

The Effects of the Training of Human Resources in the Banking Sector in the Country on their Productivity and Effectiveness

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Abstract - The purpose of this paper is to investigate the conditions of the work force in financial institutions, i.e. banks in the country. The focus of attention is focused on the training of employees as a key factor in achieving the high performance and employee development, and thus higher wages. This means that certain banks are supporting the payment of short-term bonuses and premiums, and the others, valuing proportional growth in wages over time, based on a fair evaluation of the development of each bank employee.

Keywords – Human recourses, banking sector, training.

1. Introduction

Managing human resources comes from the Stone Age, when the tribes chose their elders. Later in China were applied tests for evaluating employees, and implementation of staff training was applied even in Ancient Greece.[1]

Lately, all these features are part of the management of human resources. Great industrial revolution in the late XIX century contributed to the establishment of special departments which are responsible for the

care and improvement of their employees, especially in organizations with more than 100 employees. The way it is performed depends on the characteristics, abilities and skills that their employees possess. The same happens in organizations with fewer than 10 employees, where the training and advancement of the employees is being performed by outsources.

2. Importance of training

In a highly competitive economic context, characterized by such phenomena as the globalization of markets, changing customer demands and increasing product-market competition, people and the way they are managed acquire greater importance because many other sources of competitive success are less powerful. But, to achieve competitive success through people involves changing our way of thinking about employment relationships. It means successfully working with people, and seeing HR as a source of competitive advantage rather than as merely a cost (Peffer, 1994).[2]

HRM is important part of the organization. This sector is managing all the staff and employees, from recruiting, selection, training, developing and retaining in the organization.

Billions of dollars are spent each year in training in an effort to increase productivity so businesses can stay competitive in the face of fierce global competition and a rapidly changing environment.[3]

“Training can be defined as the systematic process of enriching and expanding the knowledge, skills and attitudes of people to provide better and more efficient performance of the work at the specific workplace.”[4]

The organization should do the training to all of employees to increase the performance, if it wants to keep up with changes. People need to learn continuously and don't stop when they finish compulsory education, especially when talking about

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the employees. It is crucial to help employees with laws and regulations, to use effectively the technology, to work productively and efficiently. Training is given for new candidates who join in the organization and for existing the employees too. The existing employees are trained to update and improve their skills and knowledge.

"Type of the training could be determinate by the needs, expectations, and intentions of the individuals. Managers need to help employees to discover what their needs are and in that way to organize the training process. There are many theories of learning such as signal learning, stimulus-response learning, problem solving etc. but the most influential theory of learning at work comes from experiential learning." [5]

(Puffers and Cohen, 1984) when firm specific skills are needed to conduct work effectively, the firm must make training investment so worker can develop specific skills. [6]

Training could be organized as a giving instruction by employer for the new employee to implement his knowledge, skills and ability to be more productive for the organization and stay longer in it. On the other hand, employees could attend a seminar, course, professional programs by skillful trainer to get the necessary knowledge for their jobs. On the job training is one of the types of training, which is the most used in the practice. [7]

The training process has three phases: needs assessment, development and conduct of training and evaluation. The needs assessment evaluates the skills and competences needed by banking staff in order to fulfill their daily functional tasks. In the second phase is design of the type of the training and in the evaluation phase the training program is assessed.

3. Training as motivation

Training is an on-going function in most banking sector organizations. Training sessions in this sector vary from functional skill development to personal development and soft skills training. According to Burke and Baldwin (1999), there is much evidence suggesting that a considerable part of organizations' investment in training does not result in optimal transfer. To improve job performance, the skills and behaviours learned and practiced during training have to be transferred to the workplace, maintained over time, and generalized across contexts (Holton & Baldwin, 2003). [8]

Workforce training had two purposes: technical, to equip new recruits with sufficient knowledge and skills to enable them to perform their new work roles to some minimum standard; and social, to secure new recruits' co-operation with the employer's aims and the working relations into which they enter. This latter

objective was particularly important for new recruits. [9]

Motivation is key to an employee's behavior in the workplace. Employees lacking motivation have proven to underperform their duties. Motivation is also closely tied to each employee's personal objectives.. Every employee has different professional objectives, and therefore different motivating factors affect their overall motivation. Training could be one of the causes for motivating the employees. If they feel motivated, they will be more creative. Managers should find what is motivating to them to fulfill the organizational targets. Motivation could be in the form of cash rewards, awards, training, bonuses, flexible working hours. An investment in employees' skill sets is an investment in the company. Staff training pays back the investment. Some employees want to learn new skills. It is risky when only one person has the important skills for the organization, because if he wants to leave the company, there won't be enough time to train a new employee.

Developing a talented workforce represents the single most important priority of and challenge for SHRD. This challenge must focus on developing existing employees as well as successfully developing new employees so that they can contribute quickly in terms of performance and discretionary effort. [10]

4. Training of employees in the banking sector

The impact of human recourse management (HRM) policies and practices on firm performance is an important topic in the fields of human recourse management, industrial relations, and the industrial and organizational psychology (Bourdeau, 1991: Jones& Wright, 1992: Kleiner, 1990). An increasing body of work contains the argument that the use of High Performance Work Practices, including comprehensive employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training, can improve the knowledge, skills, and abilities of a firm's current and potential employees, increase their motivation, reduce shirking, and enhance retention of quality employees while encouraging non-performance to live the firm. (Jones& Wright, 1992:U.S. Department of Labor, 1993). [11]

Walter Wriston's (outgoing Chairman and CEO of Citicorp) comment:"I believe the only game in town is the personnel game ... My theory is if you have the right person in the right place, you don't have to do anything else. If you have the wrong person in the job, there's no management system known to man that can save you." [12]

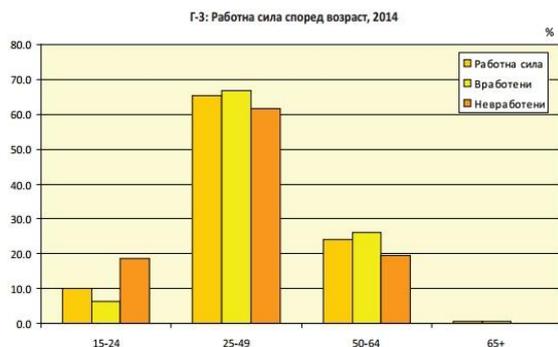
The training is imposed as part of the functions of human resource management in order to increase

competitiveness between organizations increase and expansion of knowledge, skills and abilities of employees in order to perform more efficient work organization. It is arranged especially when a feature is missing in employees and pushed as part of the successful execution of the tasks. Human Resources Department should continuously monitor the changes occurring in the market, while to train their employees easier to adapt to those changes.

5. Analysis of the labor market in Macedonia

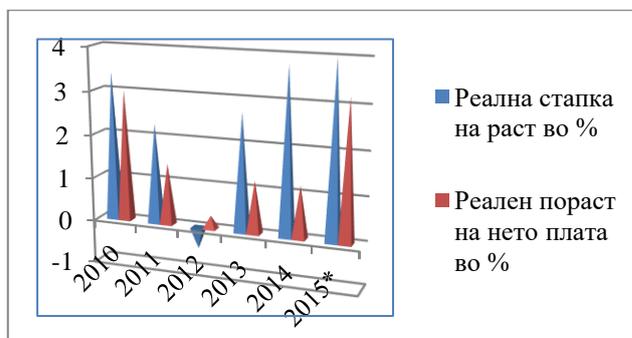
The young person entering the labour market for the first time has an immense number of potential employers, scarce as they may seem the first day. If he is an unskilled or a semiskilled worker, the number of potential employers is strictly in the millions. Even if he has a specialized training, the number of potential employers will be in the thousands. [13]

According to the State Statistical Office and the Labor Force Survey of 2014, the active population in Macedonia is 958,998, of which 72% are employed (690,188) and 28% unemployed (268 809). According to the analysis of data on the labor force by age, the majority of employees (66.8%) aged 25 to 49 years.



Graph 1: Analysis of the labor market in Macedonia in 2014 [14]

In order to see the state of the financial system in the Republic of Macedonia for the period from 2010 to 2015, it is necessary first to realize the relationship between the growing rise in net wages and the economic growth in the country. The trend of movement for the reporting period is presented in the following graph.



Graph 2: Real growth of net salary in terms of economic growth [15]

As can be seen from the graph 2, the period from 2010 to 2015, the growth rate, as well as the rate of increase in salaries have movement in the form of the letter "V", which shows that in the period to 2012 and both indicators are declining trend, so that the growth rate and yield negative values, whereas for the period after 2012 they grow. Also, we can conclude that both rates are positively correlated with the concurrent trend. This movement of real growth rates and net wages, suggesting that the salaries in the banking sector directly depend on the overall situation in the financial and real sectors.

The creators of the financial sector-managers continuously monitor developments in the financial and real sector (GDP) in order to successfully address the qualitative and quantitative aspects in the training of their employees. Figure 1. applied to the situation in the banking sector in the country for the period from 2010 to 2015.

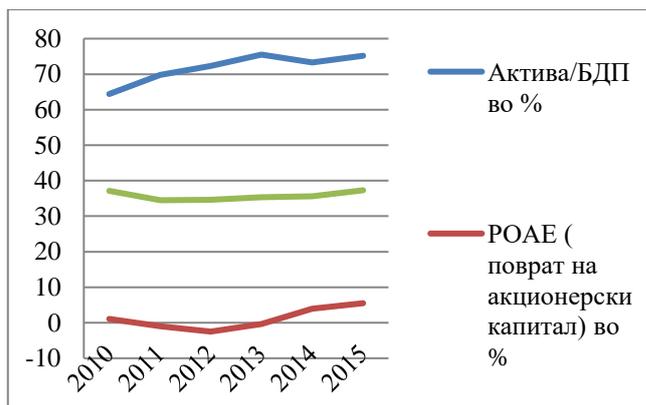


Figure 1.: Developments in the banking sector in the Republic of Macedonia for the period 2010-2015 [16]

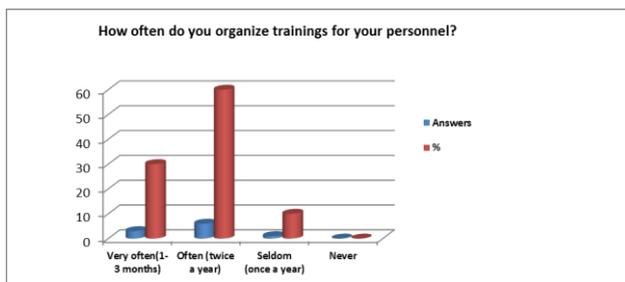
The role of the banking sector in the creation of GDP in the country can be seen through the movement coefficient assets / GDP, which may be concluded that it has seen a significant increase. Profitability of banks is shown by the movement of the ROE ratio, which has a standard trend and not a crucial variable for analysis, but has a significant role in the process of allocation of funds for the Bank's employees for a variety of purposes, including the one for training. When the coefficient staff costs compared to non-

interest expenses in the banks, there is a movement in the form of the letter "V", which shows that in the period to 2012 this indicator showed a declining trend, so it gets negative values, while for the period after in 2012 it has grown. Based on charts 2. and 3., we can conclude that staff costs are positively correlated with economic growth and the growth of salaries, which means that costs allocated to train employees in the banking sector should follow the situation in the economic sector on the one hand, and to follow the movement of real wages in the same sector.

6. Results of the survey

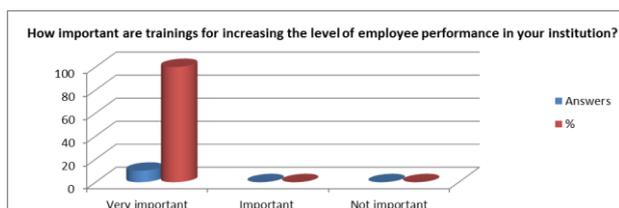
According to research conducted in the one of three oldest and largest banks [17] in the country managers of the financial sector, the following information for employees:

The question "How often do you organize training for your employees?" The majority of managers surveyed said that their employees are organized training twice a year, with a lower % of them said that several times a year organizing training for their employees. The same is confirmed by the figure below.



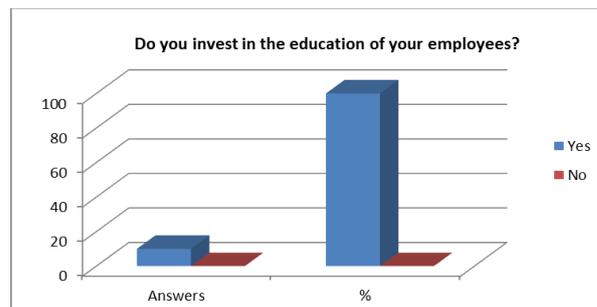
Graph 3: How often do you organize trainings for your personal?

Asked "How important are trainings to increase the performance of employees at your institution?" the managers of all departments involved in the research have the same opinion. All respondents said that increasing the performance of their employees is dependent on the process of effective training.



Graph 4.: How important are trainings for increasing the level of employee performance in your institution?

Regarding the fourth question, "Do you invest in your employees?" the managers of the sectors that are subject to survey-gave affirmative answers to this question.



Graph 5.: Do you invest in the education of your employees?

"How to organize training for your employees?" the majority of managers (60%) said that the training is organized within the bank, 50% of managers said that the training is conducted through seminars and conferences organized in the Republic of Macedonia. 20% of respondents said that their employees take part in conferences abroad.



Graph 6: How do you organize the trainings for expert competencies for your employees?

7. Conclusion

The training of employees is a key segment for the development of the realization of high performance among employees in the banking sector. In order to investigate the conditions of the workforce in the banking sector, a survey was conducted in the largest and oldest bank in the country where such subjects arise managers of departments within the bank. Based on the results of the research it can be concluded that the training of the employees is extremely important, primarily for their consistent development, as well as to achieve the set targets in terms of flexibility and adaptability to the market, and adapting to changes in technology development. The results of the survey reveal that. It is pivotal that functional training focused on banking sector regulations, law changes, and financial services is increased. Furthermore, personal development and soft skills training needs to also be increased.

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