



## **Identification of Factors and their Impact on Employees' Training and Organizational Performance in Pakistan**

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### Abstract

The purpose of this research is to determine factors that influence employees' training in an organization and how they affect organizational performance. Literature review revealed that training is one of key element that helps employees' to acquire competence and confer motivation and satisfaction. Employees learn teamwork, flexibility, integrity and result oriented competencies through training. On the other hand, it also contributes positively towards enhancement of organizational performance along with other factors. Data was collected from two regions of National Bank of Pakistan at Karachi. Researcher used random sampling technique to gather responses from 119 respondents through questionnaire. Analysis was done by simple regression technique with ANOVA. The results of research have revealed that the factors of employee's training have optimistic and significant impact on organization performance of National Bank of Pakistan.

**Keywords:** Employee's tacit knowledge, learning culture environment, employee's morale, Employee's Training.

*JEL Classification:* M10, M12

## Introduction

### Background of the Study

This study is belonging to the factors which directly influenced on employees' training and impact on the organizational performance. Employees' training plays a vital role as it boosts efficiency of an organization and helps employees to render services in an efficient manner. There are several reasons such as organization culture and ergonomics that creates the barriers to perform the task. Some of the employees have lack of knowledge, skills and competencies and failed to accomplish tasks on timely basis (Hughe and Mussnug 1997).

These days several trainings are offered to employees inside the organization, in order to maximize the productivity and minimize the frustration. Most of the time less competent staffs prefers to leave the work they lack competence to understand the technicalities of assigned task (Sahinidis and Bouris 2007). Although, workforce is expected to learn new things and shows their motivation level with the positive contribution towards organizational performance.

Skilled human resource can tackle the critical situation in an efficient manner and soft skills training work as a catalyst to nourish the employee's talent. Further, entire focus of training pays worthy attention towards increase the knowledge, skills and abilities in a particular period of time (Sing and Mohanty 2012). Several studies covered that the training provides extensive support to enhance the managerial skills of employees. In recent practices, organizations allocate separate budget for the development of intellectual capital that will be supportive for achievement of organization goals and objectives via skilled workforce.

Training refers to an organized approach to groom the skill set of an individual or team that shows the result in shape of sustainable organizational performance (Mathieson 2006; Jamil and Som 2007; Zakaria 2000). Furthermore, studies in the banking sector of

Pakistan show most of the employees are not well trained and skilled and unable to evaluate their performance in most appropriate way. Several factors have been studied about employees' productivity but nobody still has studied the factors of employees' training which influence the performance banks of Pakistan.

### **Justification of the Study**

Keeping in view of the above facts researcher has identified that there is gap in National Bank of Pakistan i.e. most of the employees are not capable to work in an efficient manner. Thereby, it gives researcher a lot of courage to identify the basic reasons and suggest the better ways to build a learning culture in the organization and enhance productivity.

### **Research Question**

The study intended to find, what are the factors associated with the employees' training and their impact on organizational performance?

### **Significance of the Study**

This research is important for organizational performance as employee are intellectual capital who can make the organization better and if they are not skilled and competent to perform their duties and job responsibility then organizational goals and objectives cannot be achieved. The impact of unskilled workforce is identified in this study particularly in National Bank of Pakistan.

### **Scope of the Study**

The outcomes of the study will help and support other organizations to identify the factors that affect employees' training and organizational performance. In addition, the study will be helpful to human resource department of several organizations which are trying to understand factors for employees' productivity, learning culture and career development. Finally this study will help stakeholders' before opening organization to understand and plan training needs of its intellectual capital in advance.

### **Objectives of the Study**

The objectives of the study are:

- To determine the impact of employee tacit knowledge on organizational performance.
- To understand the influence of learning culture environment on organizational performance.
- To find out the effect of employee's morale towards performance of an organization.
- To recognize the influence of polish skills and abilities on organization.
- To distinguish the impact of nourish employee's talent on organizational performance.
- To identify the impact of leadership work style on performance of an organization.

