

## CHAPTER – I

### INTRODUCTION

#### 1.1 Background of the Study

Training is effort initiated by an organization to foster learning among its workers, and development is effort that is oriented more towards broadening an individual's skills for the future responsibility (George & Scott, 2012). Improved capabilities, knowledge and skills of the talented workforce proved to be a major source of competitive advantage in a global market (Mckinsey, 2006). To develop the desired knowledge, skills and abilities of the employees, to perform well on the job, requires effective training programs that may also effect employee motivation and commitment (Meyer and Allen 1991). In order to prepare their workers to do their job as desired, organizations provides training as to optimize their employee's potential. Development is a long term planning which build the new skills by their workforce, enabling them to cope with the uncertain conditions that they may face in future. Thus, improving the employee performance and organizational growth through superior level of motivation and commitment. When employees recognizes their organization interest in them through offering training programs, they in turn apply their best efforts to achieve organizational goals, and show high performance on job.

Training and development are a continuous effort designed to improve employees competence and organize performance as a goal to improve on the employees capacity and performance. Human resource management has played a significant role in the economic development. Every organization should give appropriate attention in training and development program for their human resource. Every aspects and activities in an organization involves people. For instance, a manager will not be successful if he has subordinates who are not well equipped with skills, knowledge, ability and competence.

Organizations are facing increased competition due to globalization, changes in technology, political and economic environments (Evan, Pucik & Barsoux 2002, 32) and therefore prompting these organizations to train their employees as one of the ways to prepare them to adjust to the increases above and thus enhance their performance. It is important to not ignore the prevailing evidence on growth of knowledge in the business corporate world in the last decade. This growth has not only been brought about by improvements in technology nor a combination of factors of production but increased efforts towards development of organizational human resources. It is therefore, in every organizations responsibility to enhance the job performance of the employees and certainly implementation of training and development is one of the major steps that most companies need to achieve this. As is an evident that employees are a crucial resource, it is important to optimize the contribution of employees to the company aims and goals as a means of sustaining effective performance. This therefore calls for managers to ensure an adequate supply of staff that is technically and socially competent and capable of career development into specialist departments or management positions (Afshan, Sobia, Kamran, & Nasir 2012, 646).

Training and development is indispensable strategic tool for enhancing employee performance and organizational growth. The study becomes necessary because many organizations in this contemporary world are striving to gain competitive edge and there is no way this can be achieved without increasing employees competencies, capabilities, skills, etc through adequate training designs. However, the study results will help the management to identify the challenges effects of employee training on organizational performance. Hence, determine the areas where improvements through training can be done. It will also help the management in planning for the development and implementation of effective and efficient training needs that will lead to increased performance of the nepal rastra bank.

In spite of the large number of researches on the relationship between training, employee performance and organizational growth, there appears to be a gap, concerning the study of effect of training and development on employee performance and organizational growth. The

purpose of this study is to close this gap by deeply investigating this phenomenon through the relevant literature, shedding more light into the relationship of training effectiveness, and superior employee performance and providing suggestions to the firms as how they can make best use of training programs to make their employees perform well on job.

## **1.2 Statement of the Problems**

Staff training and development is recognized as crucial elements in the attainment of organizational goals and objectives. In order to sustain economic and effective performance, it's important to optimize the contribution of employees to the aims and goals of an organization (Armstrong 1999). Training and development activities have implications for attempts to motivate and involve the workforce with an aim of improving performance which helps the organizational growth. One of the primary objectives of human resource management is the creation of conditions whereby the latent potential of employees will be realized and their commitment to the success of the organization secured. (Chang 1994) points out that the scope of evaluating the training effort should explain how training contributes to the 'big picture' as it is implemented to bring about improvement in job performance. The ultimate purpose of training is to help organizations achieve their performance results. Training activities have effect on relative competitiveness and economic performance, at both the aggregate level of the national economy or industrial sector, and at the level of individual enterprises (Storey 1999).

Central bank in Nepal and indeed the public sector engage in training and development of staff. The important role of training and development in enhancing employee performance in organization needs little debate. Although, the impact of training and development on employee performance in the organization has received more attention from academic and researchers, very few of these studies have focused on employee performance in the banking industry (Indian Journal of Commerce and Management Studies).

