

# Training And Development In The Financial Services Sector: A Critical Scrutiny

Nandan Seeboruth

University of Technology Mauritius

**Abstract:** Training and Development has always been regarded as a tool to improve employees' skills. Hence, this study has tried to show the significance of training and development by highlighting its advantages and limitations that this process brings forward to companies. Consequently, this study has been undertaken in the Financial Services Sector of Mauritius which comprises of the Global Business Companies, Insurance Companies, and Companies listed on the Stock Exchange of Mauritius. Emphasis has been laid on the two types of training that is: On the job training and Off the job training, that are used by the companies. In addition, a quantitative analysis of the training techniques applied by the Financial Services Sector has been made. From the study, it can be deduced that Training and development plays a vital role in an organisation which contributes in employee retention and consequently future growth of the organisation. It has been seen that the Financial Services Sector invests considerably in terms of tools and equipment in providing training and development to its employees. The impact of training and development and commitment of the organisations have been highlighted in the study. Finally, the study shows that training and development helps in improving staff efficiency and their better understanding of the company's objectives

**Keywords:** Financial Services Sector, Training and Development, Mauritius, Company objectives

## Introduction

Regardless of the type of organization, parastatal, private or public organisations approve that Training and Development (TD) is vital to the development and expansion of the corporate world as enunciated by Noe (2002). On the other hand, investment in TD involves acquiring and keeping up space and gear. It additionally implies that operational work force, utilized in the association's principle business capacities, for example, creation, upkeep, deals, promoting and administration bolster, should likewise coordinate their consideration and exertion every once in a while towards supporting preparing advancement and conveyance as defined by Morrison (1991). This implies they are obliged to give less consideration regarding exercises that are clearly more profitable as far as the association's fundamental business. Be that as it may, interest in TD is for the most part viewed as great administration practice to keep up fitting skill now and later on.

## Problem Statement

Organisations are not proficient at applying the models to assess TD programs as training evaluation usually involves both unbiased and subjective measures (McCarthy & Caravan, 2001; Cohen, 2005; Holton, 2005). Besides, most organisations are unclear as to how training evaluation could deliver satisfactory information to attribute the training to subsequent transfer of training back at the workplace. It is, subsequently, critical to survey the connection between training, training appraisal and training efficacy on the organisation's success. Consequently, the difficulties connected with the changing way of work and the working environments are as genuine for the grounds as somewhere else. Fast change obliges a gifted, educated workforce with representatives who are versatile, adaptable, and concentrated on what's to come as initiated by Garavan (2007). Nonetheless, the ability, knowledge, and expertise alone would not adjust for a harsh relationship with an unrivaled, companion, or client as defined by Patrick and Bruce (2000).

## SIGNIFICANCE OF THE STUDY

The study is thus intended to detect areas of strength and feebleness in the overall TD program in the Financial Services Sector (FSS) and how these can contribute to the general achievement of the organisation and evaluation of TD programs are made to determine their usefulness and competence on the organisation.

## METHODS AND PROCEDURES

**AIM:** The aim of this research is to assess the perceived factors of TD effectiveness in the FSS. The core research objectives of the study are to examine the effectiveness of TD comprising of the underlying factors.

Likewise, the research objectives were:

- i. To appraise the rapport between employees' age and staff TD efficiency in FSS
- ii. To measure the affiliation between TD programs and productivity in FSS.
- iii. To evaluate the connection between work environment and staff loyalty in the FSS.
- iv. To assess the connection between employees' perceived values and consequent benefits of training and staff TD efficacy in FSS
- v. To make required recommendation vis-à-vis staff TD in FSS

## Hypothesis

- ❖ Ho: There is no association between employees' gender and staff TD efficiency in FSS  
H1; Gender has an effect upon staff TD efficiency in FSS
- ❖ Ho: There is no association between employees personal characteristics and frequency of training session  
H1; Training sessions do rely upon employee personal characteristics.
- ❖ Ho: Work Environment has no link with staff loyalty in FSS  
H1; Work environment plays a role in staff loyalty
- ❖ Ho: Training environment has no link with staff Organizational Commitment in the FSS

