

**EFFECT OF TRAINING ON EMPLOYEES' PERFORMANCE AND
ORGANIZATIONAL EFFECTIVENESS - A SURVEY ON PRIVATE BANKS AND
LEATHER INDUSTRY**

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EXAMINER

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Declaration

I, the undersigned, declare that this study is my original work and has not been presented for a degree in any other university, and that all the sources of materials used for the study have been duly acknowledged.

Declared by

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Acronyms

ANOVA	Analysis of Variance
EMS	Environmental Management System
HR	Human Resource
HRM	Human Resource Management
ISO	International Standard Organization
KSAs	Knowledge, Skill, and Abilities
R&D	Research and Development
ROI	Return on Investment

Abstract

The effectiveness and success of an organization lies on the people who form and work within the organization. Therefore, the employees in an organization to be able to perform their duties and make meaningful contributions to the success of the organizational goals need to acquire the relevant skills and knowledge. After the training programs, an evaluation is carried out to ascertain the effectiveness of the organization from the training in line with the need, which had been identified. The main focus of this study is to examine how much organizations are effective from employees' training expenditure. The study achieved the objective of the research through survey study with sample organization which have been selected from the two industries (banking and leather) with help questionnaires for employees and interviews with human resources managers of the sample organizations. The study found sample banks and leather firms were spent 1,050,000 birr and 167,000 birr on average per year for employees' training, respectively. But, there is great variation in training expenditure among firms in both industries, especially; the variation is high among leather firms irrespective of number of employees, over 90% of them were using subjective methods to evaluate organizational effectiveness from employees' training expenditure and only less than (10%) of them was used Kirkpatrick Model, as evaluation tools, but no one who was used Cost-Benefit analysis or Return on Investment models as evaluation tool, both firms were moderately effective from the employees' training expenditure irrespective the industry in which they exist and main conclusion drawn were the emphasis given for training by majority of the firm is still low, especially in leather firms organization could not evaluate their effectiveness in terms of all possible returns from the employees training expenditure as effectively and efficiently with the help of subjective measures only and result of the evaluation could be insufficient to make decision in different aspect of training for the future. Therefore, Organization should allocate sufficient amount of budget to train this key resources of the organization and they should use objective models in addition to the subjective methods, and the organizations should design their training program based the need assessment result to be effective from the training expenditure.

Chapter One

1. Introduction

1.1. Background of the Study

Every organization strives to be the strongest company in its industry. This competitive edge is dependent upon the availability of resources and their most effective usage. Organization assets may fall in various categories, like physical, financial and human resources. Human resource is considered to be the most vital and useful asset, as other assets can be exploited with the proper use of human resources (Ahmed, et al, 2010).

Human resource, is the most valuable assets of any organization, with the machines, materials and even the money, nothing gets done without man-power. People the human resource are considered by many to be the key and most important resources of an organization. The effectiveness and success of an organization therefore lies on the people who form and work within the organization. So, human resource of an organization is the determinant for the realization of its goals. At the same time, simply having this resource (human) is not guarantee for the organization to be successful unless and until the organization improves the performance of the people time to time. For the matter of fact, there are factors may affect the employees' performance such as their abilities, motivations, the support they receive , the nature of the work they are doing, and their relationship with the organization. Generally, the human resource manager must design different techniques these enables the organization to improve the performance of the work force; among which training is the one and it is the focus of this paper, it is designed to improve employees' performance and help the organization realize its objectives effectively and efficiently. But, too often, training is done without any thought of measuring and evaluating it later to see how well it worked and how much an organization is effective form training , training is both time-consuming and expensive, the organization must be effective in terms of the specified objective that a company planned to realize. Effectiveness of the organization from the training expenditure is a measure of how well training achieves its intended objectives, for example, to improve job performance the effectiveness of the organization from the training expenditure measures to what extent the trainings improve the job performance in the organizations after the training .generally we can say that training does not deliver the expected value to the organizations when trainees do not transfer the skills learned to their workplace, in other word training effectiveness occurs

when trainees not only have the ability but are willing to transfer the skill learned to improve their job (Laoledchai et al, 2008).

1.2. Statement of the Problem

Currently many organizations in Ethiopia understood the essence of training and they make the condition favorable for their worker both within the country and abroad, Banks and Leather firms in Ethiopia like other organizations invest considerable amount of resource to train their people. The main problem here is that not how much the organizations are spend for training of their employees, but how much organizations are effective from training expenditure? Meaning that at the same time the organization are expected to be effective from the investment that they invest for training, simply invest huge amount of Birr for training is not enough. Organizations must measure the return on investment to check how much they are effective from it. According to (Malik, et al, 2011) organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. The companies spend so much of their budgeted Birr on employees training, so it is crucial that they are able to measure the added value from the training expenditure. This can be measured through comparison of costs and benefits associated with training remains the best way to determine. However, careful measurement of both the costs and the benefits may be difficult in some situations. If training is cost ineffective, For example, one firm evaluated a traditional safety training program and found that the program did not lead to a reduction in accidents; therefore the training will be redesigned so that better safety practices will be resulted.

