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EFFICIENCY OF TRAINING: A COMPARATIVE STUDY ON SOME SELECTED COMMERCIAL BANKS IN BANGLADESH

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Abstract

Most of the commercial banks in Bangladesh arrange different training programs for adapting their existing human resources to their jobs and also updating new information or techniques and reshaping their knowledge. The purpose of the paper is to discover the level of efficiency of training among different commercial banks in Bangladesh. The study is mostly plunked on primary data that were composed from 100 employees as sample of different banks in Dhaka. Some statistical tools like mean standard deviation, hypothesis etc. were used for analyzing data in this paper. The study reveals that most of the commercial banks arrange initial training and in house training but they do not arrange mid level or advanced training as well as off the job training. Most of the banks in Bangladesh do not frequently arrange training programs. The average level of efficiency of training of all banks is 77.08%. The levels of efficiency of training from higher to lower level are as follows: DBBL, BBL, IBBL, TBL and ABL.

1. INTRODUCTION

Bangladesh is a developing country but the banking system of this country is not so developed, mainly in the sectors of different services and customer care system offered by the state own commercial banks (Karim, 2006). Presently the private commercial banks are annoying to replicate the banking constitution as like as the bank of developed countries, but this attempt is frequently thwarted by politically aggravated government policies obtained by Bangladesh Bank. For this reason, the banking systems frequently ascertain corruption and illegal monetary transaction (laundering) by the politically favorable people and criminals through the different national and international transactions while most of the general people or customers of bank deprive of taking any types of loan from the bank (Miah & Ali, 2008).

Banking history in Bangladesh is not so long. The newly independent government in the year 1971 established the State Bank of Pakistan of the Dhaka branch as the central bank i.e. Bangladesh Bank. (Bayes, 1987). The main activities of Bangladesh bank are: adaptable currency, scheming credit and

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monetary policy, and managing exchange control and reserved foreign currency. The new government of Bangladesh initially nationalized the entire domestic banks and advanced to reschedule and rename of all domestic banks. The new government of Bangladesh also approved and welcomed all foreign banks in operation in Bangladesh. In the years 1985, the government of Bangladesh formulated a tight monetary policy for controlling the enlargement of domestic private credit and government borrowing from the different banks. The main objective of the policy was typically charming in deducting the extension of the currency supply and entire domestic credit (www.bangladeshbankbd.com).

Currently, there are sixty various types of banks operates in Bangladesh as such commercial banks, specialized banks, government banks, Islamic Banks etc. The principles of different are different because of the operation nature of banks (Sohrab *et al.,* 1985). The present study basically based on the training and development practices of commercial banks in Bangladesh. The main purpose of a commercial bank is to earn profit within short time and maximize wealth in long term by offering different types of products and services to its current and potential customers (Shamsuddoha, 2008).

The world is changing day by day and the environment of business is also changing. So business organizations need to update and reshape the existing knowledge of their human capital for adapting with the new environment. For doing so, the human resource manager who works in Human Resource Development (HRD) arrange different types of training and development program for existing employees. The competence of any institution depends directly on how efficiently they can train up its employees. Training is one of the motivational tools for the managers through which they can prepare employees as a tool of problem solving (Ahmed, 1995).

1.1. Short history of selected banks

1.1.1. Dutch-bangla bank limited (The Bank, DBBL)
DBBL is one of the best modern private commercial banks in Bangladesh which is incorporated as a public limited company under the Companies Act 1994 and founded under the Bank Companies Act 1991in Bangladesh. DBBL started banking operations from June 3, 1996. DBBL is most widely recognized for largest ATM network.

1.1.2. Agrani bank limited (In Banglai pioneer bank)
ABL is established in 1972 as state-owned commercial banks in Bangladesh. This bank is started as a nationalized commercial bank through the merger strategy with the combination of former Habib Bank Ltd and Commerce Bank Ltd By captivating all assets and liabilities. Now Agrani Bank Limited is one of the popular banks in Bangladesh.

1.1.3. Trust bank limited (TBL)
TBL is established in 1999 as a private commercial bank in Bangladesh. This bank founded by the sponsored of the Army Welfare Trust (AWT). This bank introduces ATM services in 2005 and Online Banking Services in 2007 for its customers. Now the customers can deposit and withdraw money from any branch of the bank nationwide without opening multiple accounts in multiple branches.

