TRAINING NEEDS ASSESSMENT PRACTICES AMONG THE LARGE COMMERCIAL BANKS IN KENYA

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A Management Project Report submitted as a requirement

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DECLARATION

This project is my original work and has not been submitted for a degree in any other university.

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This project has been submitted for examination with my approval as university supervisor

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DEDICATION

To,

My loving Parents, James Ndivo Ndungwa (deceased) and Teresia Kalee Ndivo

My Twin daughters, Catherine Cheriwoi and Cynthia Chesinon

For your love, patience, support and inspiration.

ACKNOWLEDGEMENT

ABSTRACT

Development of human resources continues to be of great importance to the well being of contemporary organizations, companies seem to realize that a well-trained workforce is the key to competitiveness. The more organizations seek excellence, the more employees' training and education becomes imminent. The role of training needs analysis is a critical one since it governs the potential effectiveness of the training programme and even the mechanisms that can be applied to measure that effectiveness. There are a wide variety of approaches to the assessment of training needs, ranging from employee initiatives to employer-dominated approaches. This study sought to find out to what extent the training needs analysis practices are applied in the banking industry in Kenya and challenges encountered.

The project reveals that large commercial banks undertake training needs analysis and the approach focuses on individual employees current responsibilities and future work expectations with the performance appraisal and management audit reports as the basis for training.

The main challenges faced by these organizations in conducting training needs analysis are lack of interest and awareness among staff due to training needs assessment been dominated by senior management decision and supervisors' opinion, and conflict of opinion between line management and human resource management unit and adequate resources to support comprehensive training needs analysis.

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CHAPTER ONE INTRODUCTION

1.1 Background

Many organisations invest considerable resources in training and development but never really examine how training and development can effectively promote organisational objectives, or how development activities should be altered in the light of business plans (Beardwell, 2004). Training is coming of age. The trials and errors of the previous generations are being replaced by well-tested methods and supported by a growing body of theory (Boydell, 1979). In today's competitive world, enterprises must continually improve the quality of their products and services to stay ahead of the competition (Kueng, 2000).

Contemporary organisations cannot do without some kind of training and development activities. Literature has long established that the extent to which the training decision is rationally justified is contingent upon the extent to which a rigorous training and development needs assessment has been adequately performed to explain the actual why and how to carry out training activities, and whether training is, in fact, the expedient solution for the given organisational perplexity (Anderson, 1993).

Organisations assess their resources and opportunities available by defining business objectives and efficiently managing the resources allocated to meet these goals. The most important resources available to an organisation are, its employees; their competence and commitment largely determine the objective that an enterprise can set for itself and its success in achieving them (Robinson, 1988). Most organizations have supported the conviction that it is advantageous to plan systematic training programs of various types as a regular part of an adequate personnel development program. However, a considerable amount of money is 'thrown away' mainly because fundamental issues such as analysis of training needs in relation to the short and long term business plans have not been addressed. An integral part of analysing training needs is recognising what will 'fit' the company culture as well as the company strategy and objective (Beardwell, 2004).

As companies are merged, new corporate strategies and products developed, and the rules of international and domestic competition rewritten, change at all levels of the firm becomes inevitable. Under these circumstances training becomes a strategic tool, as employees and management become prepared to take advantage of this change and turn it into profitable opportunity (Leap, 1989). Banks, like other enterprises have recognised that decisions about human resources are at the cutting edge of the business and has enabled them to gradually and at times drastically abandon the traditional approach to banking and adapt modern practices to remain competitive (Al-Khayyat, 1998). Training should provide participants with new, applicable information and skills without *spending time on information they* already know.

1.1.1 Training Needs Assessment Practices

One of the most important steps in the training process is the establishment of training needs (Robinson, 1988). Training needs practices facilitates the identification, training and eventual assessment of the training offered to employees to achieve organisational goals. It is an examination of the organisation's present and expected operations and the manpower necessary to carry them out, in order to identify the numbers and categories of staff needing to be trained or retrained to reach the required standard of performance (Osborne, 1996). The primary purpose of the training needs assessment or analysis process is to ensure that there is a need for training and to identify the nature of the content of the training program.

Conducting a training assessment will; Distinguish training needs from organizational problems, determine whether training is needed and what training is relevant to employees' jobs, determine causes of poor performance and what training will improve performance, determine content and scope of training, desired training outcomes and if training will make a difference, provide a basis of measurement, gain management support and link improved job performance with the organization's goals (Boydell, 1979).

According to Cole (1977) the stimulus for adopting a systematic approach to training and development arises from the intensity of internal and external pressure for change in the organization. The factors that influence staff training and development in a firm include factors such as availability of resources, top management priorities, human resources policies, existing competences among staff in the firm, demands for the job, government policy initiatives, macro economic conditions, developments in technology, clients changing demands and availability of labour market. Change is not always due to advances in knowledge and technology: it also accompany career advancement that requires proficiency in different skills, abilities, and knowledge (Leap, 1989). There has been general recognition of the importance of continuous skills enhancement for the core of people on whom the firm will depend (Sloman, 1997).

Kroehnert (1995) defines training needs assessment as an analysis an organization performs to determine areas of job performance in which an employee needs training. Training needs analysis techniques are used to describe the training need as clearly as possible to get close to training objectives. Boydell (1979) identifies three main areas which training need may be applied; needs at organisational level- this will relate to extend at which organisational objective/s are met. Needs at occupational level - The skill, knowledge and attitude to carry out the various duties related to a particular job or occupation and needs at individual level - who needs training to cover deficiencies in particular skills, knowledge and attitudes on the part of the individual. Therefore training programmes should reflect a company's business strategy (Sloman, 1997).

