

**The Effect of Training and Development on Employees’  
Performance: The Case of Cooperative Bank of Oromia, Jimma  
Town Branches**

*A Thesis Submitted to the School of Graduate Studies of Jimma University in  
Partial Fulfillment of the Requirements for the Award of the Degree of Master  
of Public Management (MPM)*

*BY:*  
**FAYIDA ABDELLA HUSSEN**



**JIMMA UNIVERSITY**  
**COLLEGE OF BUSINESS & ECONOMICS**  
**MA PROGRAM**

**JUNE 13, 2021**  
**JIMMA, ETHIOPIA**

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Under the Guidance of

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and

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## CERTIFICATE

This is to certify that the thesis entitles “The Effect of Training and Development on Employees’ Performance: The Case of Cooperative Bank of Oromia, Jimma Town Branches”, submitted to Jimma University for the award of the Degree of Master of Public Management (MPM) and is a record of bonafide research work carried out by Ms. *Fayida Abdella Hussen*, under our guidance and supervision.

*Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.*

<i>Main Adviser’s Name</i>	<i>Date</i>	<i>Signature</i>
<i>Co-Advisor’s Name</i>	<i>Date</i>	<i>Signature</i>

## **DECLARATION**

I hereby declare that this thesis entitled “The Effect of Training and Development on Employees’ Performance: The Case of Cooperative Bank of Oromia, Jimma Town Branches”, has been carried out by me under the guidance and supervision of Dr. Shimelis Zewude and Ms. Nechitu Legese.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

Researcher’s Name

Date

Signature

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## **Abstract**

*Nowadays, training and development activity is very important activity for employees of any organization to perform/provide the required sustainable and competitive activity/service. The main purpose of this study is to appraise the effect of training and development on employee performance of Cooperative Bank of Oromia (CBO), Jimma Town Branches. The study adopted mainly quantitative research method using quantitative data collected through questionnaire from 118 employees out of 170 employees of CBO taken as sample size for this study. The training design and methods of training and development were used as independent variables, and employees' performance was taken as dependent variable. Quantitative data analysis method was employed, in which, SPSS version 26 was used for descriptive statistical analysis and Pearson Correlation & Regression analysis were used for inferential statistics to give meaningful conclusion. Findings of the study (both results of descriptive and inferential statistics) showed that both the training design as well as training and development methods have strong(positive) relations with employees' performance. The result also revealed that, a one unit increase in training design and training method would lead to 63.8% and 35.2% increase in the perception of employees' level of performance, respectively. Hence, the study concluded that the training provided (the training design as well as the training and development methods adopted) by the Cooperative Bank of Oromia (CBO) have significant effect on the performances of its employees. Finally, the study recommended that Cooperative Bank of Oromia shall keep to conduct the frequent trainings in both on-the-job and off-the-job methods giving attention to the needs of its employees developing skills that enable them performing with more sustainable quality and more customer satisfaction ensuring the bank competitive with the banks in the country.*

*Key words; - training design, training methods, on-the-job training, off-the-job training, employees' performance.*

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## **ABRIVATIONS/ACRONYMS**

CBE – Commercial Bank of Ethiopia

CBO – Cooperative Bank of Oromia

ETB – Ethiopian Birr

OB – Organizational Behavior

TNA – Training Need Assessment

JIT – Job Instructional Technique

SD – Standard Deviation

T&D - Training and Development

SPSS - Statistical Package for Social Science

ANOVA – Analysis of Variance

VIF – Variance Inflation Factor





# CHAPTER: ONE

## INTRODUCTION

### 1.1 Background of the study

Training enhances employee performance by influencing positively job satisfaction by enhancing staff/supervisor/customer relationships at work; the employee's ability to use their own initiatives and skills at work; opportunities for pay and promotion; and by influencing the work activities. Effective training saves labor by reducing time spent on problem-solving and saves money in the long run by producing a better workforce. Training has been resulted in saving time and costs. Investment in training can improve a company's financial standing, expectations and needs and reduce employee turnover costs (Barzegar&Shahroz,2011).

Moreover, advantages of employees training: increase productivity - see managing the performance of your staff, improve the quality of work, reduce faults, waste or customer complaints with streamlined processes and more competent staff and positively affect staff morale and motivation - see lead and motivate your staff and reduce staff turnover and absenteeism, customer relationships at work, the employee's ability to use their own initiatives and skills at work, opportunities for pay and promotion and by influencing the work activities. Effective training saves labor by reducing time spent on problem-solving and saves money in the long run by producing a better workforce. Training has been resulted in saving time and costs. Investment in training can improve a company's financial standing, expectations and needs and reduce employee turnover costs (Amir and Amen,2012).

Moreover, advantages of employees training: increase productivity - see managing the performance of your staff, improve the quality of work, reduce faults, waste or customer complaints with streamlined processes and more competent staff and positively affect staff morale and motivation - see lead and motivate your staff and reduce staff turnover and absenteeism (James and Daniel,2014).

Similarly, ongoing employee training helps cultivate talent from within the business. By retraining employees on current skills, bank sector can increase productivity by preventing small, basic mistakes. This can also breathe new life into old tasks. Plus, retraining current employees is less expensive than hiring new ones (Singh & Mohanty, 2012).

Human Resources Management literature regards training as the blood stream of any organization because the success of an organization to achieve its objectives and goals heavily highly depends on its workforce. For this reason, organizations banks invest in employees' training in an effort to enhance their performance and that of an organization. Nonetheless, some organizations regard training as unnecessary expenditure and always cut training budgets in an effort to improve their financial standing to the detriment of their employees' welfare because that action incapacitate staff to adapt to the ever-changing working environment and uncertain conditions on account of, *inter alia*, rapid technological innovation and organizational change (Singh & Mohanty, 2012).

Previous study was conducted in within the banking sector in Lesotho on the effect of training on the employee performance. The findings of the study generally revealed that training not only increases employees' performance but also positively affects employees' motivation and job satisfaction within the banking sector in Lesotho (Saleem, Shahid & Naseem 2011).

The other previous study will be conducted Rizwan and Faiza in 2015 Banking Sector Karachi on determine factors that impact training in banks of Karachi and how they affect employee performance. The study observes that how training needs establish, how effective the training methods of banks and their influence of employee performance. The findings of the study revealed that training is one of the key elements that help employees to gain knowledge and confer motivation and satisfaction. Training enhances skills and abilities of employees.

The other previous study also conducted on the effects of training on employee performance: a survey of health workers in Siaya county, by Daniel M in 2014 Kenya the result of the showed there is a strong positive relationship between training of employees and performance. (Khan, Khan and Khan (2011)

Accordingly, Oromia Operative Bank of Jimma Branches is profit making organization that is operating in a competitive market with various banks like CBE, Awash International Bank and others. So, efficiency and effectiveness are vital to be competent in customer satisfaction



employees training and development is the current need of this organization /firm/ as the rifer of this research is customer of Oromia Cooperative Bank the expense slows the employee of Oromia co-operative bank needs further training development so that customer satisfaction is enhanced

## **1.2 Statement of the problem**

Training effects employee's job performance positively. Training is a motivational factor which enhances the knowledge of the employee towards the job by which employees become proficient in their jobs and they become able to give better results. In addition, training is seen as a useful means of coping with changes fostered by technological innovation; market competition, organizational structuring and most importantly it plays a key role to enhance employee performance (Khan, Khan and Khan (2011)).

As various studies indicate, organizational goals and objectives can be effectively achieved with an active and responsible contribution of its employees. Falola et al. (2014) asserts that employees are the indispensable asset and key element of gaining competitive advantage of any organization, and training is essential tool for its actualization. That is, training and development are believed to be indispensable strategic tools for effective individual and organization's performance. For this reason, organizations have been spending money on it with confidence that it will earn them a competitive advantage in the world of business (Okoh, 2005). Accordingly, this study is aimed at analyzing the staff development programs conducted by the Bank. Both developing and developed countries have suffered from the ineffectiveness of their training programs. There is a significant body of literature which discusses the reasons why training programs in developing countries do not lead to the desired outcomes. Many studies argue that most of the training and development programs in developing countries have failed to achieve their expected results mainly due to their inability to design a training program that targets specific objectives (Healy, 2001: cited in Ahmad Al-Nuseirat and Mohamed Biygautane). Healy (2001) states that various training programs were offered in government organizations in some developing countries, but they were very ineffective in the sense that they were very theoretical and too broad, and were not directed towards achieving any specific objectives. According to Healy (2001), the training programs were not responsive to the needs of the employees as their needs or weaknesses have not been identified, and there was also no coordination among the different stakeholders within these organizations.

Like other business organizations, the Cooperative Bank of Oromia has been doing a lot in training and developing its workers performance. Thus, this study appraises the nature of trainings and development granted by the Cooperative Bank of Oromia. Moreover, this research examines the extent to which the training and development programs of the Bank are effective, responsive to the needs and expectation of its staff, and how this affects staff performance. By doing this, the study seeks to fill the information gap and to show if there is anything to be done by the bank to make adjustments on how and in what areas training could be offered. This study, therefore, sets out the following research questions to assess the effect of training on the employees' performances of the Cooperative Bank of Oromia.

### **1.3 Research Questions**

The research will answer the following key research questions.

1. What is the effect of Training design on employee performance?
2. What is the effect of training and development methods (On-Job & Off-Job) on employee performance?
3. To what extent training effect on employee performance in Cooperative Bank of Oromia?

### **1.4. Objectives of the study**

#### **1.4.1. General Objective**

The main objective of the research is to appraise the effect of training and development on employee performance of Cooperative Bank of Oromia.

#### **1.4.2. Specific Objectives**

- To determine the effect of Training design on employee performance.
- To determine the effect training methods (On-Job & Off-Job methods) on employee performance.
- To examine the relationship between training & development and employee performance.

## **1.5. Significance of the Study**

This study will be important for employees and managements of Cooperative Bank of Oromia to provide information on the effect of training and development on the employees' performance.

It enables them to develop common understanding, provide them relevant and up to date information to enhance their awareness on the current status of the effect of training and development on the employees' performance. The result of the study will help the managers to reconsider the effect of training and development on the employees' performance.

On the basis of the information that will be gained from the results of this study they will plan on to improve the effect of training and development on the employees' performance. The result of this study will be important for employees and managements of cooperative bank of Oromia to look and reflect on their views and commitment, problems and challenges, benefits of training employees.

Additionally, the result of this study will be used as the sources of information for the future researchers those who will be interested to conduct research on the area,

### **1.5.1 Delimitations of the Study**

These are boundaries of the study or the scope (Orodho, 2005) the study was restricted to five branches of Cooperative Banks of Oromia in Jimma City. The study was focused on the effect of training and development on the employees' performance. Then conceptually this study was delimited to the effect of training and development on the employees' performance.

## **1. 6. Organizations of the Study**

This study was organized in to five chapters. The first chapter deals with introduction Part focusing on presenting, background of the study, statement of the problem, objectivities of the study, significance of the study and scope of the study. The second deals with presenting the closely related literature review to the topic of this Study. In the third part of this study, under research methodology of this study, research design, data source and method of collection, population and sample design and method of data analysis was presented. In the fourth part of this study, the collected data was analyzed and presented in tables. In the last part of this study, major findings, conclusions and recommendations was presented under chapter five of this study.

## **1.7. Definitions of Terms**

**Effect** -a change which is a result or consequence of an action or other cause

**Performance** is the action or process of performing a task or function.

**Training** is the action of teaching a person or animal a particular skill or type of behavior.

## **1.8. Background of the Cooperative Bank of Oromia**

Cooperative Bank of Oromia (S.C.) was registered commercially on October 29, 2004 in accordance with article 304 of Commercial Code of Ethiopia. It was established in line with proclamation no. 84/1994 with authorized capital of Birr 300 million. It started operation on 8<sup>th</sup> march 2005, with paid up share capital of birr 112 million.

Cooperative Bank of Oromia is a private commercial bank in Ethiopia. As of June 2020, the bank has about 6.25 million account holders, which makes the bank the leading private bank in this regard. The bank has 420 branches, of which more than 80% are outside the capital where the industry average is still less than 60%, this is a clear indication of the bank's focus to the grassroots level. According to the June 2020 report, Cooperative Bank of Oromia (CBO) has ETB 52.92 billion in assets, ETB 3 billion capital, and ETB 45.52 billion in deposits, making the bank among the top three private banks in the country on major indicators.

## **CHAPTER: TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. Concept of Training and Development**

*Training and Development* refer to educational activities within a company created to enhance the knowledge and skills of employees while providing information and instruction on how to better perform specific tasks. The purpose of the training and development function is to: Organize and facilitate learning and development. Expedite acquisition of the knowledge, skills, and abilities required for effective job performance (Becker and Everett,2011).

Training programs boost employee satisfaction and improve employee retention. Employees appreciate being able to build new skills, improve their job performance and potentially evolve towards more challenging roles. ... Employees feel their value to a company where employee education is promoted (Becker and Everett,2011)

Training and development involve improving the effectiveness of organizations and the individuals and teams within them. Training may be viewed as related to immediate changes in organizational effectiveness via organized instruction, while development is related to the progress of longer-term organizational and employee goals. While training and development technically have differing definitions, the two are oftentimes used interchangeably and/or together. Training and development has historically been a topic within applied psychology but has within the last two decades become closely associated with human resources management, talent management, human resources development, instructional design, human factors, and knowledge management(Neelam and Others,2014).

#### **2.2. Concept of Employee Development**

Employee development is almost universally recognized as a strategic tool for an organization's continuing growth, productivity and ability to retain valuable employees. If organizations neglect certain challenges, then the employee development process will be cumbersome for the organization, frustrating for employees and of uncertain value for both (Jena, & Pradhan, 2014; London, 2003; Mone, & London, 2009).