- H1; Training environment plays a role in staff Organizational Commitment
- ❖ Ho: There is no bond between training strategies and usefulness of TD programs in FSS  
H1; Employee`s training strategies affects TD programs usefulness in the FSS
- ❖ Ho: Organizational goals have no link to TD programs  
H1; Organizational goals are linked with TD programs
- ❖ Ho: TD programs have no effect on productivity  
H1; TD programs enhance productivity

**Sample**

The sample of this study has been set at 359 as per Raosoft Sample Size Calculator. [Margin of error: 5%, Confidence level: 95%, Population size: 5600 and Response distribution: 50%]. Conversely, a stratified random sampling has been utilized which was divided as per the genders of employees with 50.1% males while 49.9% females and, thus 179 questionnaires has been targeted for females while 180 questionnaires were set for males.

Test Statistics <sup>a</sup>								
	TD_Directly_Related_To_Job	Trainers_Professionals	TD_Interesting	TD_Useful	TD_Beneficial_To_Career	Improved_Job_Performance	Acquired_Specific_Skills	Able_To_Apply_Knowledge_Learnt
Mann-Whitney U	14051.5	14242.5	14121	14569	14247.5	14167.5	14182.5	14068
Wilcoxon W	28079.5	28607.5	28486	28934	28612.5	28532.5	28547.5	28264
Z	-0.869	-1.246	-1.398	0.836	1.224	-1.325	1.301	-1.249
Asymp. Sig. (2-tailed)	0.385	0.213	0.162	0.403	0.221	0.185	0.193	0.212

a. Grouping Variable: Gender

**Tools**

A questionnaire has been adopted from Arkaah (2012) and Kennett (2011) and merged as per review of literature

**Results and Discussion**

**Table 1-** Association of Training Effectiveness with Gender

**Ranks**

Variables	Gender	Mean Rank	Sum of Ranks
	TD_Directly_Related_To_Job	Male	175.66
	Female	168.14	28079.5
Trainers_Professionals	Male	180.38	32467.5
	Female	169.28	28607.5
TD_Interesting	Male	181.05	32589
	Female	168.56	28486
TD_Useful	Male	178.56	32141

	Female	171.21	28934
TD_Beneficial_To_Career	Male	180.35	32462.5
	Female	169.3	28612.5
Improved_Job_Performance	Male	180.79	32542.5
	Female	168.83	28532.5
Acquired_Specific_Skills	Male	180.71	32527.5
	Female	168.92	28547.5
Able_To_Apply_Knowledge_Learnt	Male	179.41	32114
	Female	168.24	28264

Table 1 stipulates that the eight variables had no impact upon gender since all the significance value were higher than 0.05 and that the mean rank of all the variables were statistically different from each other. Thus, it is concluded that effectiveness of TD programs is not affected by gender and hence gender and effectiveness of TD prove to be independent variables. Nevertheless, this result proves to be in contradiction with Cheng & Ho, (2001) who found mixed results pertaining to whether gender plays a part in TD effectiveness. This situation may however arise when organisations do not consider the diverse learning styles of employees as stipulated by Kirkpatrick & Kirkpatrick, (2005)

**Table 2 -** Association of training environment v/s Increased commitment

**Test Statistics<sup>a,b</sup>**

	Assistance_In_Training	Training_Facilities_Accessible	Physical_Environment_Pleasant	Space_Accommodation_Confortable	Strict_Participation_Daily_Schedule	Strict_Regulations	Facilitators_Supervised_Participants
Chi-Square	0.892	0.458	0.979	0.702	1.227	0.749	1.677
df	1	1	1	1	1	1	1
Asymp. Sig.	0.039	0.025	0.043	0.021	0.026	0.031	0.019

a. Kruskal Wallis Test

b. Grouping Variable: Increased\_Commitment

Consequently, Table 2 demonstrates that all p values were lesser than 0.05, hence it is deduced that training environment do plays a role in increasing organizational commitment in FSS. Eventually, Kitching, and Blackburn, (2002) adds that training environment encompasses site layout, training facilities, hardware environment, sound lighting, classroom climate, trainee involvement of the soft environment. Nonetheless, all these were not possible to analyze from a generic point of view, due to lack of resources. But still, objective guesses were made to back up this test result from collected data.

**Table 3 - On the job v/s TD usefulness Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.459 <sup>a</sup>	12	.003
Likelihood Ratio	22.589	12	.031
Linear-by-Linear Association	4.044	1	.044
N of Valid Cases	348		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .10.

**Table 4 - Off the job v/s TD usefulness Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	66.602 <sup>a</sup>	12	.000
Likelihood Ratio	33.919	12	.001
Linear-by-Linear Association	13.464	1	.000
N of Valid Cases	348		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .03.

To sum up, the two chi-square tests evidenced that indeed, Training strategies employed by FSS do not have any impact upon training usefulness. Hence, it can be deduced that training strategies and training usefulness are independent variables. Yet, Sahinidis, & Bouris, (2008) imposed that managers should always perceive training as useful in either overt or covert ways as by not doing so, the organisation can easily be destabilized, and that they can themselves act as a backup as a coach when needed as stipulated by Burke & Hutchins, (2008) In the same context, Table 5 presents the Kendall's Tau b Output 1 which revealed a strong positive correlation between On the job TD methods and Increased Productivity which is statistically significant at ( $\tau_b = 0.535, p = 0.023$ ). Furthermore, this case can be related to Mohamed, Rasli, & Mansor, (2012) who affirmed that On the job TD methods yield more productivity since employees are learning and actually doing the job simultaneously.

**Table 5 - Kendall's Tau b Output 1 Correlations**

	On_The_Job_TD	Increased_Productivity
Kendall's tau_b	Correlation Coefficient	1.000
	Sig. (2-tailed)	.535**
Increased_Productivity	Correlation Coefficient	.535**
	Sig. (2-tailed)	.023
	N	N
	348	346

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

**Table 6 - Kendall's Tau b Output 2 Correlations**

	Off_The_Job_TD	Increased_Productivity
Kendall's tau_b	Correlation Coefficient	1.000
	Sig. (2-tailed)	.841**
Increased_Productivity	Correlation Coefficient	.841**
	Sig. (2-tailed)	.018
	N	N
	348	346

Similarly, Table 6 reports Kendall's Tau b Output 2 demonstrating the correlations between using Off the job TD methods and Increased Productivity. Hence the result clearly annotated that there was indeed a solid positive association between the two variables since it was statistically significant at ( $\tau_b = 0.841, p = 0.018$ ). Nonetheless, this result proves to be in contrast with Sutherland, (2009) connotes that Off the training method emphasizes on learning rather than performance and productivity of employees

### Conclusion

The current TD methods were also found to be help employees have a better understanding of objectives set by FSS. Likewise, TD also assisted employees to promote life-long learning as they learnt specific skills which inevitably benefited their whole careers. Similarly, the study discovered that employee's gender does not impact staff TD efficacy in the FSS which leads to the assumption that both genders grasp the knowledge allocated to them equally. Contritely, TD programs conducted in the FSS were found to be affecting productivity in a positive manner, thus it leads to the conclusion that the TD sessions were indeed up to the required level. Yet, conversely, FSS failed to allocate the importance of TD in their agencies as some important factors were not inter-linked with each other, For example staff loyalty was not affected by work environment however in contrast the study revealed a link between training environment and organizational commitment. From the findings, it has been established that a relationship exists between three items of TD and other variables including training environment, organizational commitment and productivity

### Recommendations

On the basis of the results and deductions made in this study, the subsequent recommendations are made in order to improve the effectiveness and importance of TD practices in the FSS. It was discovered that there is a need to evaluate staff members' performance once they arrive from TD programs. Thus, assessment would be a process of finding out from the individual how the TD process has empowered them to improve their occupational performance, and how it has promoted both the employee and the organisation. Hence, this will establish whether the TD programs have been effective or there has been some lacunas. The HRM division, in discussion with divisional and unit heads, should perform a performance appraisal analysis in order to

guarantee that staff members are transferring their new skills to their jobs. This can be completed in the form of submitting reports for managerial and support staff members two/three months after they return from training to the HRM division. Thus, it is only through performance appraisal that central and unit heads can view the end results of TD programs. Therefore, it is only when performance assessments are conducted, that better criticism and improvement of TD programs can be transferred to those who deliver the training. On a further note, recommendations from the respondents could also be implemented as these come from a real life experience that is, Flare up more passion in managers to coach their trainees' staffs, Arrange for flexible learning options tailored as per the learner capabilities and time schedule, Ensure that learning options match up with different learning styles, Deal with the issue of Glass-Ceiling through TD sessions, Include more women in leadership roles through TD sessions by targeting more women into areas they are under-represented, Consider piloting a TD program with other cooperation in the same or similar segment to gain better competitive advantage, Consider more TD sessions to include fresh talent through placement programs through the university, Modify program for diverse groups of staff to suit their definite work arrays and interests Since training plays a vital role in the progress of an organization, it is important to plan effectively the training programs. There are various measures that can be taken to improve quality of training programs. One such measure is to have commitment to quality which should come from top hierarchy to bottom level. In order to improve quality of training, the FSS needs to invest in training programs. Experts recommend that employees acquire training at all levels hence, initiation programs are run for new employees including teaching them about the history of the organization. Another way to improve quality of training is by creating quality circles. These are groups of employees who have defined goals in promoting quality efficiency and productivity therefore, these employees should be given the chance and responsibility to make business better. Ultimately, it is also important to have the right attitude. This attitude may be difficult to adopt. If an organization really wants to improve quality, it must resist to temptations such as rapid globalization or outsourcing.

## References

- [1]. Arkaah, P (2012) A Case Study of Effectiveness of Staff Training and Development at North West Parks and Tourism Board, MSC Thesis, North West University, Pp. 109
- [2]. Burke, L.A, and Hutchins, H.M (2008). A study of best practices in training transfer and proposed model of transfer, Human Resource Development Quarterly, Vol 19, Issue 2, Pp. 107
- [3]. Cheng, E.W.L., & Ho, D.C.K. (2001). The Influence of Job and Career Attitudes on Learning Motivation and Transfer'. Career Development International, Vol. 6 Issue 1, Pp 20-27
- [4]. Garavan, T. N. (2007). A Strategic Perspective on Human Resource Development. Advances in Developing Human Resources, Pp. 11-30
- [5]. Kirkpatrick, D.L., & Kirkpatrick, J.D. (2005). Transferring learning to behavior: Using the four levels to improve performance. San Francisco, CA: Berrett-Koehler Publishers
- [6]. Kitching, J and Blackburn, R. (2002). 'The Nature of Training and Motivation to Train in Small Firms', Research Report RR330
- [7]. McCarthy, A., & Caravan, T. (2001). '360 Feedback Process: Performance, Improvement and Employee Career Development'; Journal of European Industrial Training, Vol. 25 Issue 1, Pp 32
- [8]. Mohamed, A., Rasli, A. & Mansor, A. (2012). Business impact and ROI: a proposed approach to learning and development investment. Procedia - Social and Behavioral Sciences, Pp 40.
- [9]. Morrison, J. E. (1991). Training for performance. Chichester: John Wiley and Sons Ltd.
- [10]. Noe, R. (2002). Employee Training and Development, 2nd Ed. New York: McGraw-Hill
- [11]. Patrick J. M and Bruce H. Charnov (2000). "Training and Development".Management. Barron's Educational Series. Pp. 225
- [12]. Sahinidis, A. G. & Bouris, J. (2008). Employee perceived training effectiveness relationship to employee attitudes. Journal of European Industrial Training, Vol 32 Issue 1, Pp. 63-76
- [13]. Sutherland, J. (2009). 'Skills and Training in Great Britain: further evidence', Journal of Education and Training, Vol. 51 Issue 7, Pp 541-554