



## THE DETERMINANTS OF EFFECTIVE HUMAN RESOURCES TRAINING & DEVELOPMENT STRATEGIES IN THE DOWN STREAM NIGERIAN BANKING SECTOR (A STUDY OF SELECTED MICROFINANCE BANKS (MFBS) IN OWERRI METROPOLIS, IMO STATE, NIGERIA.)

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### Abstract

*The paper examined the factors that determine the effectiveness of employee training and management development strategies in the downstream sector of the Nigerian Banking Industry. A cluster of ten (10) microfinance banks in Owerri metropolis in Imo State of Nigeria was used as the representative sample for the population estimated at about 200 viable microfinance banks (M.F.Bs) with capital bases of not less than N20million. The targeted sample subjects were 250 employees stratified to include managers, operations officers and marketers in a ratio of roughly two males to one female employee. The Likert type questionnaire calibrated with summated ordinal measurement scale was used for data collection. The data analyses employed both descriptive (parametric) and inferential (inductive, non parametric) statistics the chi-squared statistic was used to test the three hypotheses formulated for the study. The findings were as follows: Training incentives and probability of promotion was the most significant determinant of training effectiveness in the Microfinance sub sector of the Nigerian banking industry followed by training budget, training infrastructure and training methods. The conclusion was that employee training and development should be given the seriousness they deserve in the MFBS by increasing the training incentives and training budgets; expanding the training infrastructure and using the appropriate training methods. This is underscored by the strategic roles the MFBS play in financing small and medium enterprises (SMEs) for sustainable development.*

**Keywords:** *Determinates, Training, Development Training Budget and Training Methodology*

### Background to the Study

At the main entrance to the Staff Training and Development Center of the defunct African Continental Bank Plc was posted a statement: "If you don't train them; don't blame them". That statement underscored the need for effective training and development in every corporate organization. Employees must be trained and developed to make them fit to deliver values to stakeholders and drive strategic National Development efforts. First, staffing processes do not absolutely provide the organizations with employees who are ready made to achieve the goals and objectives of the organizations and so they have to be trained and retrained. Secondly, even

where new employees have cognate experiences from previous employers it may not be easy to transfer the learning experiences hook, line and sinker to their new jobs, descriptions. This is because training is typically specific to a job in a particular organization and, therefore, may have limited application elsewhere (Kenny & Reich, 1985 p.26). Thirdly, even experienced employees have to be retrained once in a while to avoid executive obsolescence to enable them get acclimatized to a new job environment within the same organization. Finally, in countries where governments pay lip service to quality education and standards keep falling in many areas of human endeavor employers must, of necessity, spend good chunk of their annual budgets to brush up their new employees so that they will be educated to acquire the basic knowledge they ought to have had way back in college.

The microfinance banks (MFBs) were selected for this study because of the key roles they collectively play in the maintainance of sustainable development of the Nigeria economy: They finance the small and medium enterprises who find it difficult to access loans from the bigger commercial banks, create employment and finally serve as links between the bigger corporations and the micro enterprises. These roles recently were recognized when the AFDB, African Development Bank approved \$12m credit line for LAPO MFB the largest microfinance bank in Nigeria for on lending to SMEs. (Ikoro, 2014 p.44). However, to be able to make the best out of their training and development efforts there are certain factors or determinates corporate organizations should take into consideration. These factors such as the training budget were what informed our present study using a cluster of microfinance banks in Owerri metropolis as a case.

#### Research Problem

The research problem that under scored the need for the instant study relates to the assessment of the impacts of the key variables that determine the effectiveness of employee training and development in the downstream Nigerian banking industry.

#### Objectives of Study

The objective of the study is to investigate empirically the relative impacts of the key determinants of effective training and development strategies using a cluster sample of 10 microfinance banks in the downstream banking sector in Owerri for our case study. The microfinance banks are listed in appendix 2. All the microfinance banks cluster within and around Owerri metropolis and they represent the 200 healthy MBFs with at least the minimum paid up capital of N20 million prescribed by the Central Bank of Nigeria (CBN) for single unit MFBs specifically, we needed to find out:

1. If funding/training budgets have any impact on effective training strategies.
2. If training infrastructure/school have any impact on effective training strategies.
3. If training methods have any impact on effective training strategies.

