These banks are Arab Bangladesh Bank Limited, Dutch Bangla Bank Limited, Southeast Bank Limited, Export Import Bank Limited, One Bank Limited, Islami Bank Bangladesh Limited, First Security Islami Bank Limited, The City Bank Limited, Jamuna Bank Limited and National Bank Limited. These banks have been selected on the basis of general, Islamic, export-import, foreign transaction and retail banking characteristics. Besides, structured and semi-structured interviews have been conducted with the 50 trainers and trainees of those private banks.

Variables/ Indicators Covered

Independent and dependent variables have been used in this research. This study tried to examine the effectiveness of training systems (dependent variable) that was dependent on some independent variables (indicators). Those independent variables were proper training plans and policies, training needs assessment practices, appropriate design of training process, evaluation of the execution of training programs, better appraisal of training facilities, good contents & frequency, information system of training, best skills and quality of trainers, competitiveness of training system and successful feedback of training. This research equation has developed as-

$$TSE = (TMS+TPP+TNA+ETP+IST+BQT+CTS+SFT)$$

Where,

TSE = Training systems effectiveness and

TMS = Proper Training management systems,

TPP = proper training plans and policies,

TNA = training needs assessment practices,

ETP = evaluation of the execution of training programs,

IST = information system of training,

BQT = best quality of trainers,

CTS = competitiveness of training system and

SFT = successful feedback of training.

Preparation of Questionnaire

On the basis of the objectives of the study a draft questionnaire has prepared to conduct a pretest with the trainers and trainees of the selected banks. The questionnaire finalized after necessary corrections, modifications and adjustments.

Data Analysis

Employee Survey and HR Executives Interview: The following major questions on employee survey and interview with HR executives was asked the respondents whether their respective department or their banks support effective training systems.

1. Management's Support on Training.
2. Information on Training Programs.
3. Skill & Knowledge Suited Programs from training.
4. Fairness in the Approval of Training systems.
5. Employee Satisfaction on Content & Frequency of training systems.
6. Banks Training Effort for employee.
7. Levels of training analysis and System of Training Evaluation.
8. Adequate Evaluation of Training procedures.

Hypotheses

The questionnaire prepared for the information of effectiveness of training systems of private sector commercial banks in Bangladesh was developed by using a five point Likert scale, whereas- 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

In this study, some statistical measures such as Z-test mean and proportion analyses have been used to examine employee's, employers, trainers and trainees satisfaction. On the basis of HRM practices, the following 08 hypotheses of training dimensions developed for application of training systems in the private sector commercial banks in Bangladesh:-

H1: Effectiveness of training systems depend on Proper Training management systems,

H2: Effectiveness of training systems depend on proper training plans and policies,

H3: Training needs assessment practices influence the effectiveness of training systems,

H4: Evaluation of the execution of training programs provides effectiveness of training systems,

H5: Effectiveness of training systems depend on better information system of training,

H6: Best quality of trainers can enhance more effectiveness of training systems,

H7: Training systems effectiveness based on competitiveness of training system and

H8: Effectiveness of training systems depend on successful feedback of training.

7. Results

To find the results from the research all data received from the survey entered into an Excel file for summarization and then imported into the SPSS statistics database. Descriptive and exploratory data analysis carried out first to determine the normality of the distributions of the variables. Descriptive statistics, such as, means (M), standard deviations (SD), frequencies (N), and percentages (%) has generated for relevant variables. In addition, inferential statistics, such as, correlation analysis used to investigate the effectiveness of training, problems and prospects in the private sector commercial banks in Bangladesh (Table:1).

Table 1: Descriptive Statistics and Z score

Descriptive Statistics								
	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistics	Statistics	Statistics	Statistics	Statistics	Std. Error	Statistics	Statistics
Gender	50	1	1	2	1.12	.046	.328	.108
Age	50	3	1	4	2.40	.146	1.030	1.061
Proper training management systems	50	3	2	5	4.16	.100	.710	.504
proper training plans and policies	50	3	2	5	4.16	.100	.710	.504
training needs assessment practices	50	4	1	5	4.20	.114	.808	.653
evaluation of the execution of training programs	50	3	2	5	4.20	.095	.670	.449
information system of training	50	4	1	5	4.12	.113	.799	.638
best quality of trainers	50	4	1	5	3.98	.129	.915	.836
competitiveness of training system	50	4	1	5	4.00	.114	.808	.653
successful feedback of training	50	4	1	5	4.06	.108	.767	.588
Valid N	50							

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Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	44	86.3	88.0	88.0
	Female	6	11.8	12.0	100.0
	Total	50	98.0	100.0	
Missing	System	1	2.0		
Total		51	100.0		
Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	10	19.6	20.0	20.0
	30-40	20	39.2	40.0	60.0
	40-50	10	19.6	20.0	80.0
	50-60	10	19.6	20.0	100.0
	Total	50	98.0	100.0	
Missing	System	1	2.0		
Total		51	100.0		
Z - score					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-0.365563077506964	44	86.3	88.0	88.0
	2.68079590171775	6	11.8	12.0	100.0
	Total	50	98.0	100.0	
Missing	System	1	2.0		
Total		51	100.0		

(Source: SPSS analysis)

8. Limitation of the study

Researcher was really unable to collect enough information due to proper guidance and relevant information. To the best of knowledge of the research very little study was conducted on this specific area, that's why there is lack of guidance. This study was based on effectiveness of training in private commercial banks, so information was designed on the basis of the specific area of SHRM only.

9. Findings and Recommendations

The banking sector of Bangladesh is well known as a principal financier of the country and playing key role by contributing in the national economy. Banks play key role for the economy of the country as a member of financial institution. However, several lack of importance is still found of training in this area. Therefore, in order to accelerate the success of this area, the following lines of actions are suggested:

1. It would be beneficial to the overall development of employees in the banking sector of Bangladesh should establish their own training institutes.
2. Modern training methods such as online training, overseas training and digital training program should follow for employees training and giving importance of needs assessment before training programs.
3. Some bank is still found informal training need assessment procedure. It is important to involve most of the training staff in needs assessment and evaluation procedure.
4. It would be most beneficial to adopt the same organizational strategy, structure and context, and be as close to the ideal of each as feasible and fruitful.
5. If the organizational effectiveness focus is on cost, banks should allocate a significant percentage of training budgets to needs assessment; possibly take the performance improvement philosophy of training.
6. The feedback analysis of employees training would be compared with need assessment analysis and its importance basis.
7. The authority of both public and private banks in Bangladesh would evaluate the training needs assessment in the banking sector with developed countries on a regular basis.

10. Conclusion

The main goals of this research is to build upon the previous training literature by providing a detailed examination of needs assessment, its importance, evaluation practices, and comparing those practices with perceived levels of training program success and organizational effectiveness. This research proposed urgently adjustment of training that is followed by world top most banks that will bring a positive change in the private banking sector in Bangladesh.

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