According to Stout (1995), the following are sources of identifying training needs: job analysis, performance evaluation data, company records, assessment centre, aptitudes and behavioural tests for specific jobs and identification of exemplary performers who are meeting and exceeding performance criteria and *interviewing them.*

The challenges most organisation face in training needs assessments include ability to differentiate training needs and wants, lack of linkage of training programs to organisational strategic plan, static training programs that do not reflect the changed environment, relying on staff to ask what skills they think they need as opposed to what the organisation requires to achieve its goals and lack of recognition that training schemes that fit in one company may not fit in another due to company's unique culture leading to organisations not meeting their strategy and objectives. A combination of training needs assessment techniques will effectively identify training needs (Beardwell, 2004).

1.1.2 Commercial Banking Sector in Kenya

Banking institutions are the key players in any financial system. Commercial banks play a key role of intermediation in the economy, which is paramount in the smooth and efficient functioning of the economy.. The Kenyan banking sector comprises of 51 financial institutions of these, 44 are commercial banks, 2 non- bank financial institution, 2 mortgage finance companies and 3 building societies (CBK, 2004). The sector comprises six locally incorporated foreign banks and four branches of foreign owned institutions. There are 532 commercial bank branches across the country (CBK, 2004). Ten commercial banks dominate the banking industry namely: Barclays bank of Kenya, Standard Chartered bank, Kenya Commercial bank, Co-operative bank of Kenya, National bank of Kenya, Citibank N.A, Commercial bank of Africa, CFC bank, National Industrial Credit (NIC) bank and Investment & Mortgages (I&M) bank Ltd that represent 75.7 percent of the total market share with a total deposits of Shs.336, 455 million (CBK, 2004).

Commercial banks offer corporate and retail banking services but a small number; mainly among the big banks offer other services including investment banking, mortgage financing and insurance services. The Companies Act, Central Bank of Kenya Act and various prudential guidelines issued by the Central Bank of Kenya (CBK) govern the banking industry in Kenya. The banks have an umbrella body, Kenya Bankers Association (KBA) that

serves to foster their interest and address issues affecting banking sector and has come up with a code of conduct for the banking industry.

In today's competitive banking environment, exemplary customer service is one of the distinguishing characteristics that banks can exploit to establish a competitive edge. Since most banks offer comparable products and services, they continually search for a competitive advantage that will attract new customers and help them retain existing ones. Banks therefore, must endeavour to develop innovative programs and initiatives to maintain superior customer service levels while remaining profitable (CBK, 2004). To achieve their objectives, commercial banks require competent and resourceful staff. Training remains an important component of creating competent and resourceful staff in the banking industry.

1.2   Statement of the Problem

People are the only source of differentiation and sustainable competitive advantage in an organisation and employers use them as primary means of achieving success (Beardwell, 2004). Over the last decade there has been a significant change in the approach and style needed to deliver effective training within the organisation (Sloman, 1997). According to Beardwell, (2004), most training are carried out without regard to training needs analysis leading to considerable amount of money "thrown away" mainly because fundamental issues such as analysis of training needs in relation to the short-term and long-term business plans have not been addressed.

The banking service landscape is changing due to increased competition from non-traditional institutions, new information technologies and declining processing costs, the erosion of product and geographical boundaries and less restrictive government regulations. The banking services industry is transforming itself in unpredictable and often contradictory ways (Crane & Bodie 1996).

Commercial banks are faced with a dynamic environment with increasing customer demands, competition, technological advancement leading to innovation and new product developments, and push for efficiency (Grant, 1993). In the past commercial banks had comparatively consistent growth in their business and they could structure their manpower needs but with the changed environment planning staff numbers has become very difficult with the increasing cost-consciousness and staff redundancies, banks have found it difficult to co-ordinate the development of their existing staff (Al-Khayyat, 1998) and consequently have turned to outsourcing their non-core activities.

Training and development has been used to improve the level of staff competency, however, its value depends on effective training needs analysis. To be competitive, organisations have had to become more flexible, innovative, quality conscious, customer-oriented, constantly improving performance; Identifying training needs will explicitly produce training plans/ programs, which are consistent with business objective and promotes best training practice in the organisation (Sloman, 1997). A study carried out by Ghebrecritos (1983) focused only on Commercial Bank of Africa and this study will pick up from his conclusion that banks' use employee weakness as the principle for designing training programmes, and that training is an asset to the organisation when management uses it as a tool in accomplishing organisational goals/objectives is highly effective. Staff competency is a key determinant of success among commercial banks. No study has been done to analyse training needs practices in the large commercial banks in Kenya. This study attempts to address this knowledge gap.

1.3   Objectives of the Study

i)   To establish employee training needs assessment practices adopted by large commercial banks in Kenya.

ii)   To determine the challenges faced by the large commercial banks in Kenya in conducting employee training needs assessment practices.

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1.4   Importance of the Study

The findings of this study will be useful to the following:

i)   Training Managers: in commercial banks including the Central bank of Kenya in formulating relevant training policies so that training resources are used effectively to develop manpower for present and future requirements in the changing environment.

ii)   Academics: to design training/courses and contents /materials to focus and cater for the needs of the commercial banking sector.

iii) Management Consultants: to explicitly produce training programs, which are consistent with business objective and promotes best training practice in organisations.

CHAPTER TWO LITERATURE REVIEW

2.1   Introduction

In a broad sense, training can be considered to be any planned, organized effort that is specifically designed to help individuals develop increasing capabilities (Singh, 1992). According to Dessler (2003), training refers to the methods used to give new or present employees the skills they need to perform their jobs. Training may be defined as one way of achieving specified behavioural changes in a required direction. This direction is related to organisational objectives and the people whose behaviour is to be changed work within the organisation (Boydell, 1979). According to Osborne (1996), training is a planned process to modify attitude, knowledge or skill behaviour through learning experience to achieve effective performance in an activity or range of activities. Training needs assessment serves to identify the gaps, and considers if training can solve the problem. A need is a gap between "what is" and "what ought to be". The assessment is part of a planning process focusing on identifying and solving performance problems (Swist 2001).