An organization or an individual employee must be studied before a course of action can be planned to make the function better. Evaluation of training success is the most important phase of training in order to assess whether an organization is achieve the desired goal or not. Evaluation of training compares the post-training results to the objectives expected by managers, trainers, and trainees. Training can be evaluated at four levels (Kirkpatrick) identified four levels: such as reaction, learning, behavior, and results at which training can be evaluated.

In many organizations, large expenditures are made on training. But whether those expenditures produce value and an economic impact for the organizations that make the expenditures has not been identified clearly. To provide some additional insights on the economic utility of

organization-wide training (Morrow et al, 1997) did a study and the study was conducted in a large pharmaceutical firm and focused on identifying the economic impact of managerial and sales/technical training efforts. The CEO of the firm had requested that the dollar value of training be identified and its value to the firm be confirmed. The study, focus on the effects of job skills training on employees' behavioral performance on the job. Using a variety of statistical analyses, the researchers found that sales/technical training had a greater effect than did managerial training.

In fact there are other research conducted on the role of training and innovation on work force productivity by (Laplagne et al, 1999) and found training and innovation in the workplace are very likely to occur in the workplaces experiencing strong labor productivity growth. There was other study conducted by (Malik, et al, 2011) as organizational effectiveness case study on Tele comm. and banks and try to see the impact of employee's performance and motivation on organizational effectiveness and found that increasing employee's performance accelerate organizational effectiveness. The first, research tries to see the economic value training in specific functions (sales/technical) of the organizations and the other also fail to see exactly how the organization is effective by improving the employees' performance through training therefore this study design to answer the following question.

1.3. Research Questions

The main intention of this study was to examine does training produce a return to the organizations as expected on its training expenditures (all resources consumed) for improving employees' performance in support of private banks, and leather industry in Addis Ababa?

Specific questions were:

- How much organizations invest on training program to improve the performance of the work force?
- What criteria are in use by the organizations to measure their effectiveness from the training program?
- How much organizations are effective from training program in terms of the objectives they have set?

1.4. Objective of the Study

The major objective of this study was to examine how much organizations are effective from training expenditure that they offered to their employees in order to improve the employees' performance.

Specific objectives of the study were

- Measure how much organizations are invest for training program,
- Identify the criteria/models in use by the organizations to measure their effectiveness from training program,
- Evaluate effectiveness from the training investments in terms of the objectives intend to achieve

1.5. Significance of the Study

The outcomes of this research work expect to serve various purposes. The purposes are stated as follows:-

-The result of the study will serve as an input for the organizations to re-examine how much they were effectiveness from the previous training expenditure that employed by the organizations towards improving the performance of the workforce to take corrective action for the future.

-It serves as a secondary source of data for those who want to conduct further investigation in this area.

1.6. Delimitation and Limitation of the Study

The study limited on the data which were obtained from private banks and firms in the leather industry in Addis Ababa. To assess the effectiveness of the organizations from training expenditure they invest to improve employees' performance for the last three years. There were certain constraints of the study, the major limitation were time and the other one was non-availability of adequate published and documented data about training expenditure by the organizations which would be useful, but the data which were not available as required.

1.7. Research Methodology

The method of the study was descriptive in nature. Because, the study have it in mind to examine how much organizations are effective from the training expenditure that they invest on the training program to improve the performance of their employees, the expenditure may be (time, birr or materials). This study was conducted on sample companies from private banks and leather firms which located in Addis Ababa. The overall strategy that was followed by the study was survey method. Why? Because this method enables the researcher to scan wide area about the population and to collect the required data from larger population (unit of observations) with single attribute that is training, it has been used by the organizations to improve employees' performance. So, survey was a good strategy for this study to gather the required data at a particular point of time with the intention of describing the effectiveness organizations from the training expenditure based on the standard. Mean that the actual result from the training can be compare against the standard that the organization intended to achieve after the training. The survey was included different information depending upon the respondents (persons who have taken training, line mangers, and human resource manager) such as demographic variables, frequency of training, training expenditure (training input), and training out comes measurement, evaluation models, training methods and others. Therefore, through this strategy researcher could recognize the status of the organizational effectiveness from the training that they offer for their employees based on the information which were collected through this strategy.

1.7.1. Sampling techniques:

The researcher was employed convenience and random sampling for both industries. The sample organizations were selected under two stages. In the first stage the researcher was selected these organizations which are start their operation at least three years before. At this stage the researcher got 10 (Ten) Banks among 13 (Thirteen) private banks which are functioning currently in the country. At the second stage the researcher was selected 3 (Three) banks randomly such as Oromia International Bank, Wegagen Bank, and Cooperative Bank of Oromia, it represents 3/10 (30%) of the population. But, in the case of leather industry the researcher was selected 18% of the population as a sample, because these firms are dispersed and large in number. In fact the numbers of firms in this industry are large in number according to Addis Ababa city Trade and Industry Office, nevertheless more than 96 percent of the firm's capital is below one million and family based firms at the same time majority of them operate as amateurs or traditionally

therefore, there is no considerable amount of money allocate for employees training. As a result, conducting research on such type of organizations about training is not fruitful rather a wastage of time and other resources. In addition to this reason the result of organizational effectiveness from the training is compared with banks those capitals is in many billions of birr so it is difficult to do so that is why the researcher ignored firms whose capital is not more than two hundred or four hundred thousand birr. Even there is a research it proved that the effectiveness of Small and Medium size enterprise is negatively related with the amount of money that they invest for training and smaller employers out spend larger employers per employee (Huang, 2001;Smith et al 2008; and Babaita, 2010). Therefore, for its convenience the proportion of sample was small in this industry in relation to the total population, and the researcher select the firms with the total capital of greater than or equal to one million Ethiopian birr. And the researcher got 45 firms in Addis Ababa which fulfill the criterion among them the study took the sample firms. But the sampling techniques follow the same stage as in the case of banking industry. Among 45 firms study took eight firms from leather industry randomly.