### **Hypothesis of the Study**

H<sub>A1</sub>: Employee tacit knowledge has significant influence on organizational performance of National Bank of Pakistan.

H<sub>A2</sub>: Learning culture environment has significant impact on organizational performance.

H<sub>A3</sub>: Employee's morale has significant effect on National Bank of Pakistan's performance.

H<sub>A4</sub>: Polish skills and abilities has significant impact on National Bank of Pakistan's performance.

H<sub>A4</sub>: Nourish employee's talent has significant effect on bank's performance.

H<sub>A5</sub>: Leadership work style has significant influence on organizational performance in Pakistan.

### **Literature Review**

Training is essential elements in acquiring competencies by employees and helps organizations to retain them through motivation and satisfaction. However, with globalization and modernization, the world is changing rapidly and generating many challenges for organizations which need to be tackle through optimum talent management.

Sum (2009) highlighted training work as a catalyst for employees to improve their knowledge, skills and abilities in a small phase of time whilst it help new and existing workers in the organization to achieve their routine task with respect to the organizational goals and targets. Benedicta & Appiah (2010) suggested that there is a confident association among training and employee productivity as training creates remuneration in favor of individuals as well as businesses by regulating worker performance during the progress of employee knowledge, skillfulness, capability, competencies and behavior.

Miller (2008) suggested that business owners should be aware of the relationship between the achievement of their organizations and the outcomes of their employees. When there is growth in productivity, the organizations earn more. This is the fundamental intellect why organizations seize time to stay on training sessions for their employees, to additional productivity. Disha (2010) argue that productivity support firms, industries, and countries to attain strengthen rival advantage as industry is a drive spot used by countries in the pursuit of competitiveness. It must be prominent from previous studies that banks which have impulse of nonstop growth, and profitability showed superior proportion of workforce potential. Sing and Mohanty (2012) argued that the knowledge and skills of organizational employees creates progressively significant impact on their performance, competitiveness and innovation. Thus, training to the employees of an organization plays crucial part to meet up competition with better performance. Training is mandatory for employees to progress knowledge, skills and competencies that provide extensive support to increase the performance of particular organization.

Goldstein & Ford (2002) maintains that “Training” describes that an organized loom to learning and enlargement to progress employees, groups, and organizational success. Whereas, Villasalero (2010) suggest that workers have become key elements to attain cutthroat advantage in a world that is shifting in the direction of a knowledge-based

economy. Organizations should become a knowledge based to face challenges in a proper way for their survival. Kozlowski (2001) & Kraiger (1993) claim that training not just influence declarative knowledge or technical knowledge, but also may boost intentional information which affects explicit knowledge or talent.

### **Employee's Tacit Knowledge**

Davenport and Prusak (1998) defines that knowledge is a “liquid combination of structure exposure, with appropriate information, and proficient intuition that give a skeleton for assessing and integrating fresh experiences and information”. Apparently, the explanation emphasizes the concept as knowledge is not adroit or plain. It is a combination of diverse elements. Von Krogh (2001) suggests that they are the main significant foundation of prosperity and the key to achieve sustainability with competitiveness and better profits for organizations.

### **Learning Culture Environment**

Schein (1983), Hatch (1993), Hawkins (1997), Joneset (1997), Ngwenvama & Nielsen (2003) and Nutt (2005) stated that culture is commonly known as a cluster of communal principles, supposition, object, language, and formal procedures that lead interface and operation inside an organization. Furhter, Goh (1998) suggested that learning organizational culture is a sort of culture, it inspire the gain of experience at all levels of an organization. Such culture sustains learning and facilitates the employees to share their notions without fright of punishment. Hence, culture is learned through beliefs, rituals, values and ethics.

### **Employee's Morale**

According to Seroka (2009) employee morale are the common stage of assertiveness and brightness practiced by an employee or teams, mainly if it influences discipline and eagerness. However, Millett (2010) presented six rationales that why employee morale is

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essential; refined productivity; enhanced performance and inspirations; minimized leave days; superior concentration to fact; secure administrative center; and raised caliber of job.