Personnel literature is filled with literally hundreds of articles dealing either in whole or in part with training needs assessment and this is testimony to its importance (Leap, 1989). A Training program should be established on sound principles and practices that are conducive to human learning. Needs Assessment for human resource occurs at two levels. Training needs can be assessed for an individual employee, or for employees taken as a group (organisational needs analysis) Boydell, 1979). Organisational management in both the public and private sectors has come to have greater and greater expectations from the training and development function and human resource development is now considered essential in most organizations (Craig, 1976).

2.1.1 Training Needs Assessment process

A training need exists when there is a gap between what is required of a person to perform their work competently and what they actual know. A "training needs assessment", is the method of determining if a training need exists and if it does, what training is required to fill the gap (Swist 2001). Training Needs identification involves analysis of corporate team, occupational and individual needs to acquire new skills or knowledge or to improve existing competence (Boydell, 1979). The analysis is partly concerned with defining the gaps between what's happening and what should happen. This process can be done through; Job Analysis, which involves examining in detail the content of a job, performance standard required in terms of quality and output, knowledge, skill and competency, needed to perform the job (Dessler, 2003). Training assessment is an essential requirement for effective development of an organisation's human resources (Kenney, 1979).

The needs assessment can be quite simple and obvious. By conducting training needs analysis one can target the group that needs to be trained as well as zero-in on exactly what training is required. The purpose of conducting a needs assessment is to prevent a quick fix approach to business problems (Cushway, 1994). The quality of the organisational training effort is heavily dependent upon the ability of the trainer to plan, organise, execute and evaluate the training program and most organisations depend on upon their training staffs to design the entire program from needs assessment to evaluation (Leap, 1989).

Needs assessment is a systematic exploration of the way things are, and the way they should be within an organisation and/or individual performance. According to Rouda and Kusy (1995), there are four steps of conducting a needs assessment with the first step being a performance gap analysis of the actual against the existing performance standards, of the Current situation that determines the current state of skills, knowledge, and abilities of current and/or future employees. This analysis also examines organizational goals, climate, and internal and external constraints against desired or necessary situation for organizational

and personal success. The second analysis focuses on the necessary job tasks/standards, as well as the skills, knowledge, and abilities needed to accomplish these successfully. It is important that the critical tasks necessary are identified and not just observed in the current practices. A third step is the distinction of actual needs from perceived needs/wants must be made. The difference the "gap" between the current and the necessary will identify needs, purposes, and objectives: Problems or deficits, impending change, opportunities, strengths, new directions and mandated training and finally once needs have been identified they are examined in view of their importance to organizational goals, realities, and constraints.

2.1.2   Training Needs Assessment Practices

Training needs assessment is critical to delivery of effective training intervention by an enterprise and is one of the most important stages in training process and it is unfortunate that so much training is carried out without regard for the basic principle that a clearly defined need should be established before deciding what training should be done (Robinson, 1988).

Training needs assessment requires one to gather information that will help in identifying the most effective solution and the following techniques are used to get the information: interview employees, interview customers, conduct surveys, observe the workplace, read documents relevant to job, direct observation, questionnaires, consultation with persons in key positions, and/or with specific knowledge, focus groups, tests and work samples (Leap, 1989).

The first step of data-gathering process is to determine what questions need to be answered to be able to provide information useful in making decision about individual skills or developmental needs in human resource development system (Dilauro, 1998). Pertinent information for needs assessment comes through a number of informal sources, such as informal feedback from supervisors or other line personnel concerning problems in

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procedures or operations or in the performance of individuals. Management officials or training specialists in the course of job duties could also gather information from informal observation. Group problem analysis such as that which commonly takes place during staff meetings when problems are identified in agency operations and worked through to identify alternative solutions is another mode of data gathering. Customer or client feedback on the quality of the product or service they receive from the organization may indicate problem areas, or training needs. Expert opinion (often a product of evaluation of agency programs) may indicate areas of needed improvement. Organizational documents such as management records and reports about aspects of agency operations may also indicate problem areas or projected training needs.

Dilauro (1998), list nine formal needs assessment mechanisms commonly used: Assessment Centre / Performance Testing- a techniques for evaluating individuals' skills and abilities through intensive, structured observation of their behaviour in standardized, simulated job situations. Interviews- this is usually a series of oral, person-to-person questions. Most frequently, interviews are conducted with employees and supervisors. Employees are asked to focus on their needs while supervisors are asked to focus on the needs of their employees as well as their own needs. Written Tests- this includes a series of questions, exercises, or other means of measuring the knowledge, skills, intelligence or aptitudes of an individual or group against selected criteria or norms. Technical Panel/Training Committee- this comprised of a representative group of technicians or employees from the organization at large who meets on a regular basis to identify training needs within their particular technical field or the organization. Needs are surfaced as group needs rather than as individual needs. Menu Survey- this is a list of course offerings with "catalogue" descriptions, which is circulated to employees, who nominate themselves for training. A variation of this method is to circulate the list to supervisors and have them check the training for their employees.

Open-Ended Questionnaires- a written set of questions about topics, which represent potential training areas. The forms frequently ask for judgement as to whether training is needed, but

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they can also ask other questions related to skills needed for the position or to specific problems on the organization or the job. Task/Competency Survey- is a comprehensive list of the essential tasks and competencies needed to perform a job, compiled through task analysis. This can then be used as an inventory of competencies for a particular job against which an employee's proficiency can be measured. Individual Development Plan- is a form filled out by the employee and his or her supervisor specifying the employee's developmental objectives and methods for meeting them (e.g. special assignments). Forms may distinguish between short-term objectives and long-term career goals. Performance Appraisals- is used as an assessment of employee strengths and weaknesses in job performance. Where this method is used for needs assessments, a section is often added to the performance appraisal form where needed training or development is outlined.