The reason why the researcher selects banking and leather industry as the study area is due to the relevance of the industries in the economy of any nation particularly for Ethiopia. Banks are the cornerstones of all industries. Leather industry also has a potential for growth in Ethiopia and it becoming to play a prominent role for earnings foreign currencies because of the country possesses one of the largest populations of livestock in Africa and even in the world. Therefore, to achieve such objective the industries must have the required labor force with the required capabilities at any time.

1.7.2. Instruments for the data collection

Instruments for the data collection to answers for the questions raised; Five Point Likert's scale questionnaire was designed for Trainees and Line Managers, semi-structured interview for Human Resource Manager (a person who perform human resource activities of the organization), and reviewing of documents of the organizations in relation to training aspects were carried out to obtain the required data.

The data include both secondary and primary data. The data were qualitative (ordinal), and quantitative in nature. By using the Five Point Likert's Scale questionnaire for trainees and line managers the researcher could obtained qualitative (ordinal) data. And additional qualitative and

quantitative part of data were obtained through interview with the Human resource managers of the organization (person who under take HR activities) and reviewing of secondary data available in the organizations, respectively.

1.7.3. Analysis of Data

The data which were obtained from sample organization were analyzed according to the objective of the study. In order to ensure logical completeness and consistency of responses, data editing and coding were carried by the researcher. Once editing was done, data was analyzed qualitatively and quantitatively, the data which were obtained through different data collection instruments. The qualitative data from semi-structured interview, and qualitative (ordinal) obtained from questionnaires and secondary documents were analyzed by using different descriptive statistical techniques. For qualitative data which obtained through interview with the head of human resource department (a person who under take human resource of the organization) and secondary data obtain from review of different document were analyzed when the interview going on and the on the process of reviews of the documents, journals, articles. While, Qualitative (ordinal) and some quantitative data analysis were done by using frequency distribution, tabulate and percentages, and, with the help of SPSS software, which were used to determine the proportion of respondents choosing the various responses. These were done for each group of items relating to the research questions. And variances between groups and with in groups were analyzed by using ANOVA.

1.8 Organization of the Paper

The paper contains five chapters and organized as follows: the first chapter introduces the back ground of the study, second chapter reviews of related literatures, third chapter describes background of the study area, chapter four empirical result descriptions and analysis of the study and the last chapter is conclusion and suggestions part of the study.

Chapter 2

2. Review of Related Literatures

2.1. Introduction

Human resource is a key to determining organizational success (Abdul-Aziz et al, 2011). The effectiveness and success of an organization therefore lies on the people who form and work within the organization. It follows therefore that the employees in an organization to be able to perform their duties and make meaningful contributions to the success of the organizational goals need to acquire the relevant skills and knowledge (Olaniyan et al, 2008; Armstrong, 2010). The overall purpose of HRM (or people management) is to ensure that the organization is able to achieve success through people and it aims to increase organizational effectiveness and capability to achieve its goals by making the best use of the resources available to it (Armstrong, 2010,).

Many factors can affect the performance of individual employees; therefore the role of human resource department is to improve the organization's effectiveness by providing employees with knowledge, skills and attitudes that will improve their current or future job performance. Therefore, any organization that wants to succeed, and to continue to succeed, has to maintain workforce, who are willing to learn and develop continuously. Training and developing human capital is very important in the effective management and maintenance of a skilled workforce (Alipour et al, 2009). As organizations strive to compete in the global economy, differentiation on the basis of the skills, knowledge, and motivation of their workforce takes on increasing importance (Kraiger et al, 2009). Training leads to an increase in the quality of labor, by equipping employees with greater skills and knowledge (and possibly fostering greater effort) (Laplagne, 1999). And it is also one of the ways of improving organization's effectiveness (Alipour et al, 2009) by making workers to improves their skills, enabling them to undertake more complex tasks or complete tasks better or faster (Laplagne ,et al, 1999).

Usually, before training programs are organized efforts are being made through individuals and organizational appraisals to identify the training needs (Olaniyan et al, 2008; Mathis, et al, 2008). After the training programs, an evaluation is carried out to ascertain the effectiveness of the organization from the training in line with the need, which had been identified earlier (Olaniyan et al, 2008).

2.2. Concept Training

2.2.1. Introduction

Selection is just the first step in matching an employee with a job. The next step involves training the employee to do the job (Babaita, 2010). The verb “to train” is derived from the old French word *trainer*, meaning “to drag”. Hence such English definitions may be found as; to draw along; to allure; to cause; to grow in the desired manner; to prepare for performance by instruction, practice exercise, etc. (Alipour, et al, 2009). It is an established fact that no seriously minded organization can be staffed by people with expertise and potentials in the various discipline needed for its total functioning simply by recruitment. Training is usually aimed at solving significant problems as we are suppose to use it as a key requirement for ensuring that any training which takes place is based on proper analysis of its contribution to the effectiveness and efficiency of an organization. Training has been seen by scholars as an aid in adjusting to work environment which is designed to increase the capacity of individual or group in contributing to the attainment of the organizational goals.