Employee development plans are action plans, working documents used actively by both the employee and line manager. They ensure the employee is growing personally, developing their ability to achieve more in the workplace, and meet the organization's goals.

At a very high-level, employee development is a process of working with employees to improve, enhance, refine and hone existing skills, and to also develop newer ones, in support of the organization's mission and goals.

Employers today must often develop the employees they have rather than find new staff in the marketplace. Reasons for emphasizing employee development include: Remaining competitive. Organizations are competing not only for market share but also for employees. Employees want to work for an employer that will upgrade their skills to keep them competitive with peers from other companies (Jena, & Pradhan, 2014; London, 2003; Mone, & London, 2009).

Dealing with ongoing skills shortages. According to SHRM's skills gap research, 83% of HR professionals are having recruiting difficulty and of those HR professionals, 75% say there is a shortage of skills in candidates for job openings. In the short term, organizations should rekindle entry-level job training programs. In the long term, businesses should participate in community partnerships to rebuild the broken talent creation system. Taking employee development "off hold." Previously, many U.S. employers placed some individual professional development initiatives on hold due to limited budget and resources, shifting business priorities, lack of time, and lack of senior management support. In today's labor market, companies must invest in employee training to build the talent needed in the current workplace. *See Amazon Commits to Investing Millions in Training.* Adapting to changing business structures. Leaner, flatter, continuously evolving organizations need employee development to ensure engagement and commitment. By providing creative development, executives signal that they value employees. *See Increasing worker productivity.* Workers who receive training and educational opportunities are more productive. Reducing turnover. The more money an organization spends on employee training and development, the greater the concern that the highly skilled people will leave and take their knowledge somewhere else; however, research has shown that employee training actually reduces turnover and absenteeism. Aligning employee development with the organization's needs. Employers should let strategic needs drive development. For example, facing impending retirement of many older workers, an organization might broaden those workers' skills so they can

add variety to their jobs and take on new responsibilities. Such measures could encourage experienced workers to stay on the job (Neelam and Others,2014).

Today, HR encourages employees to manage their own career development while HR still ensures that the organization provides ways for employees to be more effective in their current roles. HR needs to show both managers and employees that development brings benefits. Without a clear payoff, managers will balk at training costs and at lost productivity time. Moreover, employees will be less enthusiastic about development programs if they fail to see gains in their job performance and career opportunities (Neelam and Others,2014).

These rules will help HR professionals align employee development with the organization's talent management strategy: Know the organization well. Study the organization in detail and include this knowledge in employment development and talent management planning. Know the needs of employees. Study employees' training needs and backgrounds before developing any program. Know the industry. Develop a best-practice approach to any training program. Know how to quantify outcomes. The more an employer can quantify training outcomes, the more effective its employee development initiatives will be. HR professionals, usually the ones tasked with organizing employee development, should remember to focus on their own professional development as well (Wikipedia,2010).

Successful employers integrate development and succession planning programs into the organization's overall strategy, ensuring all programs drive toward the same set of objectives. These guidelines can help HR plan employee development programs: Gain executive support. If executives do not understand or agree with how development fits into workforce planning, a succession process or retention program, HR will have real problems obtaining funding and support from the top. Involve management. If executives show support, there is a good chance that management will pay attention to employee development. Managers play a vital role, ensuring a connection between development strategy and real-world implementation. Relate to performance management. HR must be clear about development's place in the performance management process. HR professionals should differentiate between short-term plans for projects, long-term plans for the organization, career development plans for the employee and skill building for immediate performance deficiencies. Each should be handled at the appropriate phase of the performance management process (Wikipedia,2010).

Understand what the employee values. Employees often have an intense interest in their own development. Knowing what each employee values and how that relates to his or her development needs should greatly affect the type of development activities provided for the employee and, ultimately, for the success of such activities. Know the desired outcome. Have a clear understanding of exactly which skills will be enhanced by particular employee development initiatives (Wikipedia,2010).

### **2.3. Concept of employee performance**

Employee performance is defined as how an employee fulfills their job duties and executes their required tasks. It refers to the effectiveness, quality, and efficiency of their output. Performance also contributes to our assessment of how valuable an employee is to the organization. Takes performance to be as how well or badly you do something or how well or badly. Something works,

it is also defined as the act or process of performing a task, an. action, etc. while the verb performs means to work or function well or badly (Neelam and Others,2014).

Employee performance refers to how your workers behave in the workplace and how well they perform the job duties you've obligated to them. Your company typically sets performance targets for individual employees and the company as a whole in hopes that your business offers good value to customers, minimizes waste and operates efficiently (Neelam and Others,2014).

For an individual employee, performance may refer to work effectiveness, quality and efficiency at the task level. Your salesperson, for example, may be expected to complete a certain quota of calls to potential leads per hour with a specific portion of those resulting in closed sales. On the other hand, a production worker may have performance requirements for product quality and hourly output (Wikipedia,2010).

Individual performance affects your team and organizational performance. If you have employees who can't keep up or who perform subpar work, this means that other workers may have to pick up the slack or that you have to have work redone. When employee performance is poor, you may not be able to satisfy your customers and thus see negative impacts on your profits, company reputation and sales (Wikipedia,2010).

Improvement of productivity is a central issue in present-day organizations. Productivity through job performance stands as a widely researched domain in literature of organizational behavior



(OB) and human resource (HR) development (Bommer et al., 1995; Lawler, & Worley, 2006; Schiemann, 2009). Job performance as in the form of performance assessment and management is an essential part of effective HR management and it is a most sought-after developmental intervention in HR portfolio (Bateman, & Snell, 2007; Fay, & Luhrmann, 2004; Hellriegel et al., 2004). The term “employee performance” signifies individual’s work achievement after exerting required effort on the job which is associated through getting a meaningful work, engaged profile, and compassionate colleagues/employers around (Hellriegel, Jackson, & Slocum, 1999; Karakas, 2010). In order to utilize HR fully and augment organizational success, effective employee performance management system is imperative for a business organization. The performance-driven objective is expected to be aligned with the organizational policies so that the entire process moves away from being event-driven to become more strategic and a people-centric perspective (Jena, & Pradhan, 2014; London, 2003; Mone, & London, 2009).

Why do some organizations perform better than others and get listed as most preferred employer of the year? Earlier findings have suggested for deploying lucrative incentive schemes for motivating the employees toward meaningful job participation (Friedman, & Sunder, 1994; Roth, 1995; Smith, 1991; Sprinkle, 2000). At the same time, there are sufficient pragmatic evidences showing that financial offers have varying effects and may not be of much significance for escalating employee performance (Bonner et al., 2001; Camerer, & Hogarth, 1999; Gupta, & Shaw, 2014). This is due to the changing nature of work and rise of knowledge workers in post-globalization, which has defied the familiar views of individual work performance (Frese, & Fay, 2001; Ilgen & Pulakos, 1999). The question that arises over here is, if monetary incentives are incongruent on one’s effort and performance, then what are the other associated behavioral factors that influence enhancing employee performance. At the same time, with the changing organizational requirements, the ability to adapt stands as one of an important measure to assimilate in performance. Unfortunately, little efforts have been made to verify those subdued variables together empirically. One of the reasons may be that performance is a difficult concept to outline and measure (Wikipedia, 2010).

The fundamental supposition of organizational psychology is that individual role and organizational goals are expected to be interdependent (Pfeffer, & Salancik, 1978). However, there is scarce attention on understanding their intra and interpersonal behavioral silos upon which members of the organization assesses its effectiveness. Therefore, it needs a shift of focus from

fixed task-centric attitude to a wider cognizance on addressing varied roles of present-day organizations that influences employee performance (Fried, Levi, & Laurence, 2008; Ilgen, & Hollenbeck, 1991; Morgeson, & Humphrey, 2008). This suggests for conducting a rigorous research through clearly defining the measure of employee performance and developing appropriate instrument that can validate the underlying factors of the construct.

To unfold this research gap, the present research article is structured in following sequences. We have reviewed literature on job performance and its different facets explored so far (Wikipedia,2010). Second, we have interviewed academicians and corporate practitioners across India regarding their understanding on the present state of employee performance at workplace.

Finally, on the basis of the literature, feedback from academics and industry professionals, a heuristic framework was developed through placing relative importance on three performance components (i.e., task, adaptive, and contextual performance). Keeping these dimensions into account, a scale on employee performance was developed in form of a questionnaire. The proposed questionnaire has obtained empirical views from experts on its dimensions and statements. An exploratory factor analysis (EFA) along with the reliability and validity of the instrument was carried out (Wikipedia,2010).

#### **2.4. Training Practice & Methods**

Training and development encompass three main activities: training, education, and development. The "stakeholders" in training and development are categorized into several classes. The sponsors of training and development are senior managers. The clients of training and development are business planners. Line managers are responsible for coaching, resources, and performance. The participants are those who actually undergo the processes. The facilitators are Human Resource Management staff. And the providers are specialists in the field. Each of these groups has its own agenda and motivations, which sometimes conflict with the agendas and motivations of the others. Especially in the last couple decades, training has become more trainee-focused, which allows those being trained more flexibility and active learning opportunities. For example, these active learning techniques include exploratory/discovery learning error management training,<sup>1</sup> guided exploration, and mastery training. Typical projects in the field include executive and supervisory/management development, new-employee orientation, professional-skills training,

technical/job training, customer-service training, sales-and-marketing training, and health-and-safety training. Training is particularly critical in high-reliability organizations, which rely on high safety standards in order to prevent catastrophic damage to employees, equipment, or the environment (e.g. nuclear power plants, operating rooms) (Muo,2007).

It is important to note that all employees require different levels and types of development in order to fulfill their job role in the organization. All employees need some type(s) of training and development on an ongoing basis to maintain effective performance, or to adjust to new ways or work, and to remain motivated and engaged. The instructional systems design approach (often referred to as ADDIE model) is great for designing effective learning programs and used for instructional design.

Instructional design is the process of designing, developing and delivering learning content. There are 5 phases in the ADDIE model: (1) needs assessment, (2) program design, (3) program development, (4) training delivery or implementation, and (5) evaluation of training (Muo,2007). Analyze - problem identification, (TNA) training needs analysis, target audience determined, stakeholder's needs identified, identify the resources required. Design is learning intervention/implementation outline and mapped, mapping evaluation methods. Development - determine delivery method, production of learning product that is in line with design, determine instructional strategies/media/methods, quality evaluation of the learning product, development of communication strategy, development of required technology, development and evaluation of assessments and evaluation tools (Muo,2007).

Implement is participation in side-programs, training delivery, learning participation, implementation of a communication plan, evaluation of business, execution of formal evaluations. Evaluation is (integral part of each step) formal evaluation, continuous learning evaluation, evaluation of business, potential points of improvement (Cole 2002).

There are many different training methods that exist today, including both on and off-the-job methods. On-the-job training methods happen within the organization where employees learn by working alongside co-workers in ways such as coaching, mentorship, apprenticeship, job rotation, job instructional technique (JIT), or by being an understudy. To contrast, off-the-job training methods happen outside the organization where employees attend things such as lectures, seminars, and conferences or they take part in simulation exercises like case studies and role-

playing It could also include vestibule, sensitivity or transactional training activities.<sup>1</sup> Other training methods include: Apprenticeship Training: system of training in which a worker entering the skilled trades is given thorough instruction and experience, both on and off the job, in the practical and theoretical aspects of the work(Cole 2002).

## **2.5. Principles of Training and Development**

When a company puts its employees through training programs, it must ensure that they are efficient and relevant to the employees' tasks in the organization as it is estimated that only 20-30% of training given to employees are used in the month later. To help mitigate this issue, some general principles should be followed to increase employees desire to take part in the program. These include: **self-efficacy**: These means to increase the learners belief that they can fully comprehend the teachings, **attitude**: An uncooperative attitude towards learning could hinder the individual's capability to grasp the knowledge being provided, **competence**: This is the skill an individual develops that enables them to make good decisions in an efficient manner and external motivators: These are the behaviors individuals present when a reward or extrinsic goal is given to them(Shen,2004).

Motivation is an internal process that leads to an employee's behavior and willingness to achieve organizational goals. Creating a motivational environment within an organization can help ensure employees achieve their highest level of productivity Motivation can create an engaged workforce that enhances individual and organizational performance The model for motivation is represented at the most basic level by motivators separated into two different categories: Intrinsic factors: These represent the internal factors to an individual, such as the difficulty of the work, achievement recognition, responsibility, opportunity for meaningful work, involvement in decision making, and importance within the organization and Extrinsic factors: These are external factors to the individual, such as job security, salary, benefits, work conditions, and vacations(Shen,2004).

## **2.6. Training and Development Conference**

Both intrinsic and extrinsic motivators link to employee performance in the workplace. A company's techniques to motivate employees are continually changing and evolving. Finding out what motivates employees can help businesses determine why people work specific ways and perform at varying levels (Drummond,2000).

There are many basic training and development principles in Human Resource Management. For instance, performance feedback is important as managers can use it to identify the employee's lack of skills in areas of the job and their approach to improving that weakness while maintaining behavior (Drummond,2000).

The traditional constructive feedback, also known as weakness-based feedback, can often be viewed as malicious from the employees' perspective. When interpreted negatively, employees lose motivation on the job, which affects their level of production. The other kind of feedback that is more effective is known as strengths-based feedback.

This feedback is more effective because it is easier to adjust the performance once the individual can separate flaws from strengths. The strengths-based feedback is positive feedback that allows the employees to recognize their strengths and further improve their performance with that knowledge. Using this strategy as a base for constructive feedback shows support and encouragement towards the employee, which boosts their confidence. Confidence in the workplace allows individuals to stay focused and engaged. However, the disadvantage of strengths-based feedback is failing to perform at one's full potential due to overconfidence (Drummond,2000).