### **Nourish Employee's Talent**

According to Michael (2006) in past it was considered that the role of HRM or personnel administration is to release salaries and cost. However, employee turnover, absenteeism and similar measurements were focused by Phillips (2005). Decenzo & Robbins (2002) elaborated the role of HRM that it is mainly an essential structure for an personnel management discipline acquisition to make a company competitively profitable by long-term utilization of personnel and other techniques to build up loyal and capable manpower. Capelli (2008a) argued that several types of TM practices, such as trainee management schemes, forced-ranking systems, 360-feedback, executive coaching or assessment centers, had been developed in the 1940s and 1950s to generate huge pools of organizational talent.

### **Leadership Work Style**

Bass and Avolio (1990 b) states that transformational leadership live when the employees are motivated to work for superior goals and higher rank self-actualizing desires, rather than outside payoffs and Collins's (2001) suggest that level-five leadership. Idealized influence and inspirational motivation in transformational leadership are similar with vision, ecological sensitiveness, and strong joint and personal threat in charismatic leadership.

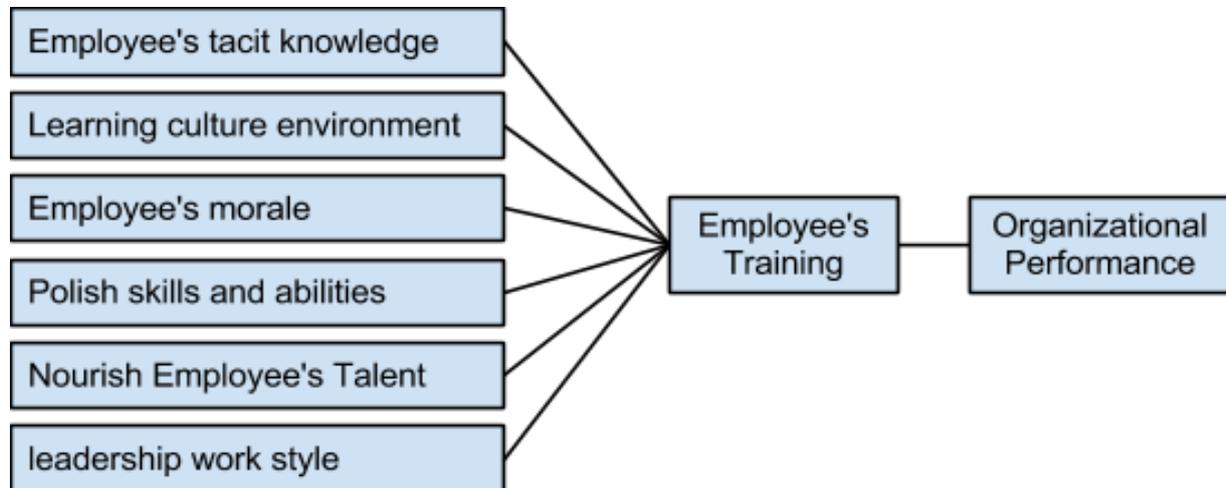
### **Polish, Skills and Abilities**

Eamonn Kelly, Director, Strategic Futures, at Scottish Enterprise, proclaimed that, "We are no longer basically breathing through an age of great and fast-tracking change", further stated "but are experiencing a 'change of age' – as momentous as the transition from an agricultural to an industrial economy." Alvin Toffler has labeled the growing age the 'Information Age'. In addition, Nicholas Negroponte highlights that it is the 'Digital Age', Kenichi Ohmae offers the 'Golden Age', Whereas Charles Handy seizing the

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misunderstanding of several terms in the 'Age of Paradox'. Even the Economist currently denotes to a new 'knowledge age', considered by a global economy in which knowledge is becoming the key resource in an organizations.