1.1.4. Brac bank limited (BBL)
BBL is established in 2001 as a private commercial bank in Bangladesh. BBL is in fact established under the initiative of the largest non-government organization (NGO) BRAC. The most of the customers of this bank is the stakeholders BRAC. The bank offers variety of services to the customers such as Small and Medium Enterprises (SME), Probashi (Bangladeshi people who live in abroad) banking.

1.1.5. Islami bank Bangladesh limited
IBBL is one of the largest private commercial islami banks of Bangladesh. The bank consists of the principles of sharia and its practical application through the development of Islamic economics. IBBL is the bank which was incorporated as the first shariah supported interest free bank in south East Asia from 1983.

2. LITERATURE REVIEW

The efficiency of training represents whether the training is effective for improving the current job performance or not. Most of the banks in Bangladesh arrange different types of training programs for improving job performance of its current employees. But all the training programs are not effective or which do not create any change the knowledge level of employees (Tyson, 2006). That is why, the present study attempts to find out the efficiency of training which is offered by different private and public commercial banks in Bangladesh. Training efficacy is a large concept that defines the situational or appropriate aspects influencing education, preservation and transfer. Lincoln *et al.* (2008) accomplished a study on "HRM Practices in Public Sector and Private Sector Banks" and has recommended that the employees of different state own banks (public commercial banks) need to more improvement regarding the banking knowledge and also recommended some of the private commercial banks also need to improve their efficiency through proper training for adapting the challenges of globalization.

Training is an effort to progress present or potential worker performance by growing a worker's capability to achieve through learning, typically by altering the worker's feelings or growing his or her abilities and knowledge (Armstrong, 2007). Training is one of the major functions of an organization that ensure employees to perform their current and future job well and control other resources as well. In the view of Flippo, "Training is the act of increasing knowledge and skill osf an employee for doing a particular job". Dale S. Beach "Training is the organized procedure by which people learn knowledge and or skills for a definite purpose". Berger (2000) explains that most of the modern banks invest enough to improve the existing human resource for adapting with new and clanging environment. Bhatnagar (1983) cites the purpose of the training is to help the performance of applicant more effectively and efficiently in the organization. So the curriculum of a training program must be different from level to lever of management.

Sampat *et al.,* (1977) emphasis on the job training for the employees of the organization. Most of the bank directly or indirectly arrange different on the job training programs for the employees such as job rotation, action learning etc. Agrawal (1999) review the available the training system which help current employee for adapting new challenges in the organization. Training is essentially a process which is required for performing better for all level of employees in any organization especially for entry level job. Rothwell (2002) mentions that most of the organization should conduct job analysis for getting the training need assessment and on the basis of training need assessment organization should arrange different types of effective training for updating their human resources. In an illustration developed by Das and Ghosh (2004) carry out "to know the performance of bank CEOs in the era of corporate governance, attempted to identify the flexibility characteristics of CEOs in terms of technology. The study also reveals that CEOs of badly performing banks are likely to face higher turnover than CEOs of well performing ones."

Debnath (2003) find out that both effective on the job and off the job training is necessary for enhancing the banking sector of Bangladesh. Furthermore, Decenzo & Robins (2003) explain "training brings about the changes in ability, awareness, approach and behavior". Moreover, Griffin (2003) emphasis on effective training programs for both teaching operational and technical employees for successfully accomplishing the job for which they were employed.

However, there is lots of information available about efficiency of training. In this paper an attempt is therefore made to identify the potential impact on the performance of employees of different banks in Bangladesh.

3. OBJECTIVES

The broad objective of this current study is to explore the level of efficiency of training of banks in Bangladesh.

The secondary aims of the study are as follow
- ➢ To discover the problems related to training and development of selected banks.
- ➢ To provide possible suggestions for removing those problems regarding training and development of selected banks.

3.1. Hypothesis of the study
i. H_0: The bank do not provide sufficient budget to conduct the training program
ii. H_0: The training programs do not increase employee's performance.
iii. H_0: The bank frequently arranges different training program.