Training activities are not tailored towards employee job needs. There is a gap between employee job needs and training activities making it very difficult to facilitate performance in banks. This has adverse implications on the growth of the banking industries. This is against any known

management training principles. In such programmes, lobbying, corruption, and nepotism is persistent as training would be used to compensate selected few ((Indian journal of Commerce and Management Studies).

This study aims to discover the relationship of training and development on employee performance. The following research questions are framed to get knowledge about relationship between training and development on employee performance of Nepal Rastra Bank.

This study will try to focus the following research questions.

1. Is there is a relationship between Training and development on employee performance?
2. Does training and development affect the performance of employees

### **1.3 Purpose of the Study**

The broad objective of this study is to examine the impact of training and development of employee within the central bank of nepal. Specially the study seeks:

1. To examine the relationship between training and development on employee performance.
2. To examine the effect of training and development on employee performance.

### **1.4 Significance of the Study**

Training becomes inevitable the moment an organization realizes the need for improvement and expansion in the job. But often times, organizations embark on job enlargement and enrichment to promote employees morale, motivation and satisfaction when in the fact the real problem with work performance lies in capacity development. The study becomes necessary because many organizations in this contemporary world are striving to gain competitive edge and there is no way this can be achieved without increasing employees competencies, capabilities, skills etc through adequate training designs. However, the study results will help the

management to identify the challenges effects of employees training, hence determine the areas where improvements through training can be done. It will also help the management in planning for the development and implementation of effective and efficient training needs that will lead to increased performance of the Nepal Rastra Bank.

### **1.5 Limitation of the Study**

The study only covered the effect of training on Nepal Rastra Bank employees in Kathmandu valley and some selected management staff. In view of limited time available for the study, only the training process could be studied the answer given by the respondent have to be taken as truly reflecting their perception.

Some difficulties are encountered while doing the project. The limitations are listed below:-

- This research considered only four components which are not sufficient to analysis for qualitative performance of employee.
- The accuracy of the research will work be depend on the data provided by employees of Nepal Rastra Bank
- Lack of sufficient Statistical tools for analysis of data
- Lack of sufficient sample size, take only one public enterprises.

### **1.6 Organization of the Study**

This study will comprised to five chapters. The chapters will be:-

#### **Chapter I – Introduction**

This chapter will provide background and information relating to the subject matter of the research. It will provide general idea about training and development and it's effect on employee performance.

#### **Chapter II – Literature Review**

This chapter will include review of the previous relevant studies done under impact of training and development on employee performance.

### **Chapter III – Research Methodology**

In this chapter the research methodology employed for the study will be described. It will include research design, population and sampling, data collection and data analysis procedures.

### **Chapter IV – Presentation and Analysis of Data**

This chapter deals with the presentation, tabulation, interpretation, and analysis of the data through different statistical tools and techniques.

### **Chapter v – Summary, Conclusion, Findings and Recommendations**

In this chapter, the major findings will be summarized, valuable recommendation and conclusion will be drawn.

## **CHAPTER - II**

### **LITERATURE REVIEW**

In the development of organizations, training plays a vital role; improving performance as well as increasing productivity and eventually putting organizations in the best position to face competition and stay at the top. This means that there is a significant difference between the organizations that train their employees and organizations that do not (April 2010). Training is a type of activity which is planned, systematic and results in enhanced level of skill, knowledge and competency that are necessary to perform work effectively (Gordon 1992). There exists a positive association between training and employee performance. Training generates benefits

for the employee as well as for the organization by positively influencing employee performance through the development of employee knowledge, skills, ability, competencies and behaviour (April, 2010). Organizations that are dedicated to generating profits for its owners (shareholders), providing quality service to its customers and beneficiaries, invest in the training of its employees (Evans and Lindsay, 1999). The more highly motivated a trainee, the more quickly and systematically a new skill or knowledge is acquired. That is why training should be related to money, job promotion, and recognition etc, i.e. something which the trainee desires (Flippo, 1976). There are four prerequisites for learning: Motivation comes first. Cue is the second requirement. The learner can recognize related indicators (cue) and associate them with desired responses with the help of training. Response comes third. training should immediately followed by positive reinforcement so that the learner can feel the response. Last is the feedback; it is the information which learner receives and indicates in the quality of his response. This response must be given as quickly as possible to ensure successful learning is acquired (Lesile, 1990).