### Theoretical Framework of the Study



### Research Methodology

The research is a descriptive study which is quantitative in nature and mostly based on primary data collection methods. However, secondary data was also including from research articles and electronic resources in the research to justify the work done. The sample was taken from both male and female employees working in National Bank of Pakistan, Karachi. Questionnaire was developed for working group Management Trainee, Managers, Assistant Managers, OG-I, OG-II and OG-III officers and other employees of National Bank of Pakistan, Karachi. In this study, the sample technique was non probability snowball method and research was conducted in natural environment with minimum interference from the researcher. Researcher used regression analysis and ANOVAs to present findings.

### Population and Sample

In this study researcher's population was the entire category of employees of National Bank of Pakistan, Karachi. It is hardly ever possible to study a whole population, consequently, researcher used small portion of the population regarded as a sample. It is

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crucial to recognize features of the sample which it holds; therefore results can be simplified in broader population. Sample has been taken from reachable population i.e. group of individuals having similar characteristics. The sample was taken from both male and female employees working in National Bank of Pakistan, Karachi.

*Table 1: Sampling Frame*

Branches (south region)	37
Branches (west region)	50
Total Branches	87
Number of Employees ( Both Male and Female) in South Region	734
Number of Employees (Both Male and Female) in West Region	587
Total Employees in Both Region South and West	1321

**Results and Findings**

*Table 2: Descriptive Statistics*

	N	Range	Min	Max	Mean	S.D.	Var.	Skewness		Kurtosis	
	Stats	Stats	Stats	Stats	Stats	Stats	Stats	Stats	Std. Error	Stats	Std. Error
Employee's Tacit Knowledge	119	2.00	3.00	5.00	4.3137	.48186	.232	-.307	.222	-.528	.440
Learning Culture Environment	119	2.00	3.00	5.00	4.2269	.50782	.258	-.394	.222	-.306	.440
Employee's Morale	119	2.75	2.25	5.00	4.2227	.58203	.339	-.812	.222	.394	.440
Polish skills and abilities	119	3.67	1.33	5.00	4.0196	.54943	.302	-1.620	.222	5.311	.440
Nourish Employee's Talent	119	3.00	2.00	5.00	4.1261	.73900	.546	-.832	.222	.273	.440
Leadership Work Style	119	3.75	1.25	5.00	4.1029	.70215	.493	-1.225	.222	2.050	.440
Organizational Performance	119	3.00	2.00	5.00	3.9097	.81024	.656	-.339	.222	-.860	.440
Valid N (list wise)	119										

The table 2 shows that sample is n = 119 and the most valuable factors influence (Employee tacit knowledge mean 4.31 which shows that respondents are closer to “strongly agree” and organization performance mean is 3.90 where respondents are “agree”. The standard deviation is a measure of how spreads out so organizational performance has  $\sigma =$

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81%. It indicates data are spread out over a large range of values. Whereas, employee tacit knowledge has  $\sigma = 48\%$  which shows data have very close mean.

Employee tacit knowledge =  $-.307$ , Learning culture environment =  $-.394$ , Employee's morale =  $-.812$ , Nourish employee's talent =  $-.832$  and Organizational performance =  $-.339$  it indicates that if skewness is less than  $-1$  or greater than  $+1$ , the distribution is highly skewed. Polish skills and abilities skewness =  $-1.6$  and Leadership work style skewness =  $-1.2$  it indicates that the distribution is moderately skewed.

