Effects of Employees Training, Employees Motivation on Banks Performance

Fatimah Inuwa Usman¹ and Umar Usman²

¹Department of Business Administration
Faculty of Management Sciences
University of Maiduguri-Nigeria

²Department of Management and Information Technology
Faculty of Management Sciences
ATB University, P.B.M.0248 Bauchi –Nigeria

Abstract: This study used the partial least squares (PLS) and structural equation modeling (SEM) to examine the factors affecting banks performance among employees of the commercial banks. Results revealed that employee’s motivation and employees training have positively influenced banks performance. The research used simple random sampling technique method in order to provide the entire employees with an equal chance of being selected in the survey exercise and also considered the employees who have gone through the training and motivation process in the banking industry are selected for the survey. The findings are useful to policy makers and practitioners to enhance the Nigerian banking sector, limitations and suggestion for future research are also included.

Keywords: employees training, employees’ motivation, banks performance

1. Introduction
The Nigerian banks are growing very fast over the years with many banks having an alliance with other bigger bank due to capitalization and consolidation in the Nigerian banking industry. In fact as a result of the expansion of the industry have prompted with high level of still competition in the sector, similarly, the expansion which resulted in unwarranted mass employment of graduates, which resulted in high operating costs for the banking sector and the issue of employing of graduates without adequate banking experience for the job offered to those graduates, and also most of the banks does not follow the rigorous employment and training process of their employees. Thus, due to high operating costs, the banks are facing the challenge of training their employees and as a result, the overall skill level is affected.

The ideals situation is for the bank managers to engaged staff training and motivation of the employees, because of its relationship with the bank’s performance. Hence, employees performance will be high if they are highly motivated and also their performance will drop as a result of inadequate motivation, the core responsibility of the managers is to ensure that adequate working conditions and attractive welfare packages for their employees in order to improve performance (Shenkel & Gardner, 2004). Furthermore, most commercial banks in Nigeria, more especially the new generation banks set a target for their employees before confirmation or promotion to the next rank or in some cases getting to be fired if the target was not achieved. The question is that, does the banks trained and motivate the employees to achieve this goal? In line with the research question the main objective of this research to examine the relationship between employees training, employee’s motivation and banks performance in the Nigerian banking sector.

2. Literature Review and Hypotheses development
This paper examined employees training, employee’s motivation and banks performance in the Nigerian banking sector and hence the section focused on the independent and dependent variables.

2.1 The concept of Banks Performance and Employee Motivation
The concept of employee motivation can be defined as the strategy of an institution to improve its performance through using its employees by ensuring a conducive and motivated working environment in the institutions (Taghipour & Dejban, 2013). Similarly, motivating employees is tricky in nature to the institution, and it is based on the condition that employees are always ready to dedicate their time, energy and passion to their work by coming up with better technique to ensure the work is done with all their best, dedication and eagerness (Shenkel & Gardner, 2004). Therefore, it is crucial to understand that how to deal effectively and efficiently with employees motivation to ensure the success of the institutions, because unmotivated employees are not likely to perform very well and also dodge their responsibility at their working place and also whenever the
motivational factors are not fully in place its will leads to dissatisfaction and a serious decline in the employees morale (Amabile, 1993).

To performance can be measure in terms of the actual output and the intended inputs of an institution that is too focused on its objectives and goals. While, performance is also measured in terms of its financial performance (return on assets, return on investment, and profits), product market performance (sales and market share), and shareholder return on investment, however, many institution measure their performance through their financial activities and also others non-financial activities performance such as management of quality service, workforce, and even long term orientation (Kamath, 2007)

Therefore, the best means of measuring performance of banks in Nigeria is through the use of financial analysis which focused on the SWOT analysis of the institution by establishing the details analysis of the balance sheet, profit and loss account, the asset quality, profitability and solvency on a regular basis in most cases annually (Sabo, 2008). For the purpose of this study banks performance is to be examined in terms of employee workforce, quality of service delivery, motivation, and training.

Therefore, the study proposed that:

**H1**: Employees motivation is positively related to bank performance

### 2.2 Banks Performance and Employee Training

Employee training is one of the critical and modern management strategies in HRM, and its benefits to institutions cannot be overemphasized because it reduces employees turnover, employees trust and commitment to their service of the institution, which will lead to performance and long service duration (Gracy, 1989). Thus, training is an important component of the institutional process due to change in culture, a behavioral device that can ensure the commitment of the workforce in order to realize the employee potential towards the goals of the institution (Gracy, 1989). Similarly, investment in training is a key determinant of institutional performance and development, which are a link with so many benefits to both individual and the institution, that the more the training is given to the employees the better performance in terms of quality service delivery (Santos, 2003). Furthermore, training is considered as the ability of a firm or institution to develop skills and knowledge to perform better towards the firm or institution in order to do the present and future job effectively and efficiently for mutual benefits. Prior studies have shown that the development of a firm human capital can lead to a source of a competitive advantage to the firms or institution, and also investing in training is a powerful strategies to reassure employees that they are valued by their employers and in turn enhance their commitment to the firm (Olson & Olson, 2012). Hence, the bottom line for training is to improve firm or institutional performance and it is clear from the literature that real investment in human capital such as training positively related to institutional performance.

Therefore, the study proposed that:

**H2**: Employee training is positively related to bank performance

![Conceptual Framework of the study](image)

### 3. Methodology

The study adopts cross-sectional research design in which data was collected once during the period of the research. Similarly, the population of the study comprises the employees of the commercial banks in Bauchi town-Nigeria, and the commercial banks are both the old and new generation banks in the country which include first bank Nig. Ltd and Zenith bank Nig. Ltd. The research used simple random sampling technique method in order to provide the entire employees with an equal chance of being selected in the survey exercise and also the employees who have gone through the training and motivation process in the banking industry are selected for the survey. Thus, research used questionnaires as an instrument of data collection for the period of one month which was administered to the respondents. Hence, a total of one hundred and twenty copies of the questionnaires were administered in each of the two selected banks branches in bauchi, totally 240 questionnaires and 227 representing 95 percent were properly filled and returned and which is adequate enough for the analysis.