### Hypotheses

Three hypotheses used in the study are :

1. Funding/ Training budget has no significant impact on effective training and development strategies (P = 0.05).
2. Training infrastructuring / school has no significant impact on effective training and development strategies (P = 0.05).
3. Training methods have no significant impact on training and development strategies (P = 0.05).

### Review of Related Literature

The volume of contemporary literature on training and development is not commensurate with the importance of these aspects of human resource management. Not only that the literature is scanty it is also rather stale or not very current. This instant study should, therefore help to expand the field of scientific enquires in the area and contribute to efforts to fill the yawning knowledge gap.

Training and development (T & D) are two related concepts. They are either purposeful intervention actions or planned change efforts used by Human Resources Managers to enhance employee job performance so that organizational effectiveness is achieved. In literature both concepts seem to go together (Adeleke, 2000). However as stated by McGehee and Thayer (1961) there are conceptual differences between training and development.

Training efforts are staggered and discrete learning experiences organized as the need arises to make employees improve upon their job performances. It aims at achieving four objectives namely: skill acquisition, expansion of knowledge base and attitudinal change. The basic fact about training is that it is applied more, but not exclusively, to junior employees who are yet to gain the requisite working experiences (Belbir, 2001) For example it takes regular training efforts to achieve the attitudinal change that will make a new employee stop lateness to work, acquire the skill to operate an equipment or learn to balance the accounts at the end of the day. Development contrasts with training in the sense that it is a continuous process involving long term strategic learning experiences including series of training to make the employee grows on the job: acquire skills and be able to take higher responsibilities and perform management roles and functions. Development is achieved over time with series of investments in the employee to make him committed affectively, continuously and normatively even as an organizational citizen (Mbaegbu 2013).

The leadership or management roles the employee is expected perform to when developed, as stated by Mintzberg (2003) include the following: Interpersonal roles to handle human relations and work with people, carry them along and be diplomatic; informational roles to disseminate information to aid communication; decision roles to allocate scarce resources and be entrepreneurial The essential skills development addresses include: The conceptual skill to be able to think analytically and achieve integrative problem solving approach, human skills for emotional intelligence or empathy and technical skills to apply expertise and perform special tasks with proficiency. A skill in the ability to translate knowledge into action in order to

produce desired result. The fore going is not to say that only lower level employees required training and managers do not need it. Any employee can undergo training depending on their training needs (Green, 2001). Thus a top manager can be trained to acquire entrepreneurial leadership skills as well as be trained to become computer literate. Management training and development are therefore combined normal change processes at this level in the organizational hierarchy. A practical definition of management training and development is given by Kubr and Prokopenko (1989,p.9) as follows:

Management training and development are defined as a set of activities whereby practitioners – manager or would be managers – are assisted in improving their individual competence and performance as well as the organizational environment, with the ultimate goal of raising the standards of organizational performance. The theoretical foundation of training and development can be traced to the social exchange theory and the early management theories. The social exchange theory in a sociological theory that posits that in every social unit people give in anticipation of receiving. In other words society or a social unit such as an organization develops through the process of action and reaction; give and take. The organization gives to its members and in return it receives from them and grows, for blessed is the hand that giveth and the hand that taketh. Emile Durkheim, the sociologist calls it fundionalism (Haralambos, 190) therefore, the organization has to train its employees in order to expect efficiency and effectiveness from them as evidenced from financial returns, quality products, customer satisfaction and so on.