4. METHODOLOGY OF THE STUDY

The primary and secondary data have been utilized for this study. The study is mostly pedestal upon the primary data. Primary data were collected from the current employees of different private schedule banks in Bangladesh, through the semi structured questionnaire. For this study, a total number of 05 different branches of 05 different banks based on Dhaka city in Bangladesh were selected purposively. For this study three private conventional and commercial banks: Trust Bank Limited (TBL), Dutch Bangla Bank Limited (DBBL), Brac Bank Limited (BBL), one state own conventional and commercial bank: Agrani Bank Limited (ABL), and one Islamic private commercial bank: Islami Bank Bangladesh Limited (IBBL) have been selected. Again, a total number of 100 employees from those banks were selected for collecting data based on random sampling. Questions are designed in a 5 point Likert scale to measure the level of efficiency of training. Five point Likert type scale has been used for obtaining opinion where 5 for strongly agree and 1 for strongly disagree. The different types of training that are on the job training and off the job training included in the questionnaire are collected from the concept of Dressler (2008). Secondary data were also accumulated from the different published materials such as published books, journals, newspaper and internet.

Table of respondents

Types of respondents	No of respondents
Assistant officers	32
Officers	36
Senior officers	20
Principal officers	7
Senior executives/principal officers	4
First assistant vice presidents	1
Total	100

Descriptive statistics was applied for analyzing the data. Mean and standard deviation were typically used for examining of data. Moreover three hypotheses were developed for examining the thought where the calculated value (z) is greater than critical value (zc), it rejects the null hypothesis and vice versa.

5. ANALYSIS AND FINDINGS

5.1. Background
The basic profile of the participant in the study from the five selected banks, i.e. Dutch Bangla Bank Limited (DBBL), Trust Bank Limited (TBL), Agrani Bank Limited (ABL), Brac Bank Limited (BBL), Islami Bank Bangladesh Limited (IBBL) are as follows: Most of the employees of selected banks are male (89%) and some of them are female (11%) (Table 1). The age of the respondents ranging from 18 to 25 was 65%, ranging from 26-35 was 27% and from 36-50 was 8% (Table 2). The study found that the percentage of graduating employees in Bangladesh are 77%, under graduating employees are 20% and post graduating employees are 03% (Table 3). The year of working experience of the respondents are less than one year 9%, 1-2 year 14%, 2-3 year 19%, 3-4 year 14%,

4-5 year 15%, and more than 5 year 29%, (Table 4). The study reveals that all the employees of selected banks received any of the training from their banks (Table 5).

5.2. Training related information
About 86% employees of selected banks in Bangladesh received entry level training, 52% mid level, 38% advanced level and rest of 2% received other training. Individually, all the employees received entry level training of IBBL, 70% of mid level and 50% of advanced level received training of DBBL at best. On the other hand, 75% employees received entry level training of BBL, 30% employees of IBBL received mid level and 30% employees of TBL received advanced level training at least (Table 6).

The study found that only 5% employees received international training which means most of the selected banks do not arrange any kind of international training. But they arrange 100% on the job training and 40% off the job training (Table 7). About 76% employees received job rotation training from the banks and 85% under study approach, 16% action learning and rest of the employees received other training. Individually, 100% employees of IBBL received job rotation training and 95% under study approach at best and 30% employees of DBBL received action learning at best. On the contrary, 50% employees of ABL received job rotation training, 75% employees of TBL received under study approach training and 10% employees of ABL received action learning training at least (Table 8).

About 47% employees received outside seminar training, 36% lecture method training, 28% role playing, 20% Behavior modeling training, 10% case study and 21% other training. Individually, 45% employees of TBL received role playing training, 40% employees of both DBBL and IBBL received behavior modeling training, 70% employees of DBBL received outside seminar training, 60% employees of DBBL received lecture method training, 10% employees of all selected banks received case study training at best. On the other hand, individually, 15% employees of IBBL received role playing training, 10% employees of both TBL and BBL received Behavior Modeling training, 10% employees of ABL received outside seminar training and 10% employees of both TBL and BBL received lecture method training at least (Table 9). The level of efficiency of different selected banks in Bangladesh is above 77%. Individually, the efficiency of training of employees of different banks are as follows: DBBL 83%, BBL 81%, IBBL79%, TBL 74% and ABL 70% (Table 10).

5.3. Test of hypotheses

Hypothesis 1: The banks do not provide sufficient budget to conduct the training program
From this statement here some values have been attained which are, weighted average is 3.17, standard deviation 1.14 and the computed z value is 1.502 where critical z value is 1.96 and N= 100. (Source: Table 11). Here, calculated Z value is larger than critical z value. So, null hypothesis is accepted and alternative hypothesis is rejected. It indicates that most of the selected banks do not provide sufficient budget for conducting the training program.

Hypothesis 2: The training programs do not increase employee's performance
From the second statement some values have been attained which are, weighted average is 3.64 standard deviation 1.32 and the calculated z value is 4.866 where critical z value is 1.96 and N= 100. (Source: Table 11). Here, computed Z value is higher than critical z value. So, null hypothesis is rejected and alternative hypothesis is accepted. It indicates that the training programs increase employee's performance to their job.

Hypothesis 3: The bank frequently arranges different training program
From the third statement shows that weighted average is 3.19, standard deviation 1.13 and the calculated z value is 1.68 where critical z value is 1.96 and N= 100. (Source: Table 11). Here, computed Z value is more than critical z value. So, null hypothesis is received and alternative hypothesis is discarded. It indicates that the most of the banks do not frequently arrange different training program.

6. RECOMMENDATIONS AND CONCLUSION

6.1. Recommendations

There are many kinds of banks operating in Bangladesh like specialized banks, government banks, commercial banks etc. The current study is basically on different types of commercial banks, and those banks have many significant different among them. On the basis of findings, some recommendations are noted:

➢ Most of the commercial banks arrange entry level training but they do not arrange frequently mid level or advanced level training. Therefore, they should arrange different types of mid level or advanced level training for their employees. Specially, IBBL and ABL should arrange such training.

➢ Most of the selected banks arrange on the job training but they do not arrange frequently off the job training. Therefore, they should arrange different types of off the job training for their employees. Specially, TBL and ABL should arrange such training.

➢ On the view of efficiency of training, ABL (one of the government own commercial banks) is the most inefficient banks out of selected five banks, so government should acquire essential steps for increasing the efficiency of training for the employees of all state own commercial banks. TBL should also take some steps for increasing the efficiency of training.

➢ Most of the banks in Bangladesh do not frequently arrange different training programs because of many reasons such as the most of the selected bank do not provide sufficient budget for conducting training programs. For increasing the financial and operational efficiency of employees, training is frequently necessary. So banks should provide sufficient budget for conducting frequently different training programs for the overall welfare of the banks.

6.2. Conclusion

Training is one of the basic functions of human resource management or human resource division of any organization. Training means the process of teaching employees about the basic skill so that they can perform their current job. Training is an essential and valuable function of an organization. The success of an organization highly depends on skill, experience and knowledge of current employees. There is a proverb regarding this concept "Assets make things possible but people make things happen" Banking industry is one of the rising industries in Bangladesh and most of the banks in this country arrange different training programs but they have some problems regarding training so the banks should remove those problems by following the suggestion for the overall welfare of the banks.

The limitations of the study are: the study considers only five commercial banks though there are many commercial banks operating in Bangladesh, the number of respondent ponder 100 and the study considers only three hypotheses. So if those limitations are overcome, the findings scenario may be different.

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Appendix

Table 1: Gender of the respondents

Gender	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
Male	18	90	17	85	18	90	20	100	16	80	89	89
Female	2	10	3	15	2	10	0	0	4	20	11	11
Total	20	100	20	100	20	100	20	100	20	100	100	100

Source: Field survey

Table 2: Age of the respondents

Age	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
18-25	17	85	16	80	14	70	2	10	16	80	65	65
26-35	3	15	0	0	4	20	18	90	2	10	27	27
36-50	0	0	4	20	2	10	0	0	2	10	8	8
Above 50	0	0	0	0	0	0	0	0	0	0	0	0

| Total | 20 | 100 | 20 | 100 | 20 | 100 | 20 | 100 | 20 | 100 | 100 | 100 |

Source: Field survey

Table 3: Education level of the respondents

Education level	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
SSC	0	0	0	0	0	0	0	0	0	0	0	0
HSC	0	0	0	0	0	0	0	0	0	0	0	0
Graduate	0	0	8	40	4	20	2	10	6	30	20	20
Masters	17	85	12	60	16	80	18	90	14	70	77	77
Above Masters	3	15	0	0	0	0	0	0	0	0	3	3
Total	20	100	20	100	20	100	20	100	20	100	100	100