### 4. Results

Using the Smart PLS, the measurement model which involves determining individual item reliability, internal consistency reliability, convergent validity and discriminant validity, and while the measurement and structural model results are reported which focus mainly on the significance of the path coefficients, the R-squared values, and the structural model are presented.
Table 4.1: Showing the AVE, CR, and Cronbach’s Alpha

<table>
<thead>
<tr>
<th>CONSTRUCTS</th>
<th>AVE</th>
<th>CR</th>
<th>R Square</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Performance</td>
<td>0.799</td>
<td>0.952</td>
<td>0.674</td>
<td>0.937</td>
</tr>
<tr>
<td>Employee Training</td>
<td>0.711</td>
<td>0.925</td>
<td></td>
<td>0.898</td>
</tr>
<tr>
<td>Employee Motivation</td>
<td>0.725</td>
<td>0.913</td>
<td></td>
<td>0.873</td>
</tr>
</tbody>
</table>

In Table 4.1 above, the composite reliability coefficient for the entire latent constructs ranged between 0.913, 0.925 and 0.952. Thus, the results demonstrated that all measures achieved adequate reliability coefficient. A Cronbach’s Alpha of all the constructs are not less than 0.70 and while the composite reliability of not less than 0.70 which is adequate to carry out the research.

Table 4.2: Latent Variable Correlations and Square Roots of AVE

<table>
<thead>
<tr>
<th>Constructs</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Performance</td>
<td>0.894</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Training</td>
<td>0.749</td>
<td>0.843</td>
<td></td>
</tr>
<tr>
<td>Employee Motivation</td>
<td>0.773</td>
<td>0.719</td>
<td>0.851</td>
</tr>
</tbody>
</table>

The diagonal are the AVE while the off-diagonals are the squared correlations

It can be examined by comparing the squared correlations between the constructs and the AVE for a construct (Fornell & Larcker, 1981). As shown in Table 4.2 above, the squared correlations for each of the constructs are less than the AVE by the indicators measuring the constructs indicating adequate discriminant validity. Therefore, the measurement model demonstrated the adequate convergent validity and discriminant validity.
Table 4.3: Summary of Findings and hypothesis testing

<table>
<thead>
<tr>
<th>H</th>
<th>Constructs</th>
<th>Path Coefficient</th>
<th>Standard Error</th>
<th>T Statistics</th>
<th>p-value</th>
<th>Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Employee Training -&gt; Bank Performance</td>
<td>0.400</td>
<td>0.031</td>
<td>12.713***</td>
<td>0.00</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Employee Motivation -&gt; Bank Performance</td>
<td>0.485</td>
<td>0.031</td>
<td>15.747***</td>
<td>0.00</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: ***Significant at 0.01 (1-tailed).

Table 4.3 above, summarizes the results of the hypotheses, whereby all the two hypotheses were significant at 1% table 4.3 and figure 4.2 showed that the relationship between the variables, Hypothesis 1 predicted that employee training has a significant relationship with bank performance. Results, revealed a significant positive relationship between employee training and bank performance ($\beta = 0.400$, $t = 12.713$, $p < 0.000$) supporting hypothesis 1. In examining the employee motivation on bank performance, results show that employee motivation has a significant relationship with bank performance ($\beta = 0.485$, $t = 15.747$, $p < 0.000$) yielding support for hypothesis 2.

5. Discussion

The findings of this paper confirmed the view that employee motivation and employee training predict the bank performance and this collaborates with previous findings from (Bowen & Ostroff, 2004, Kassebaum et al., 2014 ). The study emphasizes that employee motivation can increase the bank performance so that the employees and institution will benefit, so there is strongly linked to the relationship between employee motivation and performance of a firm. Hence from the results shown in table 4.3 above statistical have revealed that the more the training given in institution, the higher the level of employee productivity to the institutions. The study also supported the view and the existing literature that training is not only viable means of improving the skill and knowledge of employees in an institution but also a means of achieving higher productive in the institutions. This study is similar to the study conducted by Porter (1997), training is a solid foundation and a signal from the institution to the employees, which virtually result into higher productive and can affect performance positively.

6. Conclusion and Managerial Implications

The study supported all the path coefficient of the hypotheses testing the effects of the two independents variables on the dependent variable among employees of commercial banks in Bauchi metropolis, using the partial least square (PLS) technique in testing the stated hypotheses. It also explains how the extent of employee motivation and employee training predict the bank performance. The paper focused and explain the goodness of measure which was assessed by looking at the reliability and validity of the measure carried out using the PLS approach. The result revealed that the measures used have achieved discriminant validity, the reliability of the measure by Cronbach alpha values and also composite reliability values were at par with the minimum criteria establish by previous researchers and therefore the measure in the model are reliable. The findings of the research will help the policy makers within the banking sectors to make strategic decisions that will increase their employee's skill and motivation towards a better bank performance.
7. Limitations and Suggestions for Future Research

This research has looked at the effect of employees training and motivation on banks performance and also the research is limited to others non-financial activities performance such as management of quality service and workforce. While, future studies can focus on financial activities, other human resources practices such recruitment and placement, commitment and the operational cost of running an institution because it can reduce the gross profit for firms that are large and train most of their employees. The present study focuses on the banking sector, while future researchers may empirically test the constructs in other Hotels, restaurant, insurance etc in order to validate further the acceptability of the conceptual model as developed in this study.

References