Reinforcement is another critical principle of employee training and development. By positively reinforcing employees with encouragement or reward, managers can establish a desired pattern of behavior. Studies have shown that reinforcement directly influences employee learning, which is highly correlated with performance after training. Reinforcement based training emphasizes the importance of communication between managers and trainees in the workplace. The more the training environment can be a positive, nurturing experience, the more and faster attendees are apt to learn (Drummond,2000).

Another essential aspect of reinforcement-based training is to discuss what has been taught in a training session and how employees can apply what they have learned to the job. This can be done by conducting pre- and post-training brainstorming sessions (Armstrong,2006).

Overall, managers play a significant role in reinforcing learning by systematically looking for ways to notice and thank the employee when they use the skills and knowledge from the training session. By positively reinforcing employees like this, they will become more comfortable in the workplace and more confident in their abilities, which ultimately positively affects their future performance.

## 2.7. Benefits of training

Training has been used in organizations for the past several decades. Although training and development requires investments of many types, there are cited benefits to integrating training and development into organizations: Increased productivity and job performance, Skills development, Team development and Decreasing safety-related accidents (Armstrong,2006).

However, if the training and development is not strategic and pointed at specific goals, it can lead to more harm than good. Needs assessments, especially when the training is being conducted on a large-scale, are frequently conducted in order to gauge what needs to be trained, how it should be trained, and how extensively.

Needs assessments in the training and development context often reveal employee and management-specific skills to develop (e.g., for new employees), organizational-wide problems to address (e.g., performance issues), adaptations needed to suit changing environments (e.g., new technology), or employee development needs (e.g., career planning). The degree of effectiveness of training and development programs can be predicted by the need assessment and how closely the needs were met, the execution of the training (i.e. how effective the trainer was), and trainee characteristics (e.g. motivation, cognitive abilities). Effectiveness of training is typically done on an individual or team-level, with few studies investigating the impacts on organizations (Armstrong,2006)

## 2.8. Types of Training

According to Dubois & Rothwell (2004) in their book states that there are various types of training. These are: -

- Remedial Training:** helps people meet the basic screening or entry-level requirements for a job.
- Orientation Training:** – helps to socialize individuals into a corporate culture.
- Qualifying training:** - assists individuals with meeting basic performance expectations and thus increased their productivity.
- **Second-chance training:** - is provided to those who may be transferred or terminated because they are not meeting organizational work standards.
- **Cross Training:** - is for people who are trying to master new jobs or job skills. Retaining provides upgrading to keep skills current as technological or organizational conditions change.

- **Outplacement training:** - prepares individuals for departure from an organization in the wake of retirement, or organizational staffing changes.

There are also other types of training, namely: -

- **Skill training:** - Focus on job knowledge and skill for: Instructing new hires, overcoming performance deficits of the workforce.
- **Retraining:** - Maintaining worker knowledge and skill as job requirements change due to: Technological innovation and Organizational restructuring.
- **Cross-Functional training:** - Training employees to perform a wider variety of tasks in order to gain. Flexibility in work scheduling, Improved coordination.
- **Team Training:** - Training self-directed teams with regard to: Management skills, Coordination skills and cross-functional skills.
- **Creativity Training:** - Using innovative learning techniques to enhance employee ability to spawn new ideas and new approaches.
- **Literacy Training:** - Improving basic skills of the workforce such as mathematics, reading, writing, and effective employee behaviors such as punctuality, responsibility, cooperation, etc.
- **Customer Service Training:** - Training to improve communication, better response to customer needs and ways to enhance customer satisfaction.

## 2.9. Steps in Training process

The way in which a firm plan, organizes, and structures its training affects the way employees experience the training, which in turn influences the effectiveness of the training? Effective training requires the use of a systematic training process (Mathis & Jackson, 2011). There are different models that show the steps in the training process, though the contents are more or less the same. According to Kulkarin, (Kulkarin, 2013) the training process involves four stages, namely: 1. Assessment of training needs 2. Designing the training programs 3. Implementation of the training program 4. Evaluation of the training program

### 2.9.1 Training Needs Assessment

Training needs are discrepancies between identifiable shortfalls in knowledge, skills and attitudes of the employee vis-à-vis what is required by the job, or the demand of organizational change, (Itika, 2011). Training need is the gap between actual performance and desired performance or

between current abilities and job requirements that can be closed by training. (McConnell, 2003) Needs assessment refers to the process used to determine if training is necessary (Hollen, Gerhart, & wright, 2008). Needs assessment occurs at two level-group and individual. An individual obviously needs training when his or her performance falls short of standards, that is, when there is performance deficiency. Inadequacy in performance may be due to lack of skill or knowledge or any other problem. The problems of performance deficiency caused by absence of skills or knowledge can be remedied by training. Faulty selection, poor job design, improving quality of supervision, or discharge will solve the problem. (Garg, 2009)

Assessing Organizational training needs is the diagnostic phase of a training plan. This assessment considers issues of employee and organizational performance to determine if training can help. Needs assessment measures the competencies of a company, a group, or an individual as they relate to what is required. It is necessary to find out what is happening and what should be happening before deciding if training will help, what kind is needed (Mathis & Jackson, 2011). Determining training needs typically involves generating answers to several questions. The first step in training needs analyzing is what training might be necessary (Mathis & Jackson, 2011). A training needs analysis is a systematic process by which training needs are investigated and consolidated to provide the basis for the training program. (Itika, 2011) Needs assessment typically involves organizational analysis, person analysis and task analysis.

**a) Organizational Analysis**– is a process for determining the business appropriateness of training. Organizational analysis considers the context in which training will occur. That is organizational analysis involves determining the business appropriateness of training, given the company's business strategy, its resources available for training, and support by managers and peers for training activities. (Hollen, Gerhart& wright, 2008) Training needs can be diagnosed by analyzing organizational outcomes and looking at future organizational needs. Organizational analysis comes from various operational measures of organizational performance. Departments or areas with high turnover, customer complaints, high grievance rates, high absenteeism, low performance, and other deficiencies and be pinpointed. Following identification of such problems, training objectives can be developed if training is a solution. During organizational analysis, focus group of managers can be used to evaluate changes and performance that might require training. (Mathis & Jackson, 2011)



**b) Task/Job analysis** –is the process of identifying the important tasks and knowledge, skill and behaviors that need to be emphasized in training for employees to complete their tasks. (Hollen, & wright, 2008). By comparing the requirements of jobs with the KSAs of employees, training needs can be identified.

**c) Person analysis** – is the process of determining whether employees need training, and whether employees are ready for training. The competencies of current jobholders could also be assessed to determine their suitability for their jobs. Person analysis involves - Determining whether performance deficiencies result from a lack of knowledge, skills or ability (a training issue) or from a motivational or design problem Identify who needs training → Determining employees' readiness for training Carrying out a training needs analysis is a task for and experienced trainer, but it also requires a good 14 understanding of what goes on in the job and what the management is thinking. (Itika, 2011) Training Objectives and Priorities: - Once training requirements have been identified using needs analyses, training objectives and priorities can be established by a “gap analysis,” which indicates the distance between where an organization is with its employee capabilities and needs to be. (Mathis & Jackson, 2011) Training Objectives and priorities are then determined to close the gap.

Three types of training objectives can be set:

**Attitude:** Creating interest in and awareness of the importance of something (e.g., Sexual harassment training)

**Knowledge:** Imparting cognitive information and details to trainees (e.g., Understanding how a product works)

**Skill:** Developing behavioral changes in how jobs and various task requirements are performed (e.g., improving speed on an installation). (Goldstein & Ford, 2007) Once it has been determined that training is necessary, training goals must be established. Management should explicitly state its desired results for each employee. It is not adequate to say we want change in employee knowledge, skills, attitudes, or behavior; we must clarify what is to change and by how much. These goals should be tangible, verifiable, timely, and measurable. They should be clear to both the supervisor and the employee (Decenzo& Robbins, 2010). Because training seldom is an unlimited budget item and because organizations have multiple training needs, prioritization is necessary. Ideally, management looks at training needs in relation to strategic organizational plans and as part of the organizational change process. Then the training needs can be prioritized based

on organizational objectives. Conducting the training most needed to improve the performance of the organization will produce visible result more quickly (Mathis & Jackson, 2011). 15

### **2.9.2 Training Design**

Once training needs have been identified using the various analysis, and then training objectives and priorities must be established. All of the gathered data is used to compile a gap analysis, which identifies the distance between where an organization is with its employee capabilities and where it needs to be. Training design is the process of developing a plan of instruction for each training program to be offered to meet training objective. (Goldstein & Ford, 2007) Training design process refers to a systematic approach for developing training programs. Training design process should be systematic yet flexible enough to adapt to business needs (Noe, Gerhart, & wright, 2008).

Whether job-specific or broader in nature, training must be designed to address the specific objectives. Training objectives are set to close the gap. The success of training should be measured in terms of the objectives set. Useful objectives are measurable. This objective serves as a check on internationalization, or whether the person really learned. Objectives of training can be set in any area by using one of the following four dimensions: such as Quality, Quantity, Timeliness, and Cost savings as a result of training. (Sishan Solomon, 2014) Effective training design considers the learner characteristics, instructional strategies, and how best to get the training from class to the job (training transfer) in order to produce learning. (Mathis & Jackson, 2011)

Tannenbaum and Yukl (1992) provide the following guidelines for design of training that would contribute significantly to training effectiveness:

1. The instructional events that comprise the training method should be consistent with the cognitive, physical, or psychomotor processes that lead to mastery
2. The learner should be induced to produce the capability actively
3. All available sources of relevant feedback should be used, and feedback should be accurate, credible, timely, and constructive
4. The instructional processes should enhance trainee self-efficacy and expectations that the training will be successful and will lead to valued outcomes
5. Training methods should be adapted to differences in trainee aptitudes and prior knowledge

### 2.9.3 Training Delivery

Once training has been designed, the most important decisions to make are how the training will be delivered. Nadler, 1984 as cited in Nassazi, 2013 noted that all the human resource development activities are meant to either improve performance on the present job of the individual, train new skills for new job or new position in the future and general growth for both individuals and organization do as to able to meet organization's current and future objectives. Training methods vary greatly, so it is essential to get the right combination to ensure the highest possible rate of learning and the subsequent rerun on investment. Organizations should identify the training method that best fits their employees' learning styles, be flexible enough to allow for changes when needed, and ensure that the training can be transferred into everyday job skills. Regardless of the method used, ensuring that training is effective the primary goal (Gilley, Gilley, Quatro, & Dixon, 2009). HRM needs to determine which training methods are the most appropriate for the skill and the employee.

It may be necessary to combine several methods (Decenzo & Robbins, 2010). Depending on the type of training that needs to be delivered, you will likely choose a different mode to deliver the training. When choosing a delivery mode, it is important to consider the audience and budget constrictions. The most effective methods depend on the learner and the skill being learned.

Training methods are categorized into two groups: - **On-the-job** Training and **Off-the-job** Training methods. Each approach you chose will have advantages and disadvantages. It is this task of the human resource managers in collaboration with the particular functional manager(s) to decide on the best approach from an available list. (Itika, 2011)

Different Organizations are motivated to take on different training methods for a number of reasons

- (1). Depending on the organization's strategy, goals and resources available.
- (2). Depending on the needs identified at the time, and
- (3). The target group to be trained which may include among others individual workers, groups, teams, department or the entire organization. (Greer, 2003) 17)

#### **I. On-the-job training**

On-the-job training is the most common approach in which an employer may invest in human capital needed for strategic advantage. Such investments may be made by structuring a job so that employees learn while they work (Greer, 2003). On job training is planned and structured training that takes place mainly at the normal workstation of the trainee (Beardwell, Holden, & Claydon,

2004). Although people often associate training with classrooms, much learning occurs while employees are performing their jobs. **On-the-job training (OJT)** refers to training methods in which a person with job experience and skill guides trainees in practicing job skills at the workplace. (Noe, Hollenbeck, Gerhart, & Wright, 2011)

On the job training can range from relatively unsophisticated ‘observe and copy’ methods to highly structured courses built into workshop or office practice (Beardwell, Holden, & Claydon, 2004). It is a simple and cost-effective training method. It is relatively inexpensive trainees learn while producing; and there is no need for expensive off-site facilities learning, since trainees learn by doing and get quick feedback on their performance the in proficient as well as semi- proficient employees can be well trained by using such training method. The employees are trained in actual working scenario. The motto of such training is “learning by doing.” (Wanyoike, 2014).

### **Types of on-the-job training**

**a) Coaching:** –an experienced worker or the trainee’s supervisor trains the employee. This may involve simply acquiring skills by observing the supervisor or having the supervisor or job expert show the new employee the ropes, step-by step. (Dessler and Varkkey, 2010)

**b) Mentoring:** -The focus in this training is on the development of attitude. It is used for managerial employees. Mentoring is always done by a senior inside person. It is also one-to-one interaction, like coaching (Dessler & Varkkey, 2010). Every employee, from the clerk to CEO, gets on-the-job training when he or she joins a firm.

**c) Job rotation:** -in which an employee moves from job to job at planned interval to broaden their understanding of all parts of the business and to test their abilities. (Goldstein & Ford, 2007)

**d) Apprenticeship** –is a process by which people become skilled workers, usually through a combination of formal learning and long term on the job training. (Greer, 2003)

**e) Internships** – are opportunities for students in higher education to utilize their instruction and training in a chosen profession as part of their education. Internships vary from very unstructured to highly structured and may include college credit (Decenzo & Robbins, 2010).

### **II. Off-the-job training**

Off the job training methods are those in which training is provided away from the actual working condition. It is generally used in case of new employees. Instance of off the job training methods

are workshops, seminars, conferences, etc., such method is costly and is effective if and only if large number of employees have to be trained within a short time period. (Noe, Hellen Beck, Gerhart, & wright, 2008)

### **Types of off the job training**

**a) Classroom Lectures and Seminars:** -Traditional forms of instruction revolve around formal lecture courses and seminars. These help individuals acquire knowledge and develop their conceptual and analytical abilities. Many Organizations offer these in-house, through outside vendors, or both. (Greer, 2003)

**b) Simulated training (Vestibule training):** -is a method in which trainees learn on the actual or simulated equipment they will use on the job, but are actually trained off the job. It is necessary when it's too costly or dangerous to train employees on the job. (Dessler & Varkkey, 2010)

**c) Multimedia Learning:** -can demonstrate technical skills not easily presented by other training methods. This may include videos and DVDs that may be offered online. (Decenzo & Robbins, 2010).

**d) The case study method:** -presents a trainee with a written description of an organizational problem. The person then analyzes the case, diagnoses the problem, and presents his or her findings and solutions in a discussion with other trainees. (Onyango and Wanyoike, 2014)

**e) Role Playing:** -is to create a realistic situation and then the trainees assume the parts (roles) of specific person in that situation. (Dessler & Varkkey, 2010)

### **2.10. Employees Performance**

In the real world, organizational growth and development is affected by a number of factors. In light with the present research during the development of organizations, employee training plays a vital role in improving performance as well as increasing productivity. This in turn leads to placing organizations in the better positions to face competition and stay at the top. This therefore implies an existence of a significant difference between the organizations that train their employees and organizations that do not. Existing literature presents evidence of an existence of obvious effects of training and development on employee performance. Some studies have proceeded by looking at performance in terms of employee performance in particular (Purcell, Kinnie&Hutchinson2003; Harrison 2000) while others have extended to a general outlook of organizational performance (Guest 1997; Swart et al. 2005). In one way or another, the two are

related in the sense that employee performance is a function of organizational performance since employee performance influences general organizational performance.

In relation to the above, Wright & Geroy (2001) note that employee competencies change through effective training programs. It therefore not only improves the overall performance of the employees to effectively perform their current jobs but also enhances the knowledge, skills and attitude of the workers necessary for the future job, thus contributing to superior organizational performance. The branch of earlier research on training and employee performance has discovered interesting findings regarding this relationship. Training has been proved to generate performance improvement related 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 behavior (Appiah2010; Harrison 2000; Guest 1997). Moreover, other studies for example one by Swart et al. (2005) elaborate on training as a means of dealing with skill deficits and performance gaps as a way of improving employee performance.

According to Swart et al., (2005), bridging the performance gap refers to implementing a relevant training intervention for the sake of developing particular skills and abilities of the employees and enhancing employee performance. He further elaborates the concept by stating that training facilitate organization to recognize that its workers are not performing well and a thus their knowledge, skills and attitudes needs to be molded according to the firm needs. It is always so that employees possess a certain amount of knowledge related to different jobs. However, it is important to note that this is not enough and employees need to constantly adapt to new requirements of job performance. In other words, organizations need to have continuous policies of training and retaining of employees and thus not to wait for occurrences of skill and performance gaps.

According to Wright & Geroy (2001), employee competencies change through effective training programs. It not only improves the overall performance of the employees to effectively perform the current job but also enhance the knowledge, skills and attitude of the workers necessary for the future job, thus contributing to superior organizational performance. Through training the employee competencies are developed and enable them to implement the job-related work efficiently, and achieve firm objectives in a competitive manner. Further still, dissatisfaction complaints, absenteeism and turnover can be greatly reduced when employees are so well trained

that can experience the direct satisfaction associated with the sense of achievement and knowledge that they are developing their inherent capabilities (Pigors&Myers1989).

### **2.11. Empirical study**

Kiweewa.s and Asimwe (2014) conducted a research on the implications of training on employee performance in regulatory organizations in Uganda. Using a sample of 80 respondents out of the expected 108 (respondent rate of 81 %), the paper demonstrates a significant relationship between training and employee performance in regulatory organizations in Uganda. The study used a questioner to collect data among key stake Training and development Employee performance 26 holders. The finding of this study is that majority (54.5%) of the respondents indicate that the training benefited both the organizations and the employees.

They specified that the company improved in performance due to the skills acquired. 80.7% indicated that the company was satisfied with their performance after training b/c performance gaps in the identified area had been meet, known through appraisal. The study also conducted Pearson correlation in order to know the relationship between the variables and the result is 0. 433. in general training and performance have relationship.

Tazebacw (2011) conducted a study to assess the effect of training on employees' performance in public organizations by using simple random sampling of 60 employees. According to this research the responses indicate that most of the time employees didn't involve in the designing and development of the organization training. The research understood from responses of respondents the organization used both performance evaluation result and seniority to select employees for different training. However, some respondents were not cleared about the mechanism that the organization practices. The training managers explain that both on the job and off the job training methods are available even if the first type of training is most of the time given for employees. The finding of this research indicates the majority of the respondents are agreed on the value of taking training in group for learning of knowledge skills and attitudes than individuals.

Ayalew Demissie Nake (2017) also conducted research on "The effect of training and development on Employees Performance", in All Africa Leprosy, Tuberculosis, Rehabilitation, and Training Center (ALERT). Majority of the Respondents are between fall under the age of 18 and 28 which accounts 56.4% this shows ALERT has young work force distribution. Among the total sample

taken 57.3 are female 97% having diploma and above, 52.1% of them served ALERT 1-5 years. The result indicates that the proportion of females over male employees is high, and employees of ALERT are comparatively well educated .in addition ALERT is in a good track to serve the society, because it has young work force and can adjust themselves with the ever-changing demand of the society as well as technology.

Determining the effect of Training design (objective of the training, training content, selection of trainer) on employee performance, the study shows that rather than selection of trainer in setting and communicating objective of training with trainees ALERT is in satisfactory level because majority of the respondents' level of agreement is moderate So the training program should be designed carefully so as to improve employee performance. Another specific objective which identifies determining the effect of training and development methods (induction programs, employee mentoring, job rotation, lecture and seminar) on employee performance. The study shows that ALERT has an excellent opportunity for newcomers to learn the norms and values of the company but training is not conducted timely. Seniors and peers are willing and able to let trainees apply on the job what they have learned off the job 55 In ALERT training helps employees to perform their work effectively and efficiently after training the aggregated percentage for this is 32.45% of respondents strongly and 24.76% of respondents agree 20.6% of them are not sure whether the training helps them to perform their work effectively and efficiently The perception of employees towards the outcome of training in level of satisfaction shows 24.28% of the respondents strongly and 34.04% of the respondents agree that their satisfaction increased after training 21.56% of them are not sure whether the training increased their satisfaction or not The perception of employees towards the outcome of training in level of motivation shows 26.5% of the respondents strongly and 28.54% of the respondents agree that ALERT amplified their motivation thorough training 24.42%of them are not sure whether the training increased their motivation or not Result from the correlation analysis that there exists a significant relationship between training design and training methods with employee performance i.e. both training design and training methods were strongly related with employee performance 0.693 to 0.677.

The specific analysis showed that both training design and training methods affects employees performance the R square indicates 0.554 that 55.4% of the variance in the dependent variable (employee performance)is explained by the independent variable(training design and training methods) Investigating the relationship between of training and development and employee

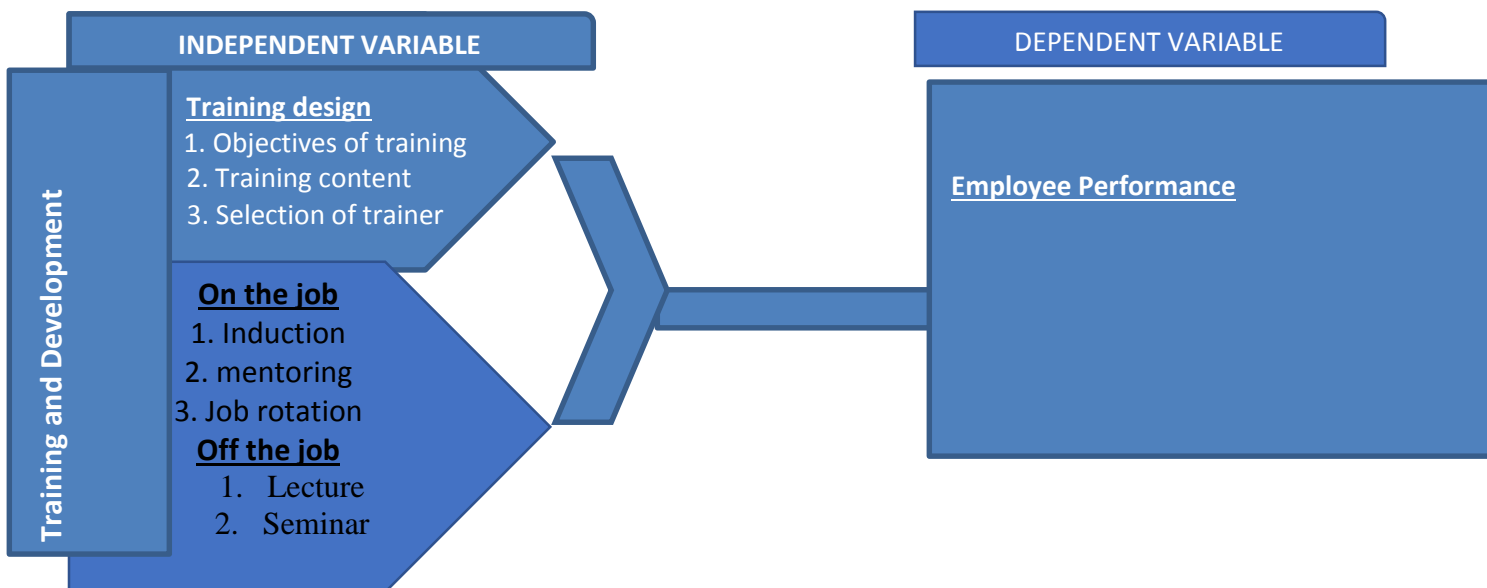


performance the key finding indicated that training and development are positively and significantly correlates with employee performance.

## 2.12. Conceptual Framework

The conceptual framework that could be developed to study the effect of training and development is based on the review of the literature. The framework interlinks independent and dependent variables as depicted below. The independent variable (training design and training and development methods) demonstrates the activities under training and development that have a bearing on the employee performance dependent variable). The ones in the left include; Objectives of training, Training content, Selection of trainer in training design and Induction, Employee mentoring Job rotation, Lecture and seminar in training and development methods. The dependent variable attempts to depict the likely effect on employee performance from training and development initiatives (independent variables). It is expected that the day-to-day training and development initiatives of CBO will affect the employees’ performance (Employee efficiency and effectiveness, Employee job satisfaction, Employee motivation)

Figure 2.12.1. Conceptual frame work.



## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3. 1 Research Design**

The main objective is to assess the effect of training and development on employees' performance in the case of Cooperative Bank of Oromia, Jimma City Branches. To achieve this objective explanatory research design was used for this study with quantitative and qualitative data collecting approaches. Quantitative data collecting approach was used for the data collected through questionnaire and qualitative data collecting approach would be used for the data. Explanatory research aims for this study to accurately and systematically describe a population, situation or phenomenon. It can answer what, where, when and how questions, but not why questions.

#### **3. 2. Research Method**

The explanatory research design was used and presented for this study. The goal of explanatory research method is to identify the effect of the independent variable on the dependent variable. Therefore, questionnaire and interview were often used to gather data (Gall, Gall, & Borg, 2007).

#### **3. 3. Sources of Data**

The source of data for this study was only primary data. The primary data was collected from the sample respondents of this study through data collecting instruments of this study. The response that was collected through questionnaire and interview from the employees and managements would be the content of the primary data of this study.

#### **3. 4. Target Population**

The target populations comprise the employees under the 6 branches and one district Office found in Jimma City and their 7 managers (including district office) will be the target population of this study.

### 3.5 Sampling Technique and Sample Size determination

There is no universally accepted single formula to determine sample size; different researchers used different formula to determine sample size based on their situation. The sample size of the study was determined by single population proportion formula assuming, 5% marginal error and confidence interval of 95%. Fifty percent proportion has been preferred due to lack of similar studies in CBO setting regards to effect of training and development methods and employee performance. Accordingly, the sample size is calculated from total employees of 170.

The final sample size was calculated by using finite population number correction formula by using Kothari, (2004) formula size determination. This sample size formula required as follow:

$$n = \frac{Z^2 p \cdot q \cdot N}{e^2 (N-1) + Z^2 \cdot p \cdot q}$$

n is the sample size

N: the total Population size

Z $\alpha$  /2: normal reduced variable at 0.05 level of significance z is 1.96

P: population reliability (or frequency estimated for a sample of size n), where p is 0.5

q = 1-p

e: margin of error considered is 5 % for this study.

$$n = \frac{(1.96)^2 0.5 \times 0.5 \times 170}{0.05^2 (170-1) + 1.96^2 0.5 \times 0.5} = 118$$

Therefore, 118 employees was taken from 170 employees in CBO (6 branches and 1 District Office), using stratified (proportional) random sampling technique.

### **3. 6. Data Collection Instrument**

#### **3. 6. 1 Questionnaires**

Questionnaires are suitable for survey research since it makes research less expensive and gives more accurate information. Because of this the researcher selects questionnaire as a part of data gathering tools for this study. A questionnaire was developed for employees and managements. Questions are closed ended items that would be developed for employees and managements. Self-administered question was designed to collect the quantitative data. The questions would be designed in English since the data was collected from employees and managements.