Training is one of the most important strategies for organizations to help employees gain proper knowledge and skills needed to meet the environmental challenges (Goldstein and Gilliam, 1990; Rosow and Zager 1988) as cited by (Babaita, 2010). Employee training represents a significant expenditure for most organizations. Training too often is viewed tactically rather than strategically. Organizational leaders are often not clear about what they want from training and therefore fail to connect training with the overall organizational goals and strategy (Babaita, 2010).

2.2.2. Definition of Training

Training defined by many scholars as follows:

Training refers to instruction that promote knowledge, skills and attitude of employees in order to carry out their duties more efficiency (Farahbakhsh, 2010). According (Mathis, et al, 2008) training is a process whereby people acquire capabilities to aid in the achievement of organizational goals. Training is a systematic development of knowledge, skills and attitudes required by employees to perform adequately on a given task or job (Olaniyan et al, 2008).

For the purpose of this paper; Training can be defined as the process by which employees develop their skills, knowledge, and attitude with a view to enhance organizational effectiveness and productivity. Training is the use of systematic and planned instruction activities to promote learning.

In fact learning should be distinguished from training. Training is one of several responses an organization can undertake to promote learning. Whereas Learning is the process by which a person constructs new knowledge, skills and attitude these are necessary for them to perform their jobs satisfactorily (Armstrong, 2010). Learning may be formal or informal. Formal learning is planned and systematic. It makes use of structured training program consisting of instruction and practice which may be conducted on the job or off the job. Working in organizations is a continual learning process, and learning is at the heart of all training activities. Learning is the means by which a person acquires and develops new knowledge, skills, capabilities, behavior and attitudes. Learning effectiveness depends on the extent to which the organization believes in learning and supports it. In the learning process ways individuals learn will differ, and the extent to which they learn will depend largely on how well they are motivated or self-motivated. Discretionary learning can take place when individuals of their own volition actively seek to acquire the knowledge and skills they need to carry out their work effectively. It should be encouraged and supported to be effective from it.

The encouragement of learning makes use of a process model which is concerned with facilitating the learning activities of individuals and providing learning resources for them to use. Conversely, the provision of training involves the use of a content model, which means deciding in advance the knowledge and skills that need to be enhanced by training, planning the program, deciding on training methods, and presenting the content in a logical sequence through various forms of instruction (Armstrong, 2010).

Types of learning

- ❖ Cognitive learning – outcomes based on the enhancement of knowledge and understanding.
- ❖ Affective learning – outcomes based on the development of attitudes or feelings rather than knowledge

- ❖ Instrumental learning – learning how to do the job better once the basic standard of performance has been attained. Helped by learning on the job tremendously

The justification for training

Formal training is indeed only one of the ways of ensuring that learning takes place, but it can be justified in the following circumstances after analysis of training at individual, task, and organizational level.

- The work requires skills that are best developed by formal instruction.
- Different skills are required by a number of people which have to be developed quickly to meet new demands and cannot be acquired by relying on experience.
- The tasks to be carried out are so specialized or complex that people are unlikely to master them on their own initiative at a reasonable speed.
- Critical information must be imparted to employees to ensure they meet their responsibilities.
- A learning need common to a number of people has to be met and can readily be dealt with in a training program: for example induction, essential IT skills, and communication skills.

Therefore, Effective training certainly has the potential to increase knowledge, skills, and abilities (KSAs) and enable employees to leverage their KSAs for organizational benefit that increases organizational performance (in productivities, quality of service/products....) by improving individual performance of the employee.

2.2.3. Training processes

The training process includes three phases such as Assessment phase, Implementation phase, and evaluation phase (Huang; 2001, Mathis, et al 2008). Assessing the needs for training is particularly important, because if this is not done an organization cannot be assured that the right type of training is being provided to its employees. According to the study by (Huang, 2001) 70% of the organization doing it are successful and 64% organization which are not doing it are not successful. Training objective provides a line between needs and results, helping to identify the type of instruction required in order closing performance gaps and it also serve as benchmarks against which to evaluate the progress achieved in the realization of organizational goals study

show that 75.6% of successful organizations are doing so while 57.8% not successful are not doing so (Huang, 2001).