Derrick et al (2000:55) looked at the training environment and the structure of organizations, and emphasized on the effects of internal political and cultural factors on training and development. Sherman et al (1996:16) argues that many new employees can be equipped with most of the knowledge, skills and attitudes needed to start work, but others may require extensive training to ensure their effectiveness. Changing technology requires that employees possess the knowledge, skills and abilities and needed to cope with new processes and production techniques.

According to Cole (2002) training can achieve: high morale – employees who receive training have increased confidence and motivation; lower cost of production – training eliminates risks because trained personnel are able to make better and economic use of material and equipment thereby reducing and avoiding waste; lower turnover – training brings a sense of security at the workplace which reduces labour turnover and absenteeism is avoided; change management – training helps to manage change by increasing the understanding and involvement of employees in the change process and also provides the skills and abilities needed to adjust to new situations; provide new recognition, enhanced responsibility and profitability of

increased pay and promotion; give a feeling of personal satisfaction and achievement, and broaden opportunities for career progression; and help to improve the availability and quality of staff.

Employee performance is normally looked at in terms of outcomes. however, it can also be looked at in terms of behaviour (armstrong 2000). kenney et al (1992) stated that employee's performance is measured against the performance standards set by the organization. There are a number of measures that can be taken into consideration when measuring performance for example using of productivity, efficiency, effectiveness, quality and profitability measures (Ahuja 1992). as briefly explained hereafter. profitability is the ability to earn profits consistently over a period of time. It is expressed as the ratio of gross profit to sales or return on capital employed (Wood & Stangster 2002). Efficiency and effectiveness – efficiency is the ability to produce the desired outcomes by using as minimal resources as possible while effectiveness is the ability of employees to meet the desired objectives or target (Stoner 1996). Productivity is expressed as a ratio of output to that of input (Stoner, Freeman and Gilbert Jr 1995). It is a measure of how the individual, organization and industry converts input resources unto goods and services. The measure of how much output is produced per unit of resources employed (Lipsev 1989). Quality is the characteristic of products or services that bear an ability to satisfy the stated or implied needs (Kotler & Armstrong 2002). It is increasingly achieving better products and services at a progressively more competitive price (Stoner 1996).

Human resource is the very important and the backbone of every organization and it is also the main resource of the organization. so organizations invest huge amount on the human resource capital because the performance of human resource ultimately increase the performance of the organization. Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita 2000). As the Mwita (2000) explains that performance is the key element to achieve the goals of the organization so to performance increase the effectiveness and efficiency of the organization which is helpful for the achievement of the organizational goals. But the question arise that how an employee can work more effectively and efficiently to increase the growth and the productivity of an



organization (Qaiser Abbas and Sara Yaqoob). There are many factors which improves the work of the employee such as flexible, scheduling, training etc.

## **2.1 Theoretical Framework**

To implement the study following dependent variables are shown in the theoretical framework.

Training and Development

Employee Performance

Independent Variable

Dependent Variable

## **CHAPTER – III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

A research design is a backbone of the research study because it highlights the steps that will be taken to carry out the research findings (Sekaran 2003). The main objective of the study is to examine the impact of training and development on employee performance and organizational growth in Nepal Rastra bank. In order to meet the objective, descriptive case study research design will be adopted.

#### **3.2 Population and Sample**

This study mainly based on primary data. Nepal Rastra Bank in Kathmandu valley is the population of the study. The study sample comprised of 140 employees of Nepal Rastra Bank. The sample is mixed like both male and female.

### **3.3 Sources of Data**

Data for this study will be obtained from primary and secondary sources. The secondary sources will be gathered from the organization's review report on human resource management.

primary data was obtained from questionnaire provide information on how long the organization has been running training programs. All questions are close ended questions with the use of a five point likert scale consisted of Extremely high, High, Moderate, Low, and Least. All questionnaires were distributed and collected by hand from the offices of the organizations in the office timing.

### **3.4 Method of Data Collection**

Questionnaire will be used to collect the data. The questionnaires will be adopted from previous research. The adopted questionnaire will be modified and 5 likert scale questionnaire will be developed.

### **3.5 Analysis of Data**

The data obtained will be analyzed using correlation and regression analysis to draw the reliable conclusion by using SPSS software.

### **3.6 Reliability and Validity**

Validity test are relate to underlying theoretical concept. Realiability refers to the stability of the measure used to study the relationships between variables (Ghauri & Gronhaug 2005. 81). The questions in the questionnaire are designed taking into consideration the issue related to the problem and goals of the study. It is therefore believed that the responses and results from this study are reliable

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