Dessler (2003) emphasises that task analysis and performance analysis are two main ways to identify training needs. Learning needs may be identified by individual, the organisation or in partnership. There are various approaches to analysing needs; according to Torrington (2005) the two most traditional being problem centred approach or matching the individual's competency profile with that for the job that is filling. The problem centred approach focuses on any performance problems or difficulties and explore whether these are due to lack of skills and if so, which. The profile comparison approach takes a much broader view and is perhaps most useful when an individual or group of individual are new to a job. This latter approach is also useful because strategic priorities change and new skills are required of employees, as the nature of the job changes, even though they still officially in the same role with the same job title.

According to Beardwell (2004), for the organisational needs, Job analysis is a more sophisticated method of evaluating job functions, and is often used to discern the levels of skills necessary to do a job and can be useful in analysing the skills needs and requirement for jobs. Interview with jobholders is a method used by managers, supervisors or member of the personnel department to gather information about duties and functions of the job current

job and are compared to information provided by the supervisor or mangers responsible to check for discrepancies or elements missed out. Performance and competences analysis are used to assess whether the current employees need training to reach objectives and are compared with current general levels of employee skills and abilities.

According to Beardwell (2004), for the individual training needs, much information can be gleaned from organisational records, including original application forms and other databases. Characteristics of people required or person specification will to some extent emerge in the competences analysis for their ability to perform certain jobs i.e. sales. Personal profiles are increasingly used in organisations, and useful for training needs analysis, others include information on employees' career aspirations, that are significance in creating training initiatives. Beardwell (2004), notes that performance appraisal when objectively done, will indicate areas where training and development programs could improve performance both at individual and organisation and provides individual a chance to negotiate their training needs with their line managers. Assessment centre techniques though elaborate and expensive are most thorough way of analysing individual strengths and weaknesses. Other methods include in-depth interview and re-interview, psychometric test and team performance simulation exercise. Training audit is used when far-reaching changes are planned within an organisation by use of survey questionnaires and in-depth interviews (Beardwell, 2004).

Obviously, when considering implementing a training program, assessment work is mandatory (Sloman, 1997). A great deal of information is required before the training manager can move forward with a performance improvement effort designed for organizational impact. Identifying training needs for employees requires careful scrutiny of mission objectives, personnel, production, resources, costs, and other factors. The training requirements identified factor into the total training budget forecasted. The following factors might indicate training or development needs of employees: trainee or intern training plans,

new employees, career enhancement plans, new supervisors, performance problems, production problems, safety problems, new technology, new equipment or programs, managerial competency, assessments mission changes, state certification, inspection, deficiencies, employees' requests, laws and regulations, modernization of equipment, reassignments, realignments and promotions (Craig, 1976).

The most common way training needs are discovered in organisation is when a problem occurs or key employee leaves. This is very reactive approach and not assessing, analysing or predicting training requirements. Unfortunately this is all too common in many organisations (Beardwell, 2004). For training to be effective it is necessary to discern not only the training needs of the individual and the group but also how their needs fit the overall organisational objectives. Training and development needs of the individual must be reconciled with those of the organisation. Conflicts here need to be resolved for the benefit of both.

The need for training is determined by the head of the line or staff organizational unit in which there exists an operating problem, which can be solved in whole or in part through training. Each manager is responsible for the productivity of his or her organizational unit. Training, then, is the responsibility of management. Management determines when training is needed and what kind of training there should be. The training professional determines how it shall be done, under what conditions, at what costs, and by whom. Management can be held accountable for the content validity for a program, and the training professional for the educational validity (Robinson, 1988).

Osborne (1996) identifies sixteen tools used in training needs analysis techniques that include: A check list for actual and required performance, use of interviews, surveys, appraisal/performance review, diary analysis, task analysis, role analysis, management audit, critical incident technique, protocol analysis technique, structured observation/behaviour analysis, performance/trainability tests, repertory grid technique, simulation, psychometric inventories, and assessment centres.

2. 2   Challenges of carrying out Training Needs Assesment

Training programs are often prescribed as the drug of choice to problem situations in organizations. Until the problem is understood in greater detail, proposing a solution or an intervention can be a costly and fruitless endeavour. When supervisors and executives analyse problems of inefficiency and low productivity, training is often proposed as the answer (Hussey, 1988). A comprehensive manpower policy for an organisation requires that assessments are up-to date at interval to ensure that a company's training policy and practice are inline with technological, market, economic and other developments likely to affect business (Kenney 1979).

Most training needs analysis methods do not recognise that training schemes that fit in one company may not fit in another due to company's unique culture leading to organisations not meeting their strategy and objectives (Beardwell, 2004). Job description used in training needs analysis may not provide the needed information as they are static and do not change with the environment to clearly show where training should be directed especially if training is used for job enhancement or promotions (Leap, 1989).

Job analysis main purposes is pay structures and concentrates on evaluating job functions not training needs for the jobholder thus when used for training needs analysis it does not take care of the needs of the trainee. In the effort to identify skills and competence requirements, most occupations tend to isolate functional job requirements without regard to characteristics of the people required for the job that is paramount in training needs analysis (Beardwell, 2004)

The difficult task of assessing how well people are doing their jobs has traditionally fallen to supervisors and managers, even though they are usually not in the best position to observe employee performance on a regular basis. Interviewing and performance appraisal when used to gather information for training needs analysis require that the appraiser possess interviewing skills in order to interpret and identify facts of training needs for their staff. Most training officers lack clear, specific and precise objectives of the training assessment,

which should cover the scope, objective and time span, which are required for the achievement of organisational goals (Sloman 1997).