#### **3. 6. 2. Interview**

Interview is a form of self-report that is relatively simple approach to data collection; Although simply it can produce wealth of informant on. An interview can cover any number of content areas and is a relatively in expensive and efficient. Way to collect a Wide variety of data does not require formal testing. One of the most common uses of interview is to collect life history and biographical data about the research participants (Anastasandurbina, 1997, stokes, Mum for dandowens, 1994) interviews are also an Essential component most types of qualitative research. Because of this the researcher select interview as a part of data gathering tools for this study interviews conducted for five managers as the interviewees to provide their responses through structured interview questions. The interview question was structured in English language and ten interview questions would be designed for the interviewees.

### **3.7. Data Collection Procedure**

The researcher was obtained research permit from the managers of Cooperative Bank of Oromia. An introduction letter to each branch of Cooperative Bank of Oromia. The researcher then visited the Cooperative Bank of Oromia Jimma City branches permission from the managers to conduct the study. Then a questionnaire was administered to the employees and managements.

### **3.8. Method of Data Analysis**

In order to achieve the objectives of the study the data obtained from different sources through different data gathering instruments was analyzed based on the nature of the data. Therefore, both

quantitative and qualitative techniques were used to analyze and interpret the obtained data. However, quantitative data analysis method was employed as the major technique for final work in this for the quantitative data analysis descriptive statistical analysis was used to analyze the data in SPSS version 26. In this descriptive statistical analysis, percentages, means and standard deviation were used to analyze the data. The qualitative data analysis was used as a supplementary data analysis technique for triangulation and justification purpose to complement the insight drawn from quantitative analysis. Pearson correlation and regression analysis were used as the inferential statistics to give the meaningful conclusion for the data that would be analyzed in descriptive and inferential statistical analysis

### 3.9 Reliability Test

One of the methods to estimate the reliability of the scores on a test or measurements is Cornbach’s coefficients alpha method. Hence, Cornbach’s coefficients alpha refers to the extent to which there is interrelatedness among the responses to the multiple items comprising in the Likert scale. Hence, as explored by Field (2009), if Alpha Coefficients were above 0.70, consistency and1 suitability were considered high. Accordingly, the reliability measures of each of the major variables are presented in the following table to ease the process of the data analysis

**Table 3.1 Reliability Statistics**

	<b>Cronbach's Alpha</b>	<b>Number of items</b>
Training design	.926	16
On job training method	.879	10
Off job training method	.885	6
Employee Performance	.974	16

Thus, as shown in table 3.1 the reliability of the scores was evident by strong Cronbach’s alpha coefficients for all variables, which used as independent and dependent variables of the study. The Cronbach’s alpha ranged from 0.879 to 0.974, indicating that items are highly reliable to measure the variables they are expected to measure.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

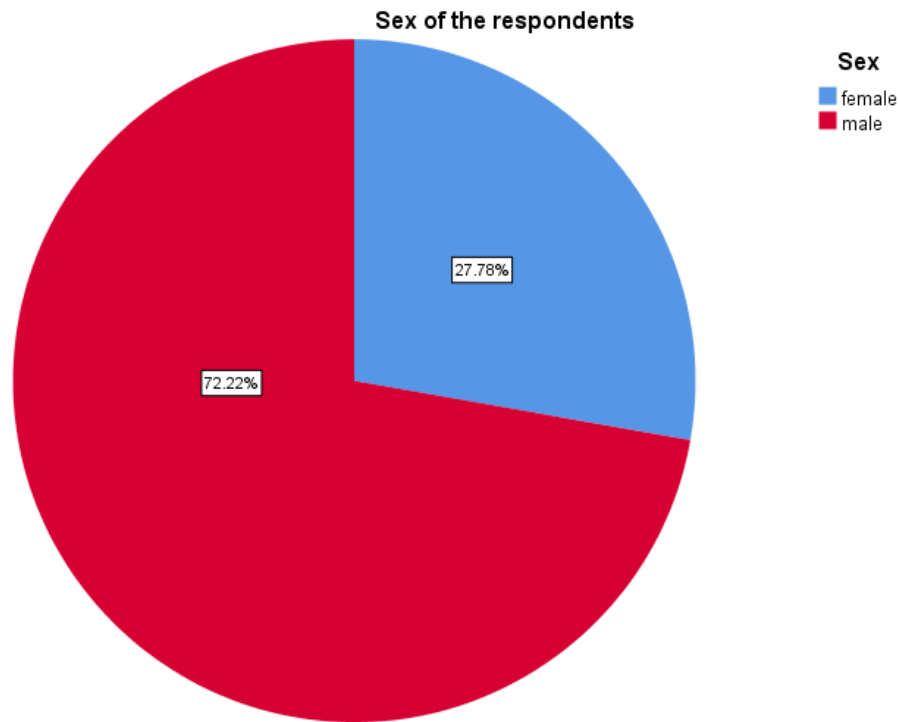
#### **4.1 Introduction**

This chapter focuses on the analysis of the data collected from the field as well as the discussions of the findings. The results of the study are based on the general objective of the study which was to appraise the effect of training and development on employee performance of Cooperative Bank of Oromia. The results of the study are presented in both tabular and graphical formats. Once the primary data was collected, prior to the analysis, the questionnaire was reviewed and it was to certify that if questionnaires were filled appropriately. Any incomplete or missing responses were rejected from the subsequent analysis.

The survey questionnaires were distributed to a randomly selected 118 employees of Cooperative Bank of Oromia. Eight respondents could not return and a total of returned two responses were excluded from analysis due to irrelevant information and not correctly filling the questionnaires. Thus, the study analysed the data on only 108 responses of the employees in Cooperative Bank, which resulted a sufficient percentage (91.5%) response rate. Beside the questionnaire, district office was interviewed. According to Rubin & Babbie (2010), a response rate of greater than 70% is “very good” for further assessment. Hence, the data gathered were organized and analysed in a manner that enables to answer the basic research questions raised at the beginning of the study by using SPSS version 26.

#### **4.2. Demographic Characteristics of Sample Respondents**

In order to have clear understanding about the result of the study, it is important to be familiar with demographic characteristics of the sample members of employees in Cooperative Bank of Oromia. The demographic characteristic consists of sex, age, educational background, and work experience. This aspect of the analysis deals with the personal data which was briefly described through tables and charts found below.



**Figure 4.1: Sex of respondents**

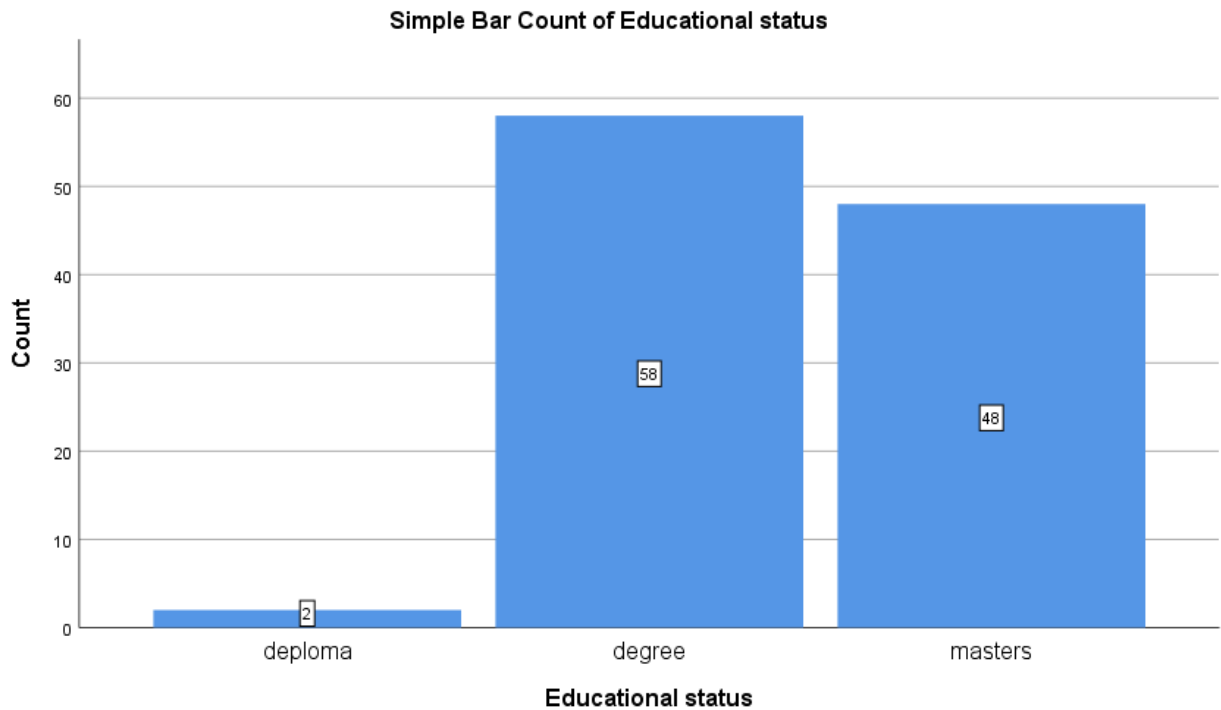
The above pie-chart gives information on the composition of the respondents in terms of sex. The reason that the researcher included this part is for example, to make sure that respondents are in appropriate mix in terms of gender. As a result, the responses to the items in the instrument are also expected to be balanced. The survey showed that there were more males as compared to females. Male respondents represented 72.22%; on the other hand 27.78% were females. As a result, as the pie-chart indicates there is no balancing of gender in the study area.

**Table: 4.1.Age of respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
25 & below	12	11.1
26-35	72	66.7
36-45	18	16.7
46-55	4	3.7
56 & above	2	1.9
<b>Total</b>	<b>108</b>	<b>100.0</b>

Majority of the study respondents 72(66.7%) were in the age range of 26-35 years, hence in their prime productive and reproductive ages, followed by those in the age range of 36-45 years 18(16.7%), and minority of the respondents were above 56 years old. The result indicated that

most of the respondents were young. This shows they are active work force and ready to act where there is comfortable situation is prepared for them because they are in adult age and have many responsibilities in the future. In addition, they are the age group expected to imitate and flexible according to the environment. Thus, it can be implied that the randomly selected respondents were younger and currently taking a one, two or several times training so the data was enough which can incline the value of the study.



**Figure 4.2: Educational level of the respondents**

About 58 sample respondents were 1<sup>st</sup> degree holder, 48 were master degree holder, and the remaining 2 of them have diploma. Therefore, this result implies that the majority of the respondents were possessed a good level of education and have known - how/understanding about the effect of training and development on employee performance of Cooperative Bank of Oromia. This shows that majority of the employee working in Cooperative Bank of Oromia are BA degree holder. So, most of the respondents are aware to give adequate information and we can also see that most of the employees are professionals and are subject to take managerial trainings that were planned and systematic.



**Table 4.2: Work experience**

<b>Experience</b>	<b>Frequency</b>	<b>Percent</b>
Below 1 year	18	16.7
1-5 years	65	60.2
6-10 years	19	17.6
11-15 years	2	1.9
Above 15 years	4	3.7
Total	108	100.0

Taking into account the number of service years or experience, the respondents were asked to state the length of years of services. Accordingly, more than half 65(60.2%) of the respondents indicated that they had a working experience of less than 5 years. While 17.6%, 16.7%, 3.7% and 3.7% of them 6-10 years' experience, below 1 year experience and >15 years of experience, respectively. Therefore, this result indicated that most of the respondents had a knowledge basis of employee performance. Likewise, they were well experienced and have the knowledge to evaluate the training and development on employee performance. Generally, respondents' profile can show a considerable issue for the study in providing valuable information. This revealed that majorities of the respondents are not too experienced in which the organization is believed to provide training to its employees to escalate their working performance and in turn serve the interest of the client.

### **4.3 Frequency of Training Given to Employees of CBO**

The training frequency of the respondents is shown in the following table, as in the table below. This table shows that majorities of the respondents cumulatively amounted 54(50%) got trained for several times. While 27 of the respondents claimed that they took training once every year, 16(14.8%) of the respondents acquire training only once per year. And the remaining 9(8.3%) of the respondents were never trained. Here, half of the respondents claimed that they took training for several times which might be related with the number of years they stay in the organization, on the one hand.

**Table 4.3: The frequency of training program**

<b>Training</b>	<b>Frequency</b>	<b>Percent</b>
Only once	16	14.8
Twice	2	1.9
Once every year	27	25.0
Several times	54	50.0
Never	9	8.3
Total	108	100.0

#### **4.4 Analysis on training design dimension**

The data depicted in the following tables, Table 4.6 shows to what extent the trainings were designed according to the intended objectives and whether objective of the training is known, the contents are relevant; approaches implemented during the training helped trainers achieve the training goals. In order to see the opinion of the respondents regarding training design of CBO, the researcher has included the measures stated in the following tables and followed by analysis & interpretation supplemented using mean and standard deviation. Mean was used to analyze the data. Under this circumstance, the maximum mean which is above 3(three) to 5(five) indicates the maximum number of respondents those who are agreed and strongly agreed to each question drawn by the researcher and mean whereas, less than 3 (three) indicates the number of respondents those who are disagreed and strongly disagreed to the question drawn by the researcher and 3(three) is considered as neutral or indifferent to the question. Based on this, the analysis traced here below is outlined according to nomination of mean listed on the table for each question. According to Zaidaton & Bagheri (2009) As sighted on Mekides (2015), the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high as illustrated by Comparison bases of mean of score of five-point Likert scale instrument.

##### **4.4.1 Objective of the Training**

The research sought to establish the extent to which respondents agreed with the following statements relating to the objective of the training. Results are shown in table 4.4.

**Table 4.4 Objective of the Training**

<b>Objective of the Training</b>	<b>Mean</b>	<b>Std.</b>
The training was given sufficient information on the objectives of the training course before my arrival.	3.66	1.176
The training course encouraged exchange of information and expression of ideas successfully.	4.11	.920
The objectives of the training were coherent with my needs.	3.87	.948
Training objectives helps participants to be focused	4.06	.834
Training objective is the basis for measuring effectiveness of the training in knowledge, skills and attitudes expected of trainees	4.15	.918
Validity of training objectives is able to link the training needs and training which is to be delivered	3.97	.847
Training objectives clarify for trainers and trainees precisely what their goals are in training	3.96	1.003
<b>Overall mean</b>	<b>3.968</b>	<b>0.115</b>

**Source: Survey data, 2021**

Table 4.4 indicates the summary of descriptive statistics of all variables that are evaluated based on a 5-point scale (1 being strongly disagreed to 5 being strongly agreed). From the study results, majority of the respondent agreed that training objective is the basis for measuring effectiveness of the training in knowledge, skills and attitudes expected of trainees with mean of 4.15 and standard deviation of 0.918, followed by the training course encouraged exchange of information and expression of ideas successfully with mean of 4.11. This shows that most of the respondents were agreed that training course encouraged exchange of information and expression of ideas successfully. The study further revealed that the training objectives help participants to be focused with mean 4.06 and standard deviation 0.834. In general, the overall mean 3.968 indicate that objective of the training in CBO was considered as high. As the result of researcher interview to the Office director, most of the trainings given by the organization were massive and the training was aligned with need of the departments with the objective of the training.

#### 4.4.2 Training Content

The research sought to establish the extent to which respondents' opinion with the following statements relating to the training content. Results are shown in table 4.5.

**Table 4.5 Training Content**

<b>Training Content</b>	<b>Mean</b>	<b>Std.</b>
The topics covered were relevant to me	4.00	.927
The content was organized and easy to follow.	3.84	.908
The time allotted for the training was sufficient.	3.31	1.116
I received updated training which is required for my position	3.49	1.072
<b>Overall mean</b>	<b>3.66</b>	<b>0.103</b>

**Source: Survey data, 2021**

From the study, majority of the respondent agreed that topics covered were one of the relevant points with mean of 4.00 and standard deviation of 0.927, followed by content should be organized and make easy to follow with mean of 3.84. The study further revealed that updated training was required for different position with mean 3.49 and standard deviation 1.072. In general, the overall mean 3.66 indicate that training content in CBO was considered as moderate.

#### 4.4.3 Selection of Trainer

The research sought to establish the extent to which respondents' opinion with the following statements relating to selection of trainer. Results are shown in table 4.6.

**Table 4.6 Selection of Trainer**

<b>Selection of Trainer</b>	<b>Mean</b>	<b>Std.</b>
Trainers have sufficient knowledge.	3.55	1.035
The trainer summarized the main points before finishing.	3.66	.985
The trainer used effective examples and illustrations	3.75	.977
Trainers communicate well	3.65	1.033
Trainers are open, honest and fair to all.	3.64	1.096
<b>Over all mean</b>	<b>3.65</b>	<b>0.047</b>

**Source: Survey data, 2021**

As the table indicates with the mean of 3.75 the majority of employees agreed that the trainer used effective examples and illustrations. Some of them also agreed that the trainer summarized the main points before finishing with the mean 3.66. In general, the overall mean 3.65 indicate that Selection of Trainer in CBO was considered as moderate.

Generally, as it is indicated above the mean of objective of training, training content and selection of trainer was presented which is 3.968, 3.66, and 3.65, respectively. According to Zaidaton & Bagheri (2009) the mean score 3.968 for objectives of training with standard deviation of 0.115 this shows objectives of training was considered as high. Likewise, the mean score of training content 3.66 with standard deviation 0.103 considered as moderate mean score. Furthermore, the above result shows the mean score 3.65 for selection of trainer with standard deviation 0.047 is considered as moderate.

#### **4.5 Training Methods given by CBO**

There are two broad types of training and development available as discusses in the review of the literature in all business and service delivery organizations; on the job and off the job techniques. This section tries to find out the satisfaction level of workers on the type of training that exists in CBO with regards to induction, employee mentoring, job rotation from on-the-job training likewise lecture and seminar from off the job training. The respondent's value judgments were computed using statistical tools such as mean and standard deviation. The mean indicates the sample group averagely agrees or does not agree with the different statements. the lower the mean the more the respondents disagree with the statement. The higher the mean the more the respondents agree with the statement. On the other hand, standard deviation shows the variability of an observed response from single sample.

##### **4.5.1 On job training**

On the job training is delivered to employees while they perform their regular jobs. In this way they do not lose time while they are teaching (Armstrong, 2006).

###### **4.5.1.1 Induction**

The research sought to establish the extent to which respondents' opinion with the following statements relating to induction. Results are shown in table 4.7.

#### **Table 4.7 Induction**

<b>Induction</b>	<b>Mean</b>	<b>Std.</b>
CBO has a planned induction program for new employees.	3.796	1.243
The norms and values of CBO are clearly explained to the new employees during induction	3.960	1.222
The induction program was conducted timely	3.722	1.213
Induction program has sufficient duration	3.472	1.115
<b>Overall Mean</b>	<b>3.74</b>	<b>1.198</b>

**Source: Survey data, 2021**

As the table indicates with the mean of 3.796 the majority of employees agreed that the induction training provides by the organization creates an opportunity for new comers to learn the norms and values; the norms and values are clearly explained to them during the training. As for the induction program being planned well and whether it has sufficient duration the respondents have the same opinions i.e. with the mean 3.50 showing an agreement; whereas the mean 3.472 indicates that induction program has no sufficient duration. Furthermore, the above result shows the mean score 3.74 for induction with standard deviation 1. 198.is considered as moderate.

Hence, CBO does not have adequate training methods given for employees. In addition to the information gathered through questionnaire from employees; interview was conducted with Office directors and training coordinator. They also agree with employees’ view there was no clear-cut training methods given for employees. In general training and development design is not fully implemented.

**4.5.1.2 Employee Mentoring**

The research sought to establish the extent to which respondents’ opinion with the following statements relating to employee mentoring. Results are shown in table 4.8.

**Table 4.8 Employee Mentoring**

<b>Employee Mentoring</b>	<b>Mean</b>	<b>Std.</b>
My supervisors and seniors give me an opportunity to express my views, feelings concerning the objectives and standards of work.	3.54	1.123
My supervisors and seniors and I regularly review the objective of sharing knowledge for improvement.	3.56	1.078

I receive enough support and guidance that I need from my peers and seniors to fulfill my potential	3.50	1.062
<b>Overall Mean</b>	<b>3.533</b>	<b>0.031</b>

**Source: Survey data, 2021**

As the table indicates the majority of the respondents with a mean of 3.56 agree that supervisors and seniors regularly review the objective of sharing knowledge for improvement with them. The remaining respondents with a mean of 3.54 agreed that they get an opportunity to express their views, feelings concerning the objectives and standards of work and whether they receive enough support and guidance from their peers and seniors have the same opinions i.e. with the mean 3.50 showing an agreement.

#### **4.5.1.3 Job Rotation**

The research sought to establish the extent to which respondents' opinion with the following statements relating to job rotation. Results are shown in table 4.9.

**Table 4.9 Job Rotation**

<b>Job Rotation</b>	<b>Mean</b>	<b>Std.</b>
Job rotation program of CBO broadened my ability to do variety of tasks.	3.35	1.035
Job rotation program of CBO is an excellent system to acquire new methods of work	3.27	1.190
I have got an opportunity to do a variety of tasks.	3.62	1.147
<b>Overall mean</b>	<b>3.48</b>	<b>0.080</b>

**Source: Survey data, 2021**

With statistical mean 3.62 indicates from the majority respondents of the employees they have got an opportunity to do variety of tasks, the mean 3.35 and 3.27 indicates from the respondents of the employees' job rotation of the organization broadened their ability to do variety of tasks and agreed is an excellent system to acquire new methods of work respectively.

## 4.5.2 Off the job training methods

### 4.5.2.1 Seminar

As table 4.10 shows, the majority of the respondents with the mean 3.25 agreed training and development teams support them the use of techniques learned in seminar and job the seminar they have taken is designed at the level of their abilities and opportunity to participate in seminar. The Seminar method of delivery mode is designed at the level of abilities of participants with a mean of 2.83. Below average mean value indicate that more than half of the respondents were disagreed on the opportunity to participate in seminar and seminar method of delivery mode.

**Table 4.10 Seminar**

<b>SEMINAR</b>	<b>Mean</b>	<b>Std.</b>
I had an opportunity to participate in seminar	2.83	1.249
The Seminar method of delivery mode is designed at the level of abilities of participants	2.89	1.151
Training and development teams support me the use of techniques learned in seminar that I bring back to my job	3.25	1.103
<b>Overall mean</b>	<b>2.99</b>	<b>0.074</b>

**Source: Survey data, 2021**

### 4.5.2.2 Lecture

As the table 4.11 shows, the majority of the respondents with the mean 3.42 agree that the type of training they have taken is applicable for the job after training. As for training and development teams support the use of techniques learned in training respondents with a mean 3.36. For the design of training considering the level of abilities and education of employees, the above table shows the respondents are agreement with a mean of 3.23.

**Table 4.11 Lecture**

<b>Lecture</b>	<b>Mean</b>	<b>Std.</b>
The lecture training programs are designed at the level of abilities and education of participants	3.23	1.163
The type of training I have taken is applicable for the job after training	3.42	1.129



Training and development teams support me the use of techniques learned in lecture that I bring back to my job.	3.36	1.054
<b>Overall mean</b>	<b>3.336</b>	<b>0.055</b>

**Source: Survey data, 2021**

Generally, the mean of the induction program, employee mentoring, job rotation, seminar and lecture was presented as follows 3.74, 3.533, 3.48, 2.99 and 3.336 respectively as the mean scores all training methods in CBO performed in the moderate level i.e. (the mean score from 3.40 up to 3.79 was considered as moderate) except seminar and lecture that is performed in lower level. i.e (the mean score below 3.39 was considered as low)

#### **4.6 Employees performance**

Training and development generate benefits for the employee as well as the organization by positively influencing employee performance through the development of knowledge, skills, ability, competencies and behavior. Thus, it is the knowledge and the skills acquired for the job that makes employees performance. In this section the employees' performance is going to be analyzed based on the following items. The research sought to establish the extent to which respondents' opinion with the following statements relating to employees' effectiveness. Results are shown in table 4.12.

**Table 4.12 Employees' Performance**

<b>Employees' Performance</b>	<b>Mean</b>	<b>Std.</b>
The training provided by the bank helped me to perform my work quickly and efficiently.	3.81	.928
Because of the knowledge, skills and attitudes that received from the training, I can accomplish activities effectively.	3.77	.740
Training and developments are enabling me to perform my work with greater accuracy and precision.	3.79	1.011
I carried out works in group after training because it enables me more effective than individually	3.86	1.080
Because of the good training practices of the Bank, after training and development I am committed for my work and my organization	3.83	1.172

I am better-off to rely on myself for a solution when things are looking difficult in my work because of the knowledge and attitude that I learned from the training and development.	3.72	1.066
Employee training offered me an opportunity to learn new skills.	3.83	1.187
After my training at work, I developed good relationships with customers.	3.86	1.187
Training and development empowered me to achieve a degree of independence associated with work rules.	3.88	1.105
After attending trainings and development programs, I have given opportunities to be assigned a variety of responsibilities.	3.76	1.180
Training and development enabled me to use my skills and talents better	3.85	1.224
The training and development I have taken in CBO gave me the necessary skills to work tasks in a motivated manner	3.67	1.100
I now take personal responsibility for my job outcomes after being trained	3.75	1.033
I now find my work more interesting and passionate after being trained	3.63	1.187
Training has empowered me to carry out my duties without any difficulty	3.58	1.094
I now complete my tasks within time after being trained on how to improve my performance	3.62	1.038
<b>Overall mean</b>	<b>3.76</b>	<b>0.121</b>

**Source: Survey data, 2021**

From the study results, majority of the respondent agreed that works in group after training enable for employees more effective than individually with mean of 3.86 and standard deviation of 1.08, followed by the good training practices of the Bank, after training and development they committed for their organization. The study further revealed that the training provided by the bank helped to perform their work quickly and efficiently with mean 3.81 and standard deviation 0.928

Training and development generate benefits for the employee as well as the organization by positively influencing employee performance through the development of knowledge, skills, ability, competencies and behavior. Thus, it is the knowledge and the skills acquired for the job that makes employees effective and efficient. In this section the employees' performance are going to be analyzed based on effectiveness and efficiency, job satisfaction and motivation.

The study further revealed that majority of the respondent agreed that training and development empowered them to achieve a degree of independence with mean of 3.88 and standard deviation of 1.105, followed by developed good relationships with customers with mean 3.84 and standard deviation 1.187. In general, the overall mean 3.88 indicate that employees' satisfaction in CBO was found in the highest level.

Regarding to personal responsibility for the job outcomes after being trained majority of the respondents were agreed with mean value of 3.75 and standard deviation of 1.033, followed by the training and development they taken in CBO gave them the necessary skills to work tasks in a motivated manner. The study further revealed that the training provided by the bank helped to work more interesting and passionate after being trained with mean 3.76 and standard deviation 0.121.

This result is supported with the information obtained from interview. Training programs is the stimulant that workers require to improve their performance and capabilities, which consequently increase. Therefore, training should be designed on the basis of organization specific needs and objectives. Effective training is the thoughtful intervention designed at attaining the learning necessary for upgraded employee performance. The interview results also indicated that proper need assessment is the base of the training and development effectiveness. In general, training is very important in order to achieve excellence and competencies in skill, knowledge, ability, creativity attitude and potential to meet the organization competitive advantage.

#### **4.7 Person Correlation analyses**

After the descriptive analysis, the study conducted Pearson correlation analysis to indicate a linear association between the predicted and explanatory variables. It thus helps in determining the strength of association in the model that is, which variable best explained the relationship between training, development and employees' performance in Cooperative Bank of Oromia, Jimma Town branches.

According to Wajahat (2010), before the start of regression analysis it is important to check the correlation test between dependent variable and independent variables. The Pearson Correlation scale ranges from -1 to 1, any value greater than zero indicate a positive direct relationship between the two variables, which implies that every increase in the independent variable will lead to increase the dependent variable, while any value less than zero indicate a negative indirect

relationship between two variables, this means that every increase in the independent variable will lead to the decrease on the dependent variable (Hafiz, 2007). Different authors suggest different interpretations; However, (Saunders *et.al*, 2009) suggests about strength of relationship as:  $r = 0$  to  $0.39$  or  $0$  to  $-0.39$  small(weak) relationship,  $r = 0.4$  to  $0.69$  or  $-0.40$  to  $-0.69$  medium (moderate) relationship and  $0.70$  to  $1$  or  $-0.70$  to  $-1$  large (strong) relationship. The following table shows the relationship between each variable.

**Table 4.15 Correlation analysis**

		Training design	On Job	Off Job	Employee Performance
Training design	Pearson Correlation	1			
	Sig. (2-tailed)				
On Job	Pearson Correlation	.674**	1		
	Sig. (2-tailed)	.000			
Off Job	Pearson Correlation	.596**	.561**	1	
	Sig. (2-tailed)	.000	.000		
Employee Performance	Pearson Correlation	.632**	.657**	.600**	1
	Sig. (2-tailed)	.000	.000	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The table 4.15 above explains the relationship between the independent variable and Employee performance.

- **Correlation analysis between training design and employee performance**

Pearson correlation test was conducted to see the degree of relationship between the independent variable training design and employee performance. The results of the correlation between these variables are shown in the table above; there is significant correlation between training design and employee performance. In other hand, training design ( $r=0.632$  with  $p<0.05$ ) has a moderate positive relationship with employee performance.

- **Correlation analysis between on job training methods and employee performance**

Pearson correlation test was conducted to see the degree of relationship between the independent variable on job training methods and employee performance. The results of the correlation between these variables are shown in the table above; the result shows there is significant correlation between on job training methods and employee performance. In other hand, employee performance has a moderate relationship with on job training development methods ( $r=0.657$  with  $p<0.05$ ).

- **Correlation analysis between off job training methods and employee performance**

Pearson correlation test was conducted to see the degree of relationship between the independent variable off job training development methods and employee performance. The results of the correlation between these variables are shown in the table above; the result shows there is significant correlation between off job training methods and employee performance. In other hand, employee performance has a moderate relationship with off job training development methods ( $r=0.600$  with  $p<0.05$ ).

In general, this result show, training design, and training development methods (On-Job & Off-Job methods) have a moderate positive relationship with employees' performance in cooperative bank of Oromia, Jimma Town branches.

## **4.8 The effect of training and development on employee performance using multiple linear regressions**

### **4.8.1 Assumption Tests**

Testing assumption of multiple linear regression analysis models is very important before running regression analysis. So, each assumption results were discussed in the following sub topics. In the previous section of this paper the descriptive and correlation analysis was carried out separately with the existence of association between the dependent and independent variables with the intension of identifying the effect of training and development on employee performance. However, to identify the effect of training and development on employee is not enough for meaningful conclusion. Therefore, the researcher used multiple linear regression models assumptions as follow.

#### **4.8.1.1 Multicollinearity Test between independent variables**

According to Gujrati (2003) Multicollinearity tests helps identify the high correlation between explanatory variables and to avoid double effect of independent variable from the model. When independent variables are multicollinearity there is overlap or sharing of predictive power. Predictor variable should be strongly related to dependent variable but not strongly related to each other. This may lead to the paradoxical effect, whereby the regression model fits the data well but, none of the explanatory variables (individually has a significant impact in predicting the dependent variable. For this purpose, variance inflation factor (VIF) and tolerance test were used to check

Multicollinearity for variables if the value of VIF is less than 10 there is no Multicollinearity and on the other hand if VIF greater than or equal to 10 there is a serious Multicollinearity problem.

According to Gujarati, (2003) to avoid serious problem of Multicollinearity omitting the variable with 10 and more from the analysis, in addition tolerance is an indicator how much of the variability of independent variable is not explained by the other independent variable in the model and is calculated using the formula  $1 - R^2$  for each variable. If the value is very small (less 0.1), it shows the multiple correlation with other variable is high.

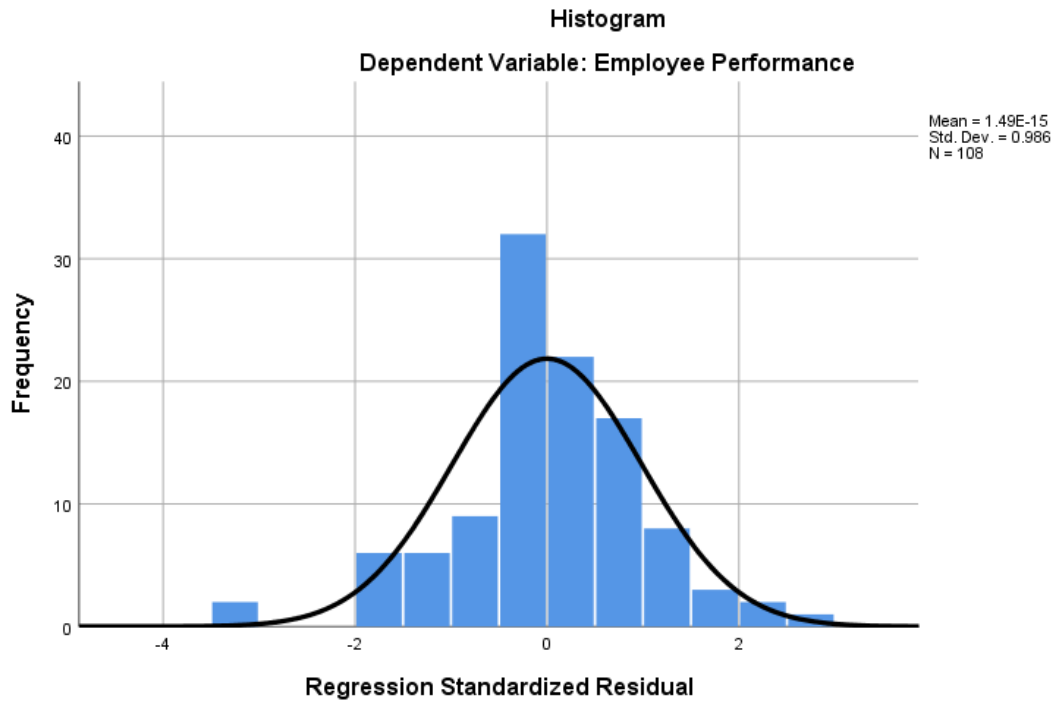
**Table 4.16 Multicollinearity Test between independent variables**

<b>Variables</b>	<b>Tolerance</b>	<b>VIF</b>
Training design	.476	2.100
On Job	.506	1.976
Off Job	.599	1.670

Table 4.16 shows the division result that the value of VIF all variables were by far less than 10 and the value of tolerance statistics being above 0.1 they were accepted entered in to regression model for the estimation of variables.

#### **4.8.1.2 Normality test**

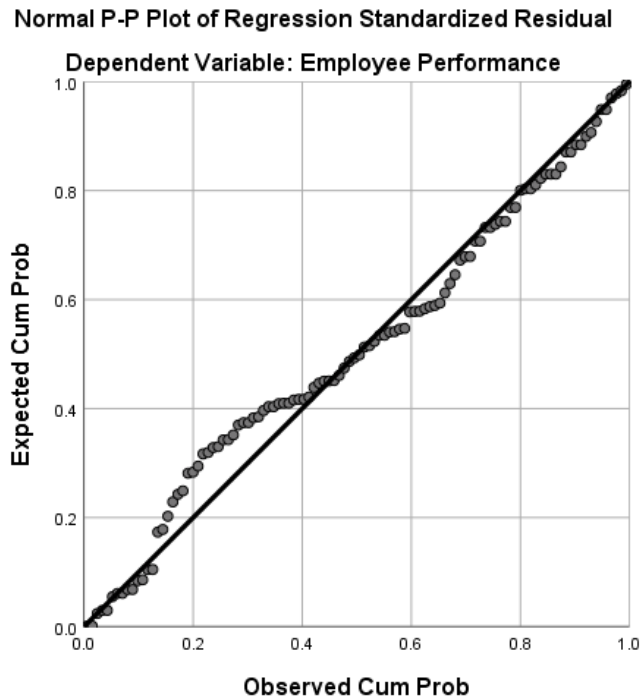
Normality assumption is around the mean of the residuals is zero and used to determine whether a data set is well modeled by a normal distribution or not and also to indicate un underlying random variable is to be normally distributed (Gujarati, 2009). There the researcher was used histogram methods of testing the normality of the data. If the residuals are normally distributed about its mean of zero, the shape of histogram should be a bell-shaped and regression standardized residual plotted between -3.3 and 3.3. From the figure below data normality can be indicated.



**Figure 4.4: Histogram regression standardized residual**

#### 4.8.1.3 Linearity Test

Linearity is used to check whether all the estimates of regression including regression coefficients, standard errors and tests of statistical significance are biased or not (Keith, 2006). To check the linearity assumption in multiple linear regressions the normal P-P plot was used, the plot shows all observed values somewhat spread along the straight diagonal line. Figure 4.5 in below shows us most of the observed values are spread very close to the straight line; there is high likelihood that the data are normally distributed and linear.

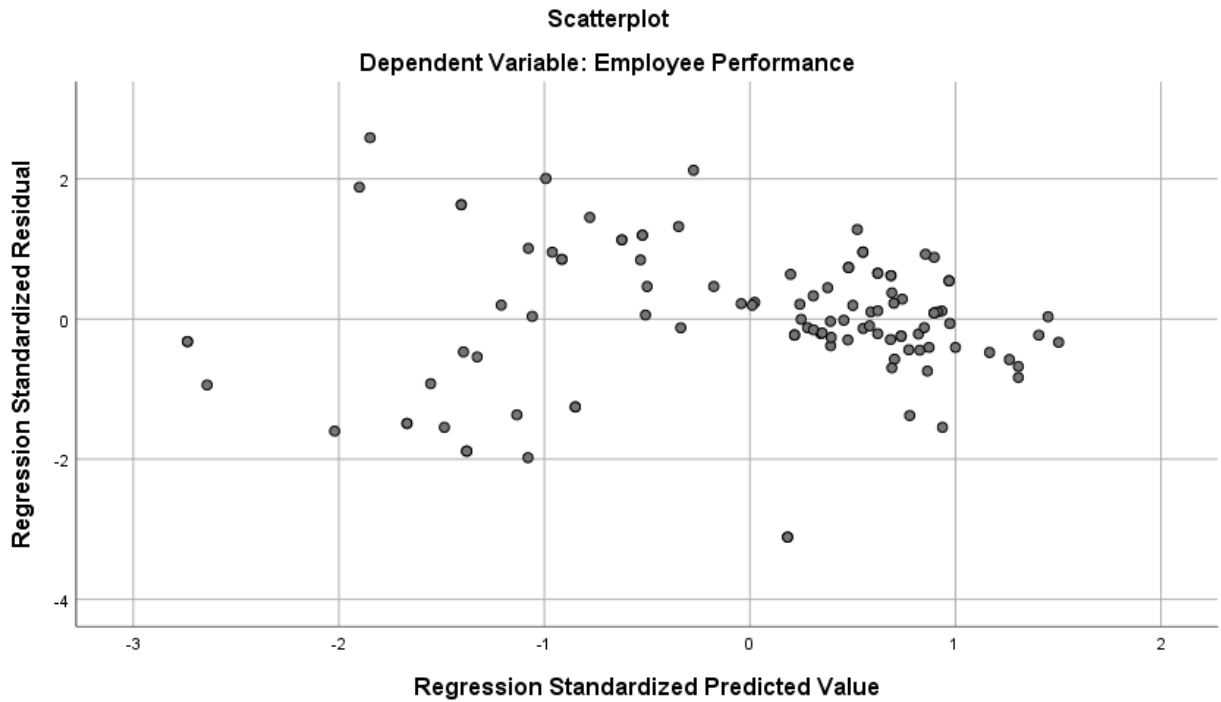


**Figure 4.5: p-p plot; Linearity test results**

#### 4.8.1.4 Heteroscedasticity test

Heteroscedasticity is the equality or violation of the residuals for every set of values for independent variable. So, the researchers assume that errors are spread out constantly between the variables. Heteroscedasticity problem exist when scatter plot is greater than 3.3 and less than -3.3. Therefore, as it was indicated in figure 4.6 below the data did not violate Heteroscedasticity assumption and instead it was homoscedastic.





**Figure 4.6: Scatter plot Heteroscedasticity test result**

**4.7: Result of Multiple Linear regression**

After the model assumption was checked presentation and interpretation of the analysis output is mandatory. The prediction or estimation of the value one variable (the dependent or the predicted variable; called as Y from one or more independent or predictor variables (called as X) (Keith, 2006).