Table 3: Correlation

		Org. Performance	Employee's Tacit Knowledge	Learning Culture Environment	Emp's Morale	Polish skills & abilities	Nourish Employee's Talent	Leadership Work Style
Pearson Correlation	Org. Performance	1.000	.191	.371	.468	.245	.667	.550
	Emp's Tacit Knowledge	.191	1.000	.292	.403	.012	.213	.346
	Learning Culture Environment	.371	.292	1.000	.339	.224	.269	.490
	Employee's Morale	.468	.403	.339	1.000	.262	.456	.558
	Polish skills And abilities	.245	.012	.224	.262	1.000	.349	.229
	Nourish Employee's Talent	.667	.213	.269	.456	.349	1.000	.542
	Leadership Work Style	.550	.346	.490	.558	.229	.542	1.000

The above table shows that organizational performance and nourish employee's talent with  $.667$  which indicates that there is a strong positive relationship between organizational performances and nourish employee's talent. While, organizational performance and employee tacit knowledge with  $.191$  showing a positive relationship between these two variables. However, organizational performance and learning culture environment with  $.371$  showing there is a positive relationship between these two variables. Whereas, organizational

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performance and employee's morale is .468 which indicates that there is a good positive relationship between employee's morale and organizational performance.

Moreover, organizational performance and polish skills & abilities with .245 showing a positive relationship between variables. Organizational performance and leadership work style with .550 indicating that there is a good positive relationship between organizational performance and leadership work style. Furthermore, polish skills & abilities and employee's tacit knowledge with .012 indicating that there is positive relationship between two variables. Finally, leadership work style and employee's morale with .558 showing a good positive relationship between these two variables.

*Table 4: Regression Analysis*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	.721 <sup>a</sup>	.520	.494	.57622	.520	20.219	6	112	.000	2.087

R square is 0.52 which indicates that about 52% of the variation on the dependent variable is explained by the predictor variable which is moderately good. Adjusted R-Square shows that 49% of the variance was explained by independent variables which means 49.4% of the changes in the organization performance can be explained by the changes in the employee's tacit knowledge, learning culture environment, employee's morale, polish skills and abilities, nourish employee's talent, leadership work style. Std. Error of the Estimate is .57622 compared with the mean of the "Predicted" values of the dependent variable. The value of the Durbin-Watson statistic ranges from 0 to 4 and in the above table the value of Durbin-Watson is 2.087, indicating no auto correlation.

Table 5: ANOVA

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	40.279	6	6.713	20.219	.000 <sup>a</sup>
	Residual	37.187	112	.332		
	Total	77.466	118			

### Significance of the Model

The study has sig = .000 means that our model shows the model is overall fit and results are not by chance.

### Discussion and Conclusion

The results of this research study have revealed that the factors of employee's training have optimistic and significant impact on organization performance of National Bank of Pakistan. In spite of that, this research has provided precious knowledge and information to bank about the meaning of employee's training in increasing performance. Therefore, it can be concluded that the banks which train their employees in a proper way can gain considerable improvement in productivity and can serve more number of customers with satisfaction. Training is the mandatory for employees to progress knowledge, skills and competencies that provide extensive support to increase the performance of particular organization (Sum 2009).

In this age of technology, employee's training has become essential as the workplace introduces more new technologies such as web-based operation, computerized intelligent systems and other task technologies (Colquitt 2000, Howard 1995 and Quinn ones 1997).

The three key findings of this research study are nourishing employee's talent, leadership work style and employee's morale which have strong positive relationship with organization performance. It shows that bank is exercising a talent management program to fulfill their existing and future needs which help them to cope with rapidly changes in labor market and competition. Secondly, leadership work style is the main element for the bank's growth, the bank that has good leadership creates an environment for employees to perform

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tasks efficiently and appreciate their hard working efforts for the bank. Third factor employee's morale which means bank gives them appreciation, respect and rewards.

### **Recommendations and Implementations**

In this research after discussing the facts and findings researcher recommends as follows:

- This study provides an empirical evidence of factors that affect training of employees and organizational performance that can provide insights for sectors of Pakistan such as banking industry, education sector, petroleum sector and textile sector etc.
- Leadership training programs should be initiated for employees to develop leadership traits.
- Governmental departments should launch effective training programs for their employees so that they can handle the challenging environment of information age and technological rapid changes.
- Training programs have become essential for building employee's skills and knowledge. Everyone organization should implement it.
- Bank's current training programs are effective but the company should also reflect on enabling employees to technological systems to improve their capacity.

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