Sources of information such as diary analysis, task analysis, role analysis, and company records used for training needs analysis may be corrupt/obsolete or ineffective or irrelevant thus providing inaccurate information. Organisation's training needs are considerably influenced by external environment in which the company operates. This includes competitor's labour requirements; market changes recruitment and general economic climate and government policies that training needs analysis methods may not address. Training programs need also change to reflect the changed environment but usually this is not the case. Asking staff what skills they think they need does not help the organisation achieve its goals though it's desirable to do so (Osborne 1996).

2.3   Importance of Training Needs Assessment

The purpose of conducting a needs assessment is to prevent a quick fix approach to business problems. Training needs assessment (training needs analysis) done correctly ensures that solutions address real issues and effectively focus appropriate resources, time and effort toward targeted problems. Beardwell (2004) points out that a careful use of training methods can be very cost effective investment. Benefits derived from a good training needs analysis according to (Graham and Bennet, 1995) include, providing useful information that is a base for all other decisions relating training, education and workplace issues and provide direction about the kind of programs employees need. Support and commitment from all levels of the workforce is achieved thus enabling a fuller and more accurate picture of the needs and concerns of the organisations and the staff. Identification of similarities and differences in workplace attitudes and perceptions is clear, including essential skills that assists in analysing readiness for change and reveal attitudes toward learning.

Training facilitates the accomplishment of organisational goals through increased profitability, improved employee morale and commitment, increased employee awareness of

the organisational goals, an improved organisational image, improved labour relations employees who are better able to adjust to technological and organisational changes (Graham and Bennet, 1995).

Hussey (1988) identifies six situations when an appropriate training can make a major contribution to corporate objectives: creating awareness that challenges the perceptual boundaries; implementing a new policy; implementing a strategy; changing or maintaining the culture of the organisation (creating shared values); meeting a major environmental change; and solving specific problems. He notes further that training by itself may not be a total solution, and needs to fit neatly with other actions needed to bring about necessary change.

2.4   Training programs

The object of training is to assist learners acquire the behaviour necessary for effective performance: it is essential that training officers have a clear grasp of the ways in which learning theories are applied when designating training programmes (Kenney, 1979). Training programs should be determined entirely by the learning and training needs analysis and assessment of what needs to be done to achieve the agreed training objectives. Components of effective training and development programme include: training and development policy, training and development needs assessment, monitoring and evaluation of training programmes and training and development budget allocations. Beardwell, (2004) pin point that a careful use of training methods can be very cost effective investment in the sense of using appropriate methods.

Effective training takes place when the employees are motivated to learn and a standard of performance set. It is important to have feedback on what appropriate techniques should be used (tools and materials). Learning methods should be varied and time must be allowed for learning. Although no single training technique is by nature superior to any other, the goals or objectives of the particular program may be better served by one method than another

(Leap, 1989). Employee involvement is essential in any training program. Among the most commonly used training techniques are lectures, talks, discussions, case study, role playing, simulation, group exercise, team building and outdoor learning workshops. Training options, methods and materials selected need to consider the type of job, the learning capacity of the employee, and the duration of the task or job.

According to Armstrong (1997) on-the-job training (OJT) is the most popular method which consist of teaching or coaching by the manager or team leader, while Bennet (1989) identifies job rotation as the most commonly used method, whereby employee regularly change their jobs, to enable them acquire an overall understanding of the organization as a whole. Other methods include machine-based training (computer programmed instruction, videotape, simulation); vestibule training that simulates the work environment and uses the actual equipment and tools in a laboratory setting, role-playing, lecture, and demonstration.

2.5   Training Evaluation

According to Al-Khayyat (1998), no training assessment system is complete without an evaluation element. The main objective is to, find out whether the actual training and development needs not wants were detected. It also attempts to pinpoint inadequacies in the needs assessment system, provide feedback to the concerned parties and suggest corrections. Sloman (1997) defines evaluation as the assessment of total value of training system, training course or training programme in social as well as financial terms. The results of training needs analysis highlights the subject matter that needs to be covered during the training course. The knowledge and skills gained during the training will increase abilities and allow participants to perform their jobs at an acceptable level.

The process of evaluating training has been defined by Hamblin (1974) as any attempt to obtain information or feedback on the effects of a training programme and to assess the value of the training in the light of that information and has described the five levels of evaluation;

trainee experience, learning, application of learnt behaviour, improved organisational output and ultimate value to both the organisation and employee. A training needs assessment done correctly will ensure the solution addresses the real issues and effectively focuses the appropriate resources, time and effort toward targeted solutions. Evaluation is an integral feature of training. It is the comparison of objectives (criterion behaviour) with effects (terminal behaviour) to answer the question of how far training has achieved its purpose. The setting of objectives and the establishment of methods of measuring results are or should be an essential part of the planning stage of any training programme.

Evaluation leads to control which means deciding whether or not the training was worthwhile. (Preferably in cost/benefit terms) and what improvements are required to make it even more cost- effective. Training evaluation is difficult because it is often hard to set measurable objectives and even harder to collect the information on the results or to decide on the level at which evaluation should be made. The goals of the training program must be directly related to the needs determined during the assessment phase and when they are met, it will be possible to evaluate the extent to which the trainees (program) have accomplished them (Leap, 1989).