Systematic Training

Training should be systematic in that it is specifically designed, planned and implemented to meet defined needs. It is provided by people who know how to train, and the impact of training is carefully evaluated (Armstrong, 2010)

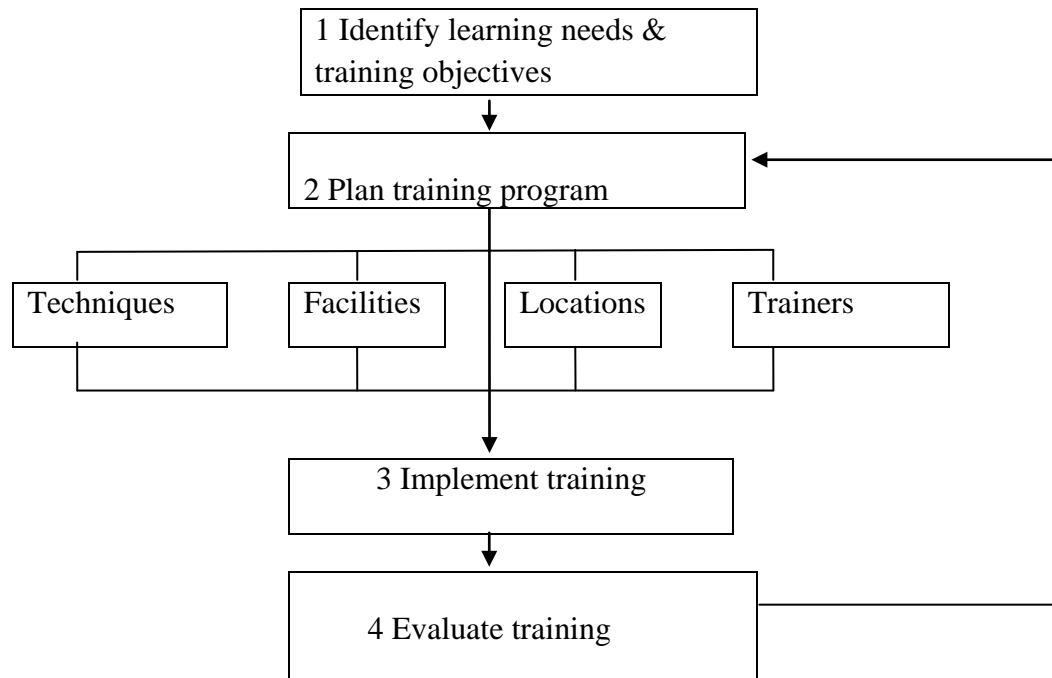


Figure 2.1 Systematic Training Model

Assessment phase

In the *assessment* phase, planners determine the need for training and specify the objectives of the training effort. Managers can identify training needs by considering three sources.

a) Organizational analyses

One important source for organizational analyses comes from various operational measures of organizational performance. On a continuing basis, detailed analyses of HR data can show training weaknesses. Departments or areas with high turnover, high absenteeism, low performance, or other deficiencies can be pinpointed. After such problems are analyzed, training objectives can be developed. Specific sources of information and operational measures for an organizational-level needs analysis may include the following: Grievances, Complaints from

customers, Accident records, Equipment utilization figures, Observations, Training committee observations, Exit interviews, and Waste/scrap/quality control data.

b) Task Analyses

The second way to diagnose training needs is through analyses of the tasks performed in the organization. To do these analyses, it is necessary to know the job requirements of the organization. Job descriptions and job specifications provide information on the performances expected and skills necessary for employees to accomplish the required work. By comparing the requirements of jobs with the knowledge, skills, and abilities of employees, training needs can be identified.

c) Individual Analyses

The third means of diagnosing training needs focuses on individuals and how they perform their jobs. The use of performance appraisal data in making these individual analyses is the most common approach. In some instances, a good HR information system can be used to help identify individuals who require training in specific areas. To assess training needs through the performance appraisal process, an employee's performance inadequacies first must be determined in a formal review. Then some type of training can be designed to help the employee overcome the weaknesses.

A training needs survey can take the form of questionnaires or interviews with supervisors and employees on an individual or group basis. The purpose is to gather information on problems perceived by the individuals involved. The following sources are useful for individual analyses: Questionnaires, Records of critical incidents, Job knowledge tools, Data from assessment centers Skill tests, Role-playing results, and Attitude surveys.

Establishing Training Objectives

Once training needs have been identified using the various analyses, and then training objectives and priorities must be established. All of the gathered data is used to compile a *gap analysis*, which identifies the distance between where an organization is with its employee capabilities and where it needs to be. Training objectives are set to close the gap. The success of training should be measured in terms of the objectives set. Useful objectives are measurable. This objective serves as a check on internalization, or whether the person really learned. Objectives for training

can be set in any area by using one of the following four dimensions: such as Quantity, Quality, Timeliness, and Cost savings as a result of training. Because training seldom is an unlimited budget item and there are multiple training needs in an organization, it is necessary to prioritize needs. Ideally, training needs are ranked in importance on the basis of organizational objectives. The training most needed to improve the health of the organization is done first in order to produce visible results more quickly.

Implementation Phase

Using the results of the assessment, implementation can begin. For instance, a supervisor and an HR training specialist could work together to determine how to train the employees to increase their performance. In selection of techniques/methods, facilities, locations, arrangements for instructors, classrooms, materials, and so on would be made at this point. A programmed instruction manual might be used in conjunction with a special training program set up at the company. Implementation occurs when training is actually conducted.

Evaluation Phase

The evaluation phase is crucial. It focuses on measuring how well the training accomplished what its originators expected. Monitoring the training serves as a bridge between the implementation and evaluation phases and provides feedback for setting future training objectives. How to evaluate? Why we evaluate? And other aspects of evaluation phase of training are described in detail below in different section.