Source: Field survey

Table 4: Year of experience

Year	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
Less one year	1	5	4	20	2	10	0	0	2	10	9	9
1-2 years	2	10	3	15	1	5	5	25	3	15	14	14
2-3 years	4	20	5	25	3	15	3	15	4	20	19	19
3-4 years	3	15	2	10	4	20	2	10	3	15	14	14
4-5 years	3	15	4	20	2	10	4	20	2	10	15	15
More 5 years	7	35	2	10	8	40	6	30	6	30	29	29
Total	20	100	20	100	20	100	20	100	20	100	100	100

Source: Field survey

Table 5: Trained up employees

Comment	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
Yes	20	100	20	100	20	100	20	100	20	100	100	100
No	0	0	0	0	0	0	0	0	0	0	0	0
Total	20	100	20	100	20	100	20	100	20	100	100	100

Source: Field survey

Table 6: Level of employees training

Level of Training	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
Entry level	16	80	17	85	18	90	15	75	20	100	86	86
Mid level	14	70	10	50	10	50	12	60	6	30	52	52
Advanced level	10	50	6	30	7	35	8	40	7	35	38	38
Other	0	0	0	0	1	5	1	5	0	0	2	2
Out of	20	100	20	100	20	100	20	100	20	100	100	100

Source: Field survey

Table 7: Type of training provided by the banks

Types of Training	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
On the job	20	100	20	100	20	100	20	100	20	100	100	100
Off the job	8	40	6	30	4	20	10	50	12	60	40	40
International training	1	5	0	0	4	20	0	0	0	0	5	5
Out of	20	100	20	100	20	100	20	100	20	100	100	100

Source: Field survey

Table 8: On the job training

Methods of training	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
Job rotation	18	90	16	80	10	50	12	60	20	100	76	76
Under study approach	17	85	15	75	18	90	16	80	19	95	85	85
Action learning	4	20	3	15	2	10	4	20	3	15	16	16
Others	6	30	4	20	1	5	1	5	5	20	17	17
Out of	20	100	20	100	20	100	20	100	20	100	100	500

Source: Field survey

Table 9: Off the job training

Methods of training	DBBL	%	TBL	%	ABL	%	BBL	%	IBBL	%	Total	%
Role playing	4	20	9	45	6	30	6	30	3	15	28	28
Behavior modeling	8	40	2	10	4	20	2	10	4	40	20	20
Outside seminar	14	70	4	20	2	10	7	35	20	0	47	47
Case study	2	10	2	10	2	10	2	10	2	10	10	10
Lecture	12	60	2	10	5	25	2	10	15	30	36	36
Others	4	20	3	15	2	10	5	25	7	20	21	21
Out of	20	100	20	100	20	100	20	100	20	100	100	100

Source: Field survey

Table 10: Efficiency of training

Banks	Weighted average	%	Standard deviation	Variance	Ranks
DBBL	4.14	82.8	0.081	0.006561	1
TBL	3.67	73.4	0.116	0.013456	4
ABL	3.48	69.6	0.151	0.022801	5
BBL	4.02	80.4	0.107	0.011449	2
IBBL	3.96	79.2	0.101	0.010201	3
Average	3.854	77.08	0.1112		

Source: Field survey

Table 11: Test of hypotheses

SN	Variables	SA (5)	A (4)	N (3)	D (2)	SD (1)	$\bar{x}$-µ	σ_x	Computed Z value	Critical z value (5%level of significance)	Result H_0
1	Do not provide sufficient budget	11	32	29	19	9	0.17	0.1131857	1.5019567	1.96	Accepted
2	Do not increase performance	37	22	15	20	6	0.64	0.1315447	4.8652675	1.96	Rejected
3	Frequently arrange training program	12	30	33	15	10	0.19	0.1137497	1.6703337	1.96	Accepted

The calculated Z values are determined by the following formula:

Z= $\bar{x}$-µ /σ_x

Where,
Z= Calculated value
$\bar{x}$= The mean value of each variable
µ= The expected mean of each variable
σ_x= Standard deviation of each variable