A training program to be successful periodic evaluation of the training is necessary, training should be re-evaluated whenever new equipment, tools or techniques are introduced into the workplace and whenever new employees join the company or employees are assigned to different jobs (Sloman, 1997). Employees should be involved in the evaluation. If employees are not using the training, there may be reasons. Those reasons must be addressed and incorporated into future training sessions. Honest and thorough evaluations will provide meaningful and productive training.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This is a descriptive survey. This design is preferred because it will utilise cross-sectional data and capture many variables within a large number of subjects. The design will also be able to evaluate the relationship between or among the variables and measure them accurately. The design will be able to examine attitude/behaviours of the respondent training needs assessment practices used through a set of questions.

3.2 Population

The population will consist of 10 large commercial banks licensed by the Central Bank of Kenya (Central Bank of Kenya Financial Institutions Supervision Department (FISD) Annual Report, 2004), that control 75.7 % of the total deposits of the banking sector (Appendix I).

3.3 Data collection

The instrument to be used to collect primary data will be a semi-structured questionnaire (Appendix iii). The questionnaire consists of two parts: Part 1 is aimed at the organisational profile and part 2 examines the extent to which different training needs assessment practices are used. The researcher will use the drop and pick method to administer the questionnaire. The respondents will be training mangers in the commercial banks.

3.4 Data Analysis

The study is descriptive in nature and descriptive statistics such as mean frequency distribution and mean scores will be used to determine methods of training needs assessment most emphasized by the respondent and percentages will be used to compare the characteristics or behaviour patterns of the training needs assessment practice used by the large commercial banks. The analysed data will be presented using tables and charts.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1   Introduction

This section presents and discusses the findings of the study. The objectives of the study were to determine the training needs analysis practices adopted by large commercial banks in Kenya and the challenges faced by the banks in undertaking training needs analysis. To address the objectives of the study, data was collected from the respondents, heads of the training function in the Banks, and analysed using descriptive statistics and content analysis. The findings are presented in the following sections.

4.2   Findings

4.2.1   Response Rate

Out of the ten (10) Commercial Banks targeted, only seven (7) returned the completed questionnaires thus yielding 70% response rate. This is considered adequate to address the objectives of the study and make conclusions about the entire population.

4.2.2   Number of Employees

The number of employees in the large Commercial banks ranged from 150 to 2,760. This is in accordance with the generally accepted criteria of firm size which categorizes large firms as having above 50 employees.

Figure 1: Staff Size

BANK	STAFF SIZE (Number of employees)
1	150
2	160
3	560
4	995
5	1100
6	2000
7	2760

4.2.3   Years of Operation

Only one of the Commercial Banks has been in operation for 15 years while the

majority of the Commercial Banks have been in operation for 46 years and above.

This means that the training analysis practices adopted by the Banks are as a result of

experience in the local market.

4.2.4   Number of Branches

The number of branches operated by the Commercial Banks range from 2 to 131. This

is a wide variation and indicates that the location strategy varies from Bank to Bank.

It also serves as evidence of the wide variation in the staff size among the

Commercial Banks as noted in 4.2.1 above.

4.3. Training Needs Assessment Practices

Commercial Banks have adopted specific training needs practices which together form their approach to staff training. Firstly the Banks assess training needs with specific focus on individual staff and their immediate and future work requirements. The responsibility for identification of training needs is placed on individual staff, immediate supervisor, line managers working together with the human resource management unit in the Bank. Commercial Banks use a variety of techniques in the process of identification of training needs for their staff. These approaches to identification of training needs are not significantly different from what is known. There are specific findings from this study that are unique to the Commercial Banks, specifically, relating training needs analysis to performance level of staff.

4.3.1 Training Policy

Majority of the Commercial Banks (86%) reported that they have a training policy which guides management of the training function. Only one Commercial Bank reported that it did not have a formal training policy. Where the training policy exists, among the areas covered in the policy is the requirement that all training interventions are driven by existing training needs. This implies that training programs are conducted to address identified needs. It is expected that these Banks undertake training needs analysis as a formal process and on a regular basis.

4.3.2 Training Manual

Only two out of the seven Commercial Banks reported that it did not have a staff training manual. The purpose of the training manual where it exists is to facilitate implementation of the training policy.

4.3.3 Identification of Training Needs

All the commercial Banks reported that the responsibility of identification of training needs lies with the individual staff members, Immediate Supervisors, Branch Managers in consultation with the Human Resources Management unit in the Bank. This conforms to the specifications in literature on training. In addition the Commercial Banks confirm that the human resources unit plays a central role in the design of training programs as well as control of the training budget in the institutions.

4.3.4 Techniques used in the identification of training needs

Table 2: Techniques of identifying training needs

TECHNIQUE	*NUMBER OF COMMERCIAL BANKS*
Task/Job Analysis	*4*
Informal Feedback	*2*
Job Description	*5*
Formal Performance Appraissal	*7*
Training Committee	*6*
Peergroup/Work Teams	*4*
Management Audit	*7*
Individual Staff Development Plan	*7*
Web Based Trainings	3

The above results indicate that Commercial Banks use the same techniques that as other organisations in identifying training needs. Some of the techniques are more popular relative to others. From the above table, it is apparent that formal appraisal reports, management audit and individual staff development plans are common techniques among all the Commercial Banks. It is important to note that the Commercial Banks focus training intervention on the specific needs of individual staff as opposed to using a general approach which presumes training needs for categories of staff as a group. Commercial Banks place special emphasis on staff performance for identification of training needs. This approach further supports the increasing

adoption of strategic training and development of staff among an increasing number of organisations.

All the Commercial Banks indicated that the techniques involve individual staff in assessing their training needs as well as in developing the specific objectives of training programs for the staff. Below is a graphical presentation of the same in Chart 1.

Chart 1: Training Needs Analysis

TRAINING NEEDS ANALYSIS

.5   **Selection of Staff for training**

Majority of the Commercial Banks consider work performance, last training program attended and future work demands when selecting staff for training programs. Work performance is given first priority in assigning training opportunity to staff in the Commercial Banks. This signifies the value placed by the Banks on results based

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management for staff as it with the other resources invested by the Banks in their operations as illustrated by the diagram below Chart 2.