**Table 4.17: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.733 <sup>a</sup>	.537	.524	.64324	2.477

As given in the above test result, the value of adjusted R square is 0.524 which states that there is a change of 52.4% in dependent variable due to the effect of the independent variable. It also shows that 52.4% of the variation in the employees’ performance is explained by training design and training methods (On-Job & Off-Job methods). The Multiple R of 0.733 shows that the model has a good strength when all predictor variables are combined appropriately.

**Table 4.18 ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	49.961	3	16.654	40.250	.000 <sup>b</sup>
	Residual	43.030	104	.414		
	Total	92.991	107			

Table 4.18 shows that the F-value (F= 40.250; P= 0.000) is a good one. The ANOVA table speaks well about the model. Since the F-value is significant, it shows that the model does not occur by chance.

**Table 4.19 Result of multiple linear regression**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% CI for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
	(Constant)	.185	.355				.521
Training design	.330	.132	.242	2.503	.014	.069	.592
On Job	.412	.111	.347	3.704	.000	.191	.632
Off Job	.258	.085	.261	3.026	.003	.089	.427

In this study, three explanatory variables were assessed to identify the effect of training and development on employee performance of Cooperative Bank of Oromia at 5% level of significance.

The estimated regression model was:

$$\text{Employees' performance} = 0.185 + 0.330 \text{ Training design} + 0.412 \text{ On Job methods} + .258 \text{ Off Job Methods} + \varepsilon_i$$

Table 4.17 shows all the p-value for independent variables are less than 0.05 and all the  $\beta$  values are positive that shows training design and training development method (on job and off job) have a positive effect on employees' performance. The largest beta coefficient was 0.412, which was for on job methods. This means that this variable makes the strongest unique contribution of 41.2% to explain the dependent variable, when the variance explained by all other variables in the model was controlled. The Beta value for training design was resulted in beta coefficient of 0.330,

indicating that independently they made the second higher contribution to dependent variable to explain it with 33.0%, keeping other variables constant for each. Off job training has the least contribution of 25.8% on job performance. In general training design and training development methods (On job and off job), have a positive effect employees' performance in cooperative bank of Oromia, Jimma Town branches. The result revealed that, a one unit increase in training design, on job and off job methods would lead to 33%, 41.2% and 25.8% increase in employees' level of performance, respectively.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1. Summary of Findings**

This part of the study aims to summarize the finding and results that have emerged from the data analysis presented in chapter four. The general objective of this research was to examine the effects of training and development on the employees' performance in CBO. From the study the following particular finding were observed:

- Majority of the respondents' age are found between the age of 26 and 35 which accounts 66.7% this shows CBO has young work force distribution. Among the total sample taken 72.22 are male 53.7% having degree and 44.4% have master's degree 60.2% of them served CBO for 1 to 5 years.
- The result indicates that the proportion of females over male employees is high, and employees of CBO are comparatively well educated .in addition CBO is in a good track to serve the society, because it has young work force and can adjust themselves with the ever-changing demand of the society as well as technology.
- In general, the mean score of the overall effectiveness of training and development design shows that Mean =3.83 and SD=0.150 that indicates the majority of the respondents in the position of agree. This indicated that the majority of the employees believe that training organized by the organization to improve employees' performance was positive.
- Determining the effect of training design (objective of the training, training content, selection of trainer) on employee performance, the study shows that rather than selection of trainer in setting and communicating objective of training with trainees CBO is in satisfactory level because majority of the respondents' level of agreement is moderate. So, the training program should be designed carefully so as to improve employee performance.
- Another specific objective which identifies determining the effect of training and development methods (induction programs, employee mentoring, job rotation, lecture and seminar) on employee performance. The study shows that CBO has an excellent opportunity for newcomers to learn the norms and values of the company but training is not conducted timely.

- There is a significant relationship between training design and employee performance. In other hand, training design ( $r=0.632$  with  $p<0.05$ ) has a moderate positive relationship with employee performance.
- There is a significant relationship between on job training method and employee performance ( $r=0.657$  with  $p<0.05$ ). This indicates that there is a moderate positive relationship between on job training method and employee performance.
- There is a significant relationship between off job training method and employee performance ( $r=0.600$  with  $p<0.05$ ). This indicates that there is a moderate positive relationship between off job training method and employee performance.
- The value of adjusted R square is 0.524 which states that there is a change of 52.4% in dependent variable due to the effect of the independent variable. It also shows that 52.4% of the variation in the employees' performance is explained by training design and training methods (On-Job & Off-Job methods), the remaining 47.6% of the variance is explained by other variables that are not included in the study
- On job training development methods makes the strongest unique contribution of 41.2% to explain the employees' performance. The Beta value for training design was resulted in beta coefficient of 0.330, indicating that independently they made the second higher contribution to dependent variable to explain it with 33%, keeping other variables constant for each.

## 5.2 Conclusion

This paper has discussed the effect of training and development on the employees' performance in CBO. It assumes that training and development and employee performance have a significant relationship. Based on the responses of the sample population as well as interpretations and findings discussed above the researcher represents the following conclusions.

- More than half of the respondents claimed that they took training for several times which might be related with the number of years they stay in the organization.
- The study concludes that the mean of the objective of training, training content and selection of trainer was rated as good level in CBO. Hence, respondents reveal that the majority of the respondents satisfied by the over all aspects of training programs in the

organization. And the total mean average of the effectiveness of training program is above average, this shows that the majority of the respondents in the position of agree.

- Based on the responses collected from respondents on training and development methods (induction programs, employee mentoring, job rotation, lecture and seminar) on employee performance. The study shows that CBO has an excellent opportunity for newcomers to learn the norms and values of the company but training is not conducted timely.
- The finding from Pearson correlation was used to show the correlation between the independent variable and dependent variable. The result indicates training design and training and development methods have a significant relationship with employees' performance
- The multiple linear regression result also shows that training design and training development methods (on job and off job training) have a positive effect on employees' performance in cooperative bank of Oromia. The result revealed that, a one unit increase in training design, on job and off job training method would lead to 33%, 41.2% and 25.8% increase in the employees' level of performance, respectively. In general, training is very important in order to achieve excellence and competencies in skill, knowledge, ability, creativity attitude and potential to meet the organization competitive advantage.

### **5.3. Recommendation**

- ✓ It is recommendable for training providers of CBO to give attention when designing training and development program. In order to make the design effective there are elements which have to be considered. Objectives of the training should be defined clearly to the trainers; the contents should be relevant and should fit with their respective ability
- ✓ CBO better to keep on providing both on the job and off the job types of training for employees in order to increase their job performance. Because there exists a strong relation between training provided and employee performance.
- ✓ The training and development provided better to designed based on the need of the individuals, with the alignments of the goal of the organization and the selection for training should be based on the proper need assessment, this helps the organization to identify whether the employees are comfortable with their job and their work place and to check how the employees deliver quality service

- ✓ The company shall conduct frequent trainings to make sure its employees are serving the interest of the customers. As much it can, the company should create rooms for employees to join training sessions many times. In addition, the training methods should have to give room trainees to actively participate their views and experiences.
- ✓ The training practice in CBO better to kept under constant review. It is important to identify the effectiveness of the training practices of the organization by increasing seminar, lectures and other related methods.

#### **5.4 Further Research Directions**

The study concluded noticeable relationship between employees training and development and employees performance. The study only focused on training design (objectives of the training, training content and selection of trainer) as well training and development methods (induction, mentoring, job rotation from on the job; lecture and seminar from off the job training and development methods). It did not include all the possible training design inputs training and development types, therefore there is a scope for other researchers to study the other inputs from the training design and other types of training and developments with their effect on performance of employees on the same and different sectors. Further research can also be carried out to identify other factors that may affect performance which are not study before.

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# Appendix One - Questionnaire

Jimma University

College of Business and Economics

Department of Management Postgraduate Studies Program for Partial  
Fulfillment of Masters of Public Management (MPM)

## Questionnaire Prepared for Employees of Cooperative Bank of Oromia

Dear respondents;

The purpose of this questionnaire is to collect data regarding the Effects of Training and Development on Employees' Performance of the Cooperative Bank of Oromia (CBO), Jimma City Branches and District Office. The researcher is conducting this study for partial fulfillment of MA Degree in Public Management. Your genuine response for the following questions is extremely important for the successful completion of this study. The information you provided will be used only for academic purpose and will be kept highly confidential. Thank you in advance for the cooperation and sacrificing your time.

### Directions for filling the questionnaires

- ❖ Do not write your name
- ❖ Put “√” mark in the box provided for choice questions
- ❖ Your response will be utilized only for the purpose of this survey.

### Part I: Background Information

1. Sex?  Female  Male
2. Educational level:  Diploma  Degree  Masters  PhD  Other (Specify) \_\_\_\_\_
3. In which age group are you?  25 & below  26-35  36-45  46-55  56 & above
4. Marital status  Single  Married  Divorced  Widowed
5. How long have you been working for your current organization (CBO)?  
 Below 1year  1-5 years  6-10 years  11-15 years  Above 15 years
6. What is the frequency of training program you have participated since you joined CBO?  
 Only once  Twice  Once every year  Several times  Never

**Part II: Questions Related to Training and Development on Employees' Performance**

**Instruction:** Please indicate the extent to which you either **agree** or **disagree** with the following statements by marking a **tick mark** ✓ in the appropriate column to the right side where

**1= Strongly Disagree    2=Disagree    3=Neutral    4=Agree    5=Strongly Agree**

**Section-1A. Questions Related to Training Design** (objective of the training, training content, selection of trainer) on employee performance in **CBO (Cooperative Bank of Oromia)**. Please indicate your level of agreement. Where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

S.No	Questions Items	1	2	3	4	5
<b><u>OBJECTIVE OF THE TRAINING</u></b>						
1	I was given sufficient information on the objectives of the training course before my arrival.					
2	The training course encouraged exchange of information and expression of ideas successfully.					
3	The objectives of the training were coherent with my needs.					
4	Training objectives helps participants to be focused					
5	Training objective is the basis for measuring effectiveness of the training in knowledge, skills and attitudes expected of trainees					
6	Validity of training objectives is able to link the training needs and training which is to be delivered					
7	Training objectives clarify for trainers and trainees precisely what their goals are in training					
<b><u>TRAINING CONTENT</u></b>						
8	The topics covered were relevant to me					
9	The content was organized and easy to follow.					
10	The time allotted for the training was sufficient.					
11	I received updated training which is required for my position					
<b><u>SELECTION OF TRAINER</u></b>						
12	Trainers have sufficient knowledge.					
13	The trainer summarized the main points before finishing.					
14	The trainer used effective examples and illustrations					
15	Trainers communicate well					
16	Trainers are open, honest and fair to all.					

**Section-1B. Questions Related to Training and Development Methods** (induction programs, employee mentoring, job rotation, lecture and seminar) on employees' performance. Please indicate your level of agreement. Where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

**I. On the job training methods**

S.No	Questions Items	1	2	3	4	5
<b>INDUCTION</b>						
17.	CBO has a planned induction program for new employees.					
18.	The norms and values of CBO are clearly explained to the new employees during induction					
19.	The induction program was conducted timely					
20.	Induction program has sufficient duration					
<b>EMPLOYEE MENTORING</b>						
21.	My supervisors and seniors give me an opportunity to express my views, feelings concerning the objectives and standards of work.					
22.	My supervisors and seniors and I regularly review the objective of sharing knowledge for improvement.					
23.	I receive enough support and guidance that I need from my peers and seniors to fulfill my potential					
<b>JOB ROTATION</b>						
24.	Job rotation program of CBO broadened my ability to do variety of tasks.					
25.	Job rotation program of CBO is an excellent system to acquire new methods of work					
26.	I have got an opportunity to do a variety of tasks.					

**II. Off the job training methods**

S.No	Questions Items	1	2	3	4	5
<b>SEMINAR</b>						
27.	I had an opportunity to participate in seminar					
28.	The Seminar method of delivery mode is designed at the level of abilities of participants					
29.	Training and development teams support me the use of techniques learned in seminar that I bring back to my job					
<b>LECTURE</b>						
30.	The lecture training programs are designed at the level of abilities and education of participants					
31.	The type of training I have taken is applicable for the job after training					
32.	Training and development teams support me the use of techniques learned in lecture that I bring back to my job.					

**Section -2. Questions Related to Employee Performance**

Please indicate your level of agreement. Where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

S.No	Questions Items	1	2	3	4	5
<b>Employees' Performances</b>						
1	The training provided by the bank helped me to perform my work quickly and efficiently.					
2	Because of the knowledge, skills and attitudes that received from the training, I can accomplish activities effectively.					
3	Training and developments are enabling me to perform my work with greater accuracy and precision.					
4	I carried out works in group after training because it enables me more effective than individually					
5	Because of the good training practices of the Bank, after training and development I am committed for my work and my organization					
6	I am better-off to rely on myself for a solution when things are looking difficult in my work because of the knowledge and attitude that I learned from the training and development.					
7	Employee training offered me an opportunity to learn new skills.					
8	After my training at work, I developed good relationships with customers.					
9	Training and development empowered me to achieve a degree of independence associated with work rules.					
10	After attending trainings and development programs, I have given opportunities to be assigned a variety of responsibilities.					
11	Training and development enabled me to use my skills and talents better					
12	The training and development I have taken in CBO gave me the necessary skills to work tasks in a motivated manner					
13	I now take personal responsibility for my job outcomes after being trained					
14	I now find my work more interesting and passionate after being trained					
15	Training has empowered me to carry out my duties without any difficulty					
16	I now complete my tasks within time after being trained on how to improve my performance					

Please, would you forward any recommendation you have concerning training and development of CBO?

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