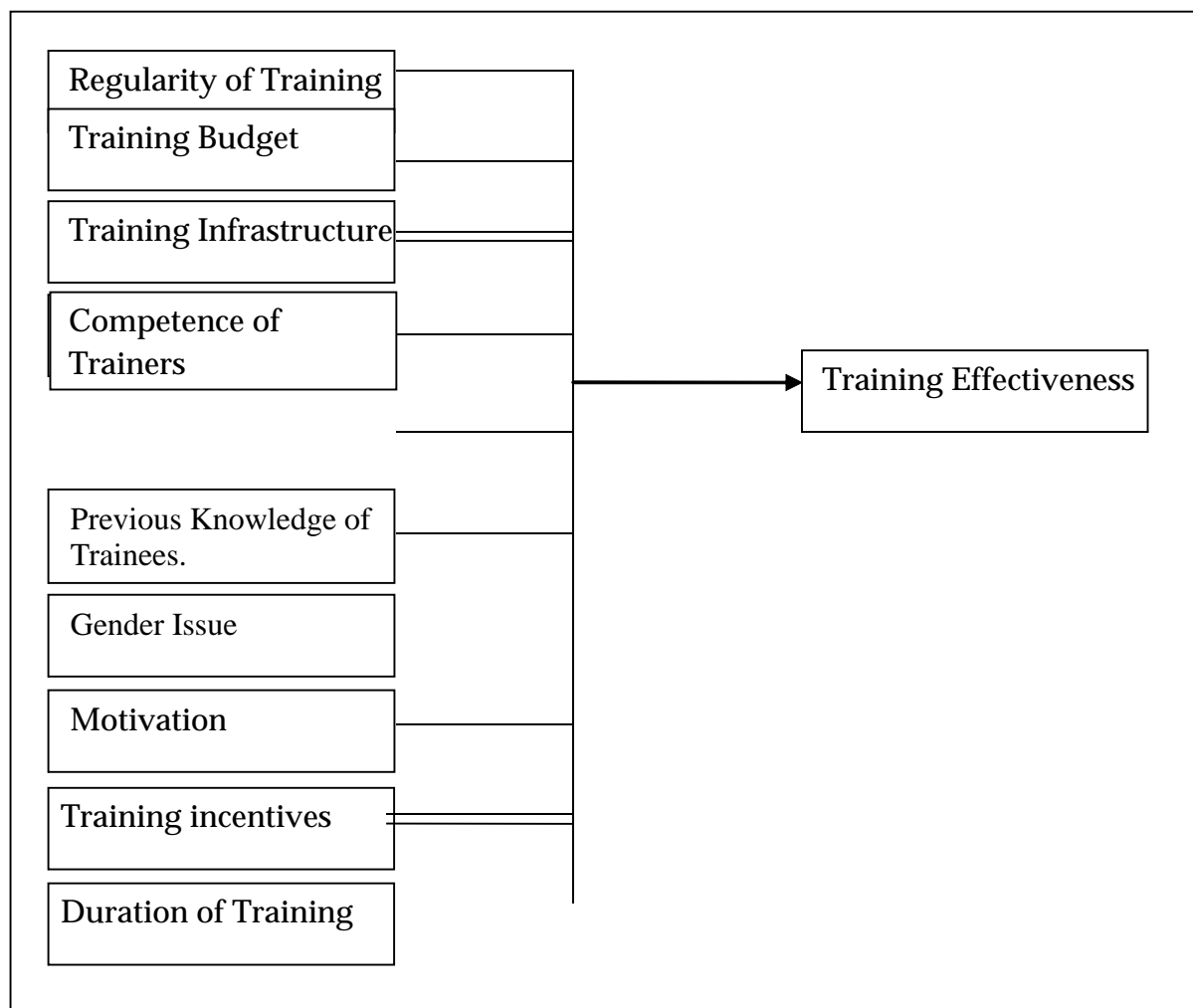
As a field of scientific enquiry training and development are as old as management itself. F.W. Taylor in his scientific Management theory prescribed the training of employee in the “One best way” required to execute a task (See Fayol, 1929) Taylor's emphasis was on training of lower level employees in the organization and methods of work (O&M). He took managerial leadership as given But Taylor (1984) differed on this He prescribed the training of managers also and suggested 14 principles that should be inculcated in managers (administrators) to enhance the efficiency of management process. Later scholars in the human resources management school: Elton Mayo, Douglas Mc Gregor, Rensis Likert, Chris Argyries and so on, all touched on the importance of training. Strauss and Sayles (2001) summaries at all when they state: “All activities of any enterprise are initiated and determined by the people that makes up the institution” (p.212).

Training and development as change processes have also been featured by various theories of change such as Lewins change Model and the Action Research Model reproduced by Cumming and Worley (2003 pp 17-18). Lewin's Model sees a change as a function of two opposing forces: the forces that resist change. A change occurs when the forces that promote change over power the forces that resist change; otherwise the status quo in maintained. To bring a change one needs to analyze these forces (Forces field analysis) and take appropriate actions. The Action Research Model in a strategic management process that acts on data collected over time while looking out for the feed-back to input into the system again in a cyclical order of corporate renewal (Agarwal & Helfat, 2009).

The effectiveness of training and development strategies is a function of many variables. The following have been suggested by Mbaegbu, (2001).

1. Regularity of Training or how often training is organized.
2. Training budget or how much funding is provided for training.
3. Training infrastructure/environment, how conducive the venue for training is.
4. Training methods; techniques for delivering training courses or pedagogy-lectures, conferences workshops etc.
5. Competence / expertise of trainers.
6. Previous knowledge or experience, skills and attitudes of trainees.
7. Gender of trainees; male or female.

Figure 1: A Model of the Determinates of Effective Training and Development strategies.



Sources: Field work  
The Model is discussed below

### Training Budget

Training budget relates to the financial outlay devoted to programmer. There are two ways of considering the training cost. One way is to consider the financial expenditure and another way is to consider the opportunity cost or the foregone alternatives of using the funds for training purpose (Kenny & Reid, 1985 p.54; Nwaochie; 1997 pp 27 -29). To this effect the training budget should not be too high to outweigh the benefits or too small to make non-sense of the training effort. The budget should be based on cost-benefit analysis as stated by Nwaochie (1997 p.28) The Budget should cover course/ seminar materials group lunch, tea/coffee and snacks' during break, course/seminar bags/folders, group photographs, writing materials and others including honoraria for outside speakers as well as cost of hiring the venue if need be. To avoid unnecessary cost Nwaochie (1997) recommended that exotic venues such as five star hotels which emphasis luxury rather than functionality should be avoided. Secondly, the engagement of high sounding names that are living on their past glories as guest speakers or trainers should also be avoided. These people demand astronomical fees. Also frivolities such as expensive bags rather than folders for papers should be avoided. Finally, training managers should avoid corrupt practices and display honesty in costing the programmers to avoid over invoicing and other insider corrupt practices.

### Training Infrastructure

Training is effective if the organization has a functional training school with adequate facilities for teaching and learning including computers, microphones, power points, air conditioner libraries and so on (Mbaegbu, 2000). Training depends on the regularity of training. As Kenny and Reid (1985 p.6) have stressed some employers believe that attendance on a fortnight course is sufficient to convert a clerk into an office supervisor but such confidence is sadly misplaced. Appropriate training method duly appraised for its relative effectiveness as suggested by Mbaegbu and Arugu (2014) should be serially provided for the desired benefits – attitudinal change, knowledge and skill acquisition. A one stop programmer will not provide desired result. The impact of rapid technological changes and automation on existing skills make many employees' skills absolute. There is then a compelling need for continuous training and retraining to keep abreast with the changes. The actual method of delivering the information is also important. Basically there are two broad methods of delivering training information: on the job training (on – site training) and off the job training (off-site training) methods. The merit of each method depends on the objective sought (Mbaegbu & Arugu 2014). This apart the pedigree and capacity of the trainers should also be appraised Apart from being experts in their fields the trainers must also know the psychological principles of learning and build into their methods the principles of motivation, association assimilation, transfer learning and so on (Mbaegbu,2000) Training methodology also includes training needs; assessment; the identification of the training needs of the employee and the organization so that the training programmer would be tailored to the relative needs;. It is a diagnostic survey. McGehee and Thayer (1961) call it organization – task-person analysis; it is a tripod analysis involving: organization needs analysis, job analysis and employee's personal needs analysis.

### Materials and Methods

The study adopted the case study research design. The research sample was drawn from the employees of 10 microfinance banks that cluster within and around the old Owerri business district. The target sample subjects were 250 units representing the population estimated at over 4000 employee's nation- wide. The sample is representative of the population because they units are drawn from a cluster possessing all the attributes to the viable 200 microfinance banks that met the minimum capital base of N20 million stipulated by the central Bank of Nigeria: it is stratified to include male and female employees at all levels of organizational hierarchy.

It was to this sample of 250 units that we administered our instrument of data collection, the study questionnaire calibrated with a measuring scale that reads as follows:

1. Strongly Agree SA (4)
2. Agree A (3)
3. Disagree D (2)
4. Strongly disagree S (1)

The response rate was (92.40%) in that 231 certified responses were returned. The primary data collected was subjected to descriptive and inferential statistical analysis and the chi-squared ( $\chi^2$ ) statistic was used to test the three (3) hypotheses formulated for the study.

### Data Presentation and Analysis

In table 1 we present the frequency distribution of responses collected from the 231 subjects, their relative percentages and mean scores () for the descriptive analysis. The measures were 4, 3, 2 and

Table 1 Frequency Distribution of Responses, Scores and Percentage

S/N	Statement	SA	%	A	%	D	%	SD	%	Total Response	Total Score	$\bar{x}$
1.	Training budget has great effect on training effectiveness	201 (4) (804)	87.0	16 (3) (48)	6.9	8 (2) (16)	3.5	6 (1) (6)	2.6	231	814 874	3.8
2.	Regularity of training affects Training effectiveness	185 (4) (704)	80.0	20 (3) (60)	8.7	15	6.5	11	4.8	231	841	3.6
3.	Training infrastructure affects training effectiveness	115 (4) (460)	49.8	46 (3) (138)	19.9 20.0	24 2 (48)	10.4	46 1 (46)	19.9	231	572	2.5
4.	Method of training affects training effectiveness	109 (4) (436)	47.2	54 (3) (162)	23.4	41 (2) (82)	17.7	27 1 27	11.7	231	707	3.1
5.	Competence of trainers affects training effectiveness.	136 (4) (544)	58.87	61 (3) (183)	26.4	12 (2) (24)	5.19	22 (1) (22)	9.52	231	773	3.3
6.	Previous knowledge of trainees determines training effectiveness.	97 (4) (388)	42.0	76 (3) (228)	33	26 (2) (52)	11.0	32 (1) (22)	14.0	231	700	3.0
7.	Gender of trainees in a determining factor is training effectiveness	67 (4) 268	29.0	56 (3) (168)	24.2	43 (2) (86)	18.6	65 (1) (65)	28.1	231	587	2.3
8.	Training incentives and probability of promotion is a determining factor in training effectiveness.	199 (4) (796)	86.1	24 (3) (72)	10.4	6 (2) (12)	2.6	2 (1) (2)	0.9	231	882	3.8
9.	Learning motivation impact and content of training determines the effectiveness	93 (4) (372)	40.3	87 (3) (261)	37.7	31 (2) (62)	13.4	20 (1) (20)	8.6	231	715	3.1
10.	Duration of training experience determines the effectiveness	91 (4) (364)	39.4	84 (3) (252)	36.4	33 (2) (66)	14.3	23 (1) 23	9.9	231	705	3.1.
	Total mean score											31.6
	Mean of mean											3.16

Source: Field work

### Interpretation of Data Analysis

The descriptive analyses of data summarized in table 1 shows that incentive for training and probability of promotion to a higher level was ranked as the factor with the highest impact on training effectiveness. It scored 882 points with a mean score of 3.8. Average mean score ( the mean of mean) was 3.2. Training budgets came second and scored 874 point with a mean score of 3.8 also. Regularity of training came third with a score of 841 points and a mean score of 3,6 Learning motivation came fourth and scored 715 points with a mean of 3.1. Training method came fifth and scored 707 points with a mean score of 3.1 also. The lowest score was 587 points pulled by gender of trainees with a mean score of 2.3. Generally all the factors made impressive scores.



**Inferential Analysis and Test of Hypotheses Using the Chi-Squared Statistic ( $\chi^2$ )**

The Chi-squared analysis provided us with the statistic ( $\chi^2$ ) for inferential analysis and test of hypotheses. By means of Pearson's ( $\chi^2$ ) - distribution we could estimate the extent to which our assumption of null hypotheses was justified. The formula for the Chi-squared statistic is as follows:

$$(\chi^2) =$$

Where O = Observed frequency

E = Expected frequency

The contingency table provided us with the frame work for the analysis

**Hypothesis 1**

Ho: Funding /Training budget has no significant impact on effective training and development strategies (P = 0.05)

To .... Test this hypothesis the Chi-squared goodness of fit analysis presented in the con...contingency table below was employed.

Table 2:  $\chi^2$ , 4 x 3 contingency table .

S/N	Response Categories	Observed Frequencies	Expected Frequencies	Total
1.	Strongly Agreed (SA)	201	57.75	355.33
2	Agreed (A)	16	57.75	30.18
3.	Disagreed (D)	8	57.75	42.86
4.	Strongly Disagreed (SD)	231	231	474.74
5.	Total	231	231	474.74

Source: Field Work

From the contingency table we note that at 0.05 level of significance and 3 degrees of freedom (Df) the critical value of  $\chi^2 = 7.815$  and the calculated value = 474.74

**Decision:** We reject the null hypothesis and uphold the alternative hypothesis  $\chi^2$  calculated is more than critical  $\chi^2$  Therefore, funding and training budget has significant impact on the effectiveness of training strategies.

**Hypothesis 2**

Ho; Training Infrastructure/School has no significant impact on effective training and development (P ≤ 0.05)

To test this hypothesis the Chi- squared goodness of fit analysis presented in the contingency

Table below was employed.

Table 3:  $\chi^2$ , 4 x 3 contingency Table

Table 2:  $\chi^2$ , 4 x 3 contingency table.

S/N	Response categories	Observed frequencies	Expected frequencies	Total
1.	Strongly agreed (SA)	115	57.75	56.75
2	Agreed (A)	46	57.75	2.39
3.	Disagreed (D)	24	57.75	19.72
4.	Strongly disagreed (SD)	46	57.75	81.25
5.	Total	231	231	81.25

Source: Field work

From table 3 we note that 0.05 level of significance and 3 degrees of freedom (d.f) the critical value of  $\chi^2 = 7.815$  and the calculated value = 81.25

Decision: We reject the need hypothesis and uphold the alternate hypothesis;  $\chi^2$  calculated is more than critical  $\chi^2$ . Therefore, training infrastructure/school has significant impact on the effectiveness of training and development strategies.

### Hypothesis 3

Ho; Training methods have no significant impacts on training and development strategies (P = 0.05)

To test this hypothesis the chi-squared goodness of fit analysis presented below in the contingency table was employed.

Table 4:  $\chi^2$ , 4 x 3 contingency table

S/N	Response Categories	Observed Frequencies	Expected Frequencies	Total
1.	Strongly agreed (SA)	109	57.75	45.48
2	Agreed (A)	54	57.75	0.24
3.	Disagreed (D)	41	57.75	4.86
4.	Strongly disagreed (SD)	27	57.75	16.37
	Total	231	231	66.95

Source: Field work

From table 4 we note that at 0.05 level of significance and 3 degrees of freedom (d.f) the critical value of  $\chi^2 = 7.815$  and the calculated value = 66.95.

Decision: We reject the null hypothesis; Training methods have significant impacts on training and development strategies.

### Findings

The effectiveness of training strategies is determined by many independent variables such as incentive and motivation, training budget, training infrastructure, training methods and so on.

### Discussion of Findings

From the descriptive analysis we note that training incentives/probability of promotion to higher levels has the most significant impact on the effectiveness of training. This is consistent with Maslow's (1943) hierarchy of needs theory if employees know that their training will help them satisfy some needs they will be motivated to take it very seriously and be motivated. To learn the analysis both descriptive, inferential and test of hypothesis shows that training budget is the second most significant factor to consider when planning a training programmer. Money, they say, answered all things unfortunately as observed by Nwaochei (1997) the management of many organizations tends to reduce training budgets in times of distress financial instead of beefing it up to effectively train their human capital to pull them out of distress. The findings in respect of the impact of regularity of training in consistent with the theories of learning (Harrison, 2005) the more regular training is organized the greater the effect; practice makes perfect. The findings with respect to gender as a factor is consistent with Bootzin, Bower, (rocker 5 Hall (1991 p. 335). The relative discrepancy in learning abilities of males and females no longer exists. The factor had the best score and mean of 2.30 far below the mean average of 3.16 for all the factors considered.

### Conclusion

This paper is a research report of an empirical study on the effect of the determinants of training effectiveness. The study shows that there are various independent variables at work to determine the effectiveness of training strategies.

### Policy Implication/Recommendations

Human resource managers and trainers should consider the impact of training determinants before organizing training programmer. Particularly, the training budget, the training infrastructure such a venue and pedigree of trainers are very keys to the success of training programmer. Also training should not to be mares' ritual. It has to be purposeful. Employees should be rewarded after training with incentives and elevation to higher levels.

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## Appendix

### List of Microfinance Bank Selected for the Study

- 1 Imo Poly Microfinance Bank Ltd, Imo State Polytechnic Umuagwo near Owerri.
- 2 Alvana Microfinance Bank Ltd Alvan Ikoku Federal College of Education, Owerri.
- 3 IMSU Microfinance Bank Ltd Imo State University, Owerri.
- 4 FUTO Microfinance Bank Ltd Federal University of Technology Owerri.
- 5 All workers Microfinance Bank Owerri.
- 6 Chukum Microfinance Bank Ltd Villa Maria Center, Owerri.
- 7 Nwannediadi Microfinance Bank Ltd Owerri.
- 8 Oche Microfinance Ltd Owerri.
- 9 FINCA Microfinance Bank Ltd Owerri.
- 10 LAPO Microfinance Ltd Owerri.