Chart 2 Staff Selection methods
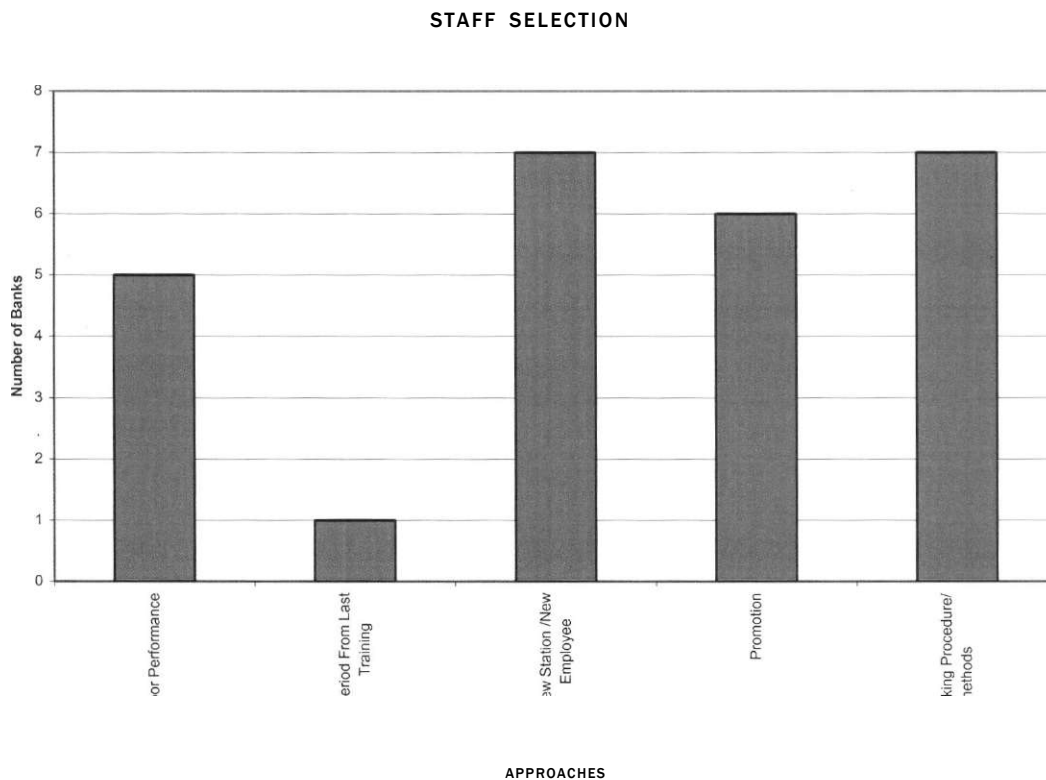
4.4 Challenges faced in undertaking training needs analysis

Training needs analysis is driven by the business environment and specifically the market demands facing the Banks.

4.4.1 Lack of interest and knowledge among staff

Majority of the Commercial Banks^reported that staff often failed to provide information to their immediate supervisors to facilitate identification of training needs. Most of employees do not attach importance to this process and even where they provide the information; it is sketchy and stated in general terms. Staff does not have sufficient level of awareness about what constitute training needs.

4.4. 2 Conflicting opinions

Majority of the Commercial Banks reported that there if conflict among those involved in training needs analysis in defining what constitutes training needs. Immediate supervisors and human resources units rarely agree on the training needs. This creates difficulty in resolving performance deficiencies and adopting a common approach to improving staff capacity to perform. Similar observations have been made in literature and the findings confirm that identification of training needs is a technically complex exercise which requires special expertise to effectively conduct.

4.4.3 Accommodation of varying training needs among staff

As the Banks attempt to focus attention on individual staff training needs, oftentimes, the needs are so varied that it is difficult to cater for each staffs training needs. This creates a feeling of discrimination and generates conflict with staff. This is documented in a number of areas where individual staff training needs analysis has been adopted.

4.4.4 Inadequate resources to support comprehensive training needs analysis

A number of Commercial Banks (50%) reported that budgetary constraints limit the extent to which they are able to conduct comprehensive training needs analysis that captures training deficiencies among all staff. This has been a routinely documented challenge among a number of organisations in several parts of the world. This challenge is therefore not unique to the Commercial Banks in Kenya.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. SUMMARY

This study aimed at determining the training needs analysis practices adopted by large Commercial Banks in Kenya and establishing the challenges faced by the Banks in undertaking training needs analysis. Ten (10) Commercial Banks were sampled and only seven (7) responded. The responses were analysed using content analysis and descriptive statistics.

The study revealed that large commercial banks undertake training needs analysis and that the approach focuses on training needs of individual staff based on the immediate and future work expectations. Individual staff participates in the training needs analysis process together with the immediate supervisor, head of functional unit and human resource management unit in the Bank.

The popular techniques used to conduct training needs analysis are formal performance appraisal reports, individual staff development plan and management audit.

The main challenges that large Commercial Banks face when undertaking staff training needs analysis are lack of interest and awareness among staff, conflict of opinion between line management and human resource management unit and inadequate resources to support comprehensive training needs analysis.

5.2. CONCLUSIONS

From the findings, it can be concluded that; large commercial Banks in Kenya undertake staff training needs analysis, the focus of training needs analysis in large Commercial Banks in Kenya are individual employees whose participation is

emphasized, the main techniques of staff training needs analysis include performance appraisal reports, management audit and individual staff development plan.

Large Commercial Banks in Kenya face similar challenges as other organisations when undertaking training needs analysis; lack of adequate resources to support training needs analysis, lack of awareness and interest among staff and conflicting opinions between line managers and human resource managers.

5.3. RECOMMENDATIONS

It is prudent for large Commercial; Banks to develop procedures that govern staff training needs analysis to avoid conflicts that are prevalent when implementing the activity in the Banks.

There is need to create awareness among staff and encourage all staff to provide the requisite information to facilitate comprehensive training needs analysis. The human resource management units in the Commercial Banks should design interventions to deliver this requirement throughout the staff population in the Banks.

Commercial Banks must allocate sufficient resources to facilitate effective identification of training needs among staff as a way of enhancing the capacity of the Banks to deliver results.

5.4. LIMITATIONS OF THE STUDY

The findings of the study do not cover all the large Commercial Banks in Kenya and therefore may not have captured practices that exist in the other Banks that did not participate in the study.

The respondents should have been sought from other parties who play a role in the process of training needs analysis. The results of this study only capture the views of those in charge of the staff training function in the large Commercial Banks.

5.5.   SUGGESTIONS FOR FURTHER RESEARCH

It is recommended that further studies are undertaken to address the following areas; training needs analysis practices among small commercial Banks in Kenya, Process of training needs analysis, Information collected during training needs analysis, and Conflicts among players in the process of training needs analysis. The findings from this study indicate the need to conduct incisive analysis in the above areas.

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Appendix 1: LARGE COMMERCIAL BANKS

Number	Commercial bank	Total Deposits (M)	Market Share %
1	Barclays Bank of Kenya	82,583	18.6
2	Standard Chartered Bank	56,971	12.8
3	Kenya Commercial Bank	54,560	12.3
4	Co-operative Bank	39,486	8.9
5	National Bank of Kenya	25,470	5.7
6	Citibank	20,001	4.5
7	Commercial Bank of Africa	17,774	4.0
8	CFC Bank	14,268	3.2
9	National Industrial Credit Bank	12,788	2.9
10	Investment & Mortgages	12,554	2.8
	Total	**336,455**	**75.7**

Source: Central Bank of Kenya, Financial Institutions Supervision Annual Report 2006

Appendix II: LETTER OF INTRODUCTION

Teresia K. Ndivo

P.O. Box 73814 00200

NAIROBI

(Respondent Address)

Dear Sir/Madam,

MBA RESEARCH ON TRAINING NEEDS ASSESSMENT PRACTICES

I am a postgraduate student at the University of Nairobi doing a Masters Degree in Business Administration (MBA). I am conducting a study survey on Training Needs Assessment Practices among the Commercial Banks in Kenya.

Your organisation falls within the target population and has been selected as part of the study. I would be grateful if you could spare sometime to fill the attached questionnaire by answering the questions as honestly as possible.

The information collected shall be treated with utmost confidentiality and will only be used for academic purposes. A copy of the research can be made available to your organisation on request.

Your cooperation will be highly appreciated.

Thank you in advance.

Yours faithfully

Teresia Ndivo

(MBA Student)

Appendix III: QUESTIONNAIRE

Parti Profile of the Bank

1. Name of the bank (optional).

2. Category of the bank: Please tick

        (a) Locally incorporated foreign bank   (   )

        (b) Branch of a foreign owned bank   (   )

        (c)   Locally incorporated bank   (   )

3. Number of employees / banks current establishment

4. Years of operations in Kenya 1-15 ( )   16- 30 ( )   31-45 (

    46 and above ( )

5. How many branches does the bank have

Part 2 Training Needs Assessment

1.   Does your organisation have a training policy

2.   Do you have a training manual

3.   Who is responsible for identifying training needs

4.   Who designs training programmes for your organisation

6. Who is responsible for the training budget

7. The following are some techniques used in identify training needs, please rank them to indicate the extent your organisation uses them using 1 to 4 as described below:

    1. Very large extent

    2. Large extend

    3. Fairly large extent

    4. Small extent

	1	2	3	4
(a) Task / Job analysis	( )	( )	( )	(
(b) Informal Feedback	( )	( )	( )	(
(c) Job Description	( )	( )	( )	(
(d) Performance/ Appraisal analysis	( )	( )	( )	(
(e) Assessment centre	( )	( )	( )	(
(f) Written Tests	( )	( )	( )	(
(g) Technical Panel/Training committee	( )	( )	( )	(
(h) Expert Opinion/Agency	( )	( )	( )	(
(i) Group Problem Analysis	( )	( )	( )	(
(j) Interviews customers/ employees	( )	( )	( )	(
(k) Surveys	( )	( )	( )	(
(l) Open-Ended Questionnaire	( )	( )	( )	(
(m) Menu Survey/Prospectus	( )	( )	( )	(
(n) Management Audit	( )	( )	( )	(
(o) Individual Development Plan	( )	( )	( )	(
(p) Others please specify				

8. What factors are considered when selecting staff for training: please tick as above

	1	2	3	4
(a) Poor performance	()	()	()	()

(b) Period from last training   ()   ()   ()   ()

(c) Transfer /new employee   ( )   ()   ( )   ( )

(d) Promotion   ( )   ( )   ( )   ()

(e) Introduction of new methods   ()   ()   ()   ()

9.   What is the preferred training method: please tick as above

	1	2	3	4

(f) On the job training   ( )   ( )   ( )   ( )

(g) Offsite   ()   ( )   ( )   ( )

(h) Job Rotation   ( )   ( )   ( )   ( )

(i) Overseas Training   ()   ()   ()   ()

Other Training Methods specify

10. What is the normal duration for the training

        (1) one week   ( )

        (2) Two weeks   ( )

        (3) other specify   ( )

11. Do you have methods of evaluating the training programme

        Yes   ( )

        No   ( )

12. If the answer above is **yes** what methods are used

13. What major challenges do you face in assessing training needs in your organisation