Therefore, based on the above definitions of training, it is a part of the human resource development, along with the other human resources activities, such as recruitment, selection and compensation. The role of human resource department is to improve the organization's effectiveness by providing employees with knowledge, skills and attitudes that will improve their current job performance.

According to (Kaufman, 1985) in the operational reality of an organization, there will be a general training development cycle which will start first with the Executive Senior Manager identifying the organizational goals and directions, and from which any operational decisions, Products, and deliverables will flow. Generally (but not always) the flow presented as determine current organizational (policy, goals, and strategies), Determine outcome discrepancies, Select

outcome discrepancies to be closed, Identify document and select needs, Assign front end analyses, Set measurable objectives, Determine possible methods-means-media for meeting objectives, Conduct front-end analysis, Conduct needs analysis, Conduct task analysis, Conduct quasi-needs assessment, Identify (document, and select quasi-needs), Determine cost-benefit of alternative quasi-needs, Obtain training requirements, Assign training packages and programs, Assign other human performance improvement programs, Conduct methods-means-media analysis, Select methods-means-media, Approve methods-means-media, Schedule and design methods-means-media, Plan and manage training system development and test, Field test methods-means-media, Determine cost-effectiveness, Determine cost-efficiency, Revise as required, Release completed training package (or course), Review program progress and en-route accomplishments, Require and obtain revisions, Release final training/human improvement development programs, Install successful training programs, Eliminate un-required training programs, Determine linkages with other organizational agencies to assure overall impact ability. Integrate training requirements with overall system (selection, design, delivery, and implementation), Assign external evaluation, Conduct external evaluation, Require necessary revisions, and Assure organizational ability to neutralize any external threat.

According to Dekok, <http://www.tinbergen.nl/uvatin/00073.pdf> the effects of training depend on various influences, then a firm must control for all these influences if it wants to obtain a maximal return to training. Setting up a training program with maximal efficiency requires a firm to follow certain steps:

1. Identify the knowledge gap (what must be learned?).
2. Formulate the goals of training, and the criteria to evaluate it by. This is beneficial to the transition from learning outcomes to individual productivity, but can also stimulate the motivation to learn and apply.
3. Choose the evaluation system.
4. Determine the training design (training method, materials used, time and place, etc.).
5. Perform the training course.
6. Evaluate to which extent the training has reached the formulated goals; not only to learn more about the effects of this specific training course, but also to stimulate the motivation of employees to apply their newly gained knowledge in practice. Carrying out these steps

takes time, and requires specific knowledge on (the effects of) training and available training courses.

2.2.4. Types of Training

Training classified in to different types based on different criteria. According to (Mathis et al, 2008) training classified based on the content of training or focus of the program such as, personal computer, team building, sexual harassment, hiring and selection, new equipment operation, Train the trainer, leadership, conducting performance appraisal, new employees orientation and etc.

2.2.5. Methods of training

According to (Olaniyan et al, 2008) the method of training can be classified

- a) On the job training/coaching -This relates to formal training on the job. A worker becomes experienced on the job over time due to modification of job behaviors at the point of training or acquisition of skills.
- b) Induction/orientation - This is carried out for new entrants on the job to make them familiar with the total corporate requirements like norms, ethics, values, rules and regulations.
- c) Apprenticeship - A method of training where an unskilled person understudies a skilled person.
- d) Demonstration-Teaching by example, whereby the skilled worker performs the job and the unskilled closely observes so as to understand the job.
- e) Vestibule - This is done through industrial attachment for the purpose of skills and technology transfer. It is therefore achieved through placement of an individual within another area of relevant work or organization. The effect is the acquisition of practical and specialized skills or it is a type of training which occurs in special facilities that replicate the equipment and work demands of jobs (Mathis, et al, 2008).
- f) Formal Training - A practical and theoretical teaching process which could be done within or outside an organization. When training is carried out inside an organization, it is called an in-house training. Off-house training is carried out in professionalized training areas like: Universities, Polytechnics and Professional Institutes.

In fact the method that employ by the organization has its own effect on the effectiveness of the organization from the training expenditure. As a result, companies are increasingly searching for the right blend of training methods to maximize the effectiveness of learning. Others are looking

for more cost-effective alternatives to online learning which for some enterprises has proven to be a more expensive route than anticipated. Coaching by line-managers and on-the-job training are now playing an increasingly important role in the current financial climate (Blain, 2009). Many training techniques are created almost every year by the rapid development in technology. Deciding among methods usually depends on the type of training intended, the trainees selected, the objectives of the training program and the training method. Training is a situational process that is why no single method is right for every situation. While some objectives could be easily achieved through one method, other objectives could necessitate other methods. Many training programs have learning objective in more than one area. When they do, they need to combine several training methods into an integrated whole (Alipour et al, 2009).

According to (Alipour et al, 2009) training methods could be classified as cognitive and behavioral approaches. Cognitive methods provide verbal or written information, demonstrate relationships among concepts, or provide the rules for how to do something. These types of methods can also be called as off the job training methods. On the other hand, behavioral methods allow trainee to practice behavior in real or simulated fashion. They stimulate learning through behavior which is best for skill development and attitude change. These methods can be called as on-the-job training methods.

2.3.Organizational effectiveness

Composition of people which formulate independent business identity for some specific purpose is commonly known as organization and getting desired outcome within defined resources is treated as effectiveness (Malik, et al, 2011). Organizational effectiveness is the measure of how successfully organizations achieve their missions through their core strategies (Jamrog et al, 2005).

There are many ways to measure the effectiveness of an organization. Rational perspectives emphasize goal attainment and focus on output variables such as quality, productivity, and efficiency. Natural system perspectives focus on the support goals of the organization such as participant satisfaction, morale, interpersonal skills, etc. Open system perspectives focus on the exchanges with the environment -- this includes information processing, profitability, flexibility, adaptability http://faculty.babson.edu/krollag/org_site/scott_org/chap13.html .

2.4. Investment for Training

Investing mean that spending money on something in the hope of future return of benefit (Encarta dictionary, 2008). Organizations are successful to the extent to which they deliver things which are useful to clients. In order to run effectively and efficiently, many organizations spend large amounts of time and money in professional and technical training. Training is one of the most pervasive methods for enhancing the productivity of individuals and communicating organizational goals to new personnel (Arthur et al, 2003). In 2000, U.S. organizations with 100 or more employees budgeted to spend \$54 billion on formal training (Industry Report, 2000) as cited by (Arthur et al, 2003).

(Blain, 2009) research shows that in Europe, 44% of employees receive job-related technical skills training and 33% receive IT skills training. 18% of employees have undertaken sales related training in the past year, while 25% have undertaken personnel development skills training, 21 % management skills training and 15% leadership skills development.

Current practices in many organizations indicate that employees are viewed as valuable investments (Greer, 2003). Because, Today, increasing population and civilization, increased and diversity of needs, complexity of job relations, specialization of duties and job responsibilities, change in knowledge and attitude of staff and so forth have resulted in changing methods and procedures. Due to these changes, most pioneers and effective organizations and institutes have paid their attention to planning training courses in order to improve human resources more than before (Farahbakhsh, 2010). That is why Billions of dollars are spent yearly on employee training (Kalargyrou et al, 2010; Mathis, et al, 2008; Abdul-Aziz et al, 2011; Aguinis et al, 2009). Heavy investments in training will be necessary for future strategies and competitive advantage (Greer, 2003). However, knowing training courses effectiveness and their output is very important for managers and determining the exact effects and results of training course on participants and their performance in returning to their organization is a complicated and difficult process or is according to mental judgment of persons who although try to prepare and carryout a successful training course but pay less attention to results or its effects Saatchi, (1989) as cited by (Farahbakhsh, 2010). A focus solely on investment in physical resources, as opposed to human resources, is short-sighted (Greer, 2003). Strategists have found that having superior production facilities or a superior product are usually not enough to sustain an advantage over competitors.

Physical facilities can be duplicated, cloned, or reverse-engineered and no longer provide a sustainable advantage (Greer, 2003). There is little doubt that organizations will need to invest heavily in their human resources in order to be competitive during the twenty-first century. Management scholar Edward Lawler has described these investment requirements as follows: To be competitive, organizations in many industries must have highly skilled, knowledgeable workers as cited by (Greer, 2003). They must also have a relatively stable labor force since employee turnover works directly against obtaining the kind of coordination and organizational learning that leads to fast response and high-quality products and services. In fact, take into consideration the following factors is relevant to strategy-based human resource investment decisions include the organization's managerial values, risk and return trade-offs, the economic rationale for investments , the investment analysis approach of utility theory, and outsourcing as an alternative to investments in human resources. Following the discussion of these factors, specific investments in strategy-related training will be considered (Greer, 2003). Scholars, experts, social scientist and school administrators now recognize the fact that training is obviously indispensable not only in the development of the individuals but also facilitate the productive capacity of the workers (Olaniyan et al, 2008).

There are two dilemmas of investing on employees training. The two dilemmas on the employee and organizational levels are closely interrelated. On one side, the benefits of training accrue only to the extent that employees contribute to the organization. Thus, a firm should take into account how it expects a training program to affect employee effort as well as employee turnover. On the other side, trained workers produce at higher rates, which in turn may affect how much they contribute and how often they migrate to other firms in comparison with untrained workers (Glance, 1997). Generally, training expenditures of any organization includes Paid working time of employees while taking courses, Fees to external providers, Trainee labor cost, Trainers' fee, Trainee's traveling expenditures ,Course development expenditure, Cost of facilities and equipment/course material, Facilitator costs, Stationery and printing cost, Venue costs, Meals/refreshments costs, Participants' benefits, Administrative costs, Assessment costs, Evaluation costs (Smith, et al 2008; Ahmed et al 2010).

According to (Huang, 2001) there is a study shows that average annual training expenditure per employee for the better training- effectiveness group was US\$182,higher than the US\$138 spent

by the worse training- effectiveness group. Another important indicator is the percentage of total payroll spent on training. In a comparison with training expenditures in other countries (Lynch, 1994) as cited by (Huang, 2001), this study found that the percentage of total payroll spent on average by Taiwanese firms on training exceeded that Japanese firms (0.4%) and rough approximated the average percentage spent by Canadian firms (0.9%). However, the 0.93% of payroll expended by the average Taiwanese firm o training was well below the 1.8% spent by the typical firm in USA (including large firms), 1.8% in West Germany, 1.5% in the Netherlands, and 1.7% Australia.

Table 2.1 expenditure on training by the some enterprises percentage of payrolls

Enterprise	Training expenditure (% of payroll)	Categorization
IBM	10	High
Siemens	4.5	High
NEC	3	Medium
Trico	3	Medium
Nissan	2	Low
Dorf	1.8	Low
Hella	1.5	Low

Source: http://www.utas.edu.au/mgmt/wps/wps_files/99_06fig.pdf Date of Accessed 12/04/201

2.4.1 Training expenditure priorities

Because training seldom is an unlimited budget item and there are multiple training needs in an organization, it is necessary to prioritize needs. Ideally, training needs are ranked in importance on the basis of organizational objectives. The training most needed to improve the health of the organization is done first in order to produce visible results more quickly (Mathis, et al, 2008). Organizations are reallocating training resources towards what they see as their most critical business issues (Blain, 2009). According to Training Magazine/Bersin & Associates, as referred by (Blain, 2009), the top priorities among US companies are meeting compliance requirements and improving skills that are highly specific to a learner’s job. The percentage of total training budget allocated to profession/industry specific training has increased from 15% in 2007 to 21% in 2008 – an increase of 6%. Much of this increase appears to be at the expense of IT/desktop application training.

2.5. Training return

There is documented evidence that training activities have a positive impact on the performance of individuals and teams. Training activities can also be beneficial regarding other outcomes at both the individual and team level (e.g., attitudes, motivation, and empowerment) (Greer, 2003). Training is commonly used to promote customer service, goodwill towards the organization, productivity, operating proficiency and efficiency, safety, and awareness of policies (sexual harassment, security, diversity, etc.), which can contribute to increased sales, profitability, and morale as well as reduced turnover, absenteeism, spoilage, and legal claims. The extent of both the effectiveness of training and its relative contribution/return to organizational performance are still highly unresolved issues. Training adds value to the operations of an organization in ways that are difficult to measure with empirical precision. Henry Ford once said something to the effect of: I know that only half of my advertising dollars makes a difference, but I don't know which half. This same sentiment could be expressed about training. Nonetheless, the fact that management professionals ask the question how much does training contribute to organizational performance is an indication in and of itself that training does contribute to it and is more than simply an expense; it can be a long-term investment in organizational performance (<http://www.effectperformance.com/sits/prestera/html/M4/L5-management>. in addition to the above returns from training other returns from training are identified by (Huang, 2001; Mathis, et al, 2008; Olaniyan et al, 2008) as enhanced product or service quality, improved work motivation, improved ability and knowledge, attitude changes ,decreased material wastage, increased job satisfaction, reduction in errors, less supervision necessary, enhance the use of tools and machine, reduce accidents in the workplace, eliminates obsolete skills, improve capital management skill and enables the organization to reduce other overhead costs.

2.5.1. Determining Training Return from Investment

According to (Kurtus, 2001) company management wants to know that the money they are spending on training is well spent and to know that whether they are getting a sufficient return on their training investment. Improvement factors include increased productivity, reduction of waste and improved employee retention. Measurement of training ROI starts with defining the reasons and goals for the training, determining how much the training costs and verifying the amount of return.

Questions you may have include:

1. What is the reason for the training?

2. What is the investment in training?
3. How is the return measured?

A company may provide training to their workers, managers, customers, and sometimes suppliers. The ultimate reason for training them should be to improve the profits and repeat business of the company. It is preferred that this improvement is measurable, so that an effective ROI can be determined <http://www.school-for-Champions.com/training/roi.html> . Therefore based on it we can determine the effectiveness of the organization from the training expenditure.

2.6. Measurement and Evaluation of the Training Investment

There is a difference between measurement and evaluation. Measurement focuses on obtaining information as a result of comparing a given against a standard (e.g., information about the effectiveness of the organization from training expenditure can be determined by comparing it against the standard provided by measure). Evaluation concerns itself with making judgments based on the information provided by measurement (e.g., the effectiveness of the organization from training expenditure in question is too much effective or too low or just right). Judgments are usually about value and can be couched in terms of utility or economics or even aesthetics. In organizations, the “givens” typically consist of information about actual performance and the “standards” consist of the goals and objectives established for performance. Value judgments come into play in deciding whether the performance is “good enough” or whether improvement is required (Nickols, 2003).

Organizations that are committed to putting forth the time, money, and effort required to ensure that training results are connected to a business need and result in a monetary benefit can employ several methods for doing this. One is to examine the consequences of not training; another is to analyze performance records (Brown, 2001).

People are arguably one of the most valuable resources in an organization; thus it is important to understand the return on investing in human capital (Brainard, 2005). Evaluation is defined as the systematic collection of data regarding the effectiveness of the organization from the training expenditures or investment. Evaluation is normally conducted to answer the question of whether training objectives were achieved or the accomplishments of training objectives resulted in enhanced performance of the individual on the job (Phillips, 1997) as cited by (Collins, 2001). It enables trainers to continuously monitor their programs and to identify points of intervention for

program improvement (Collins, 2001). Even though most training and development programs result in clear improvement in overall organizational performance, yet organizations devote little attention to evaluation of the training programs in true terms (Santos & Stuart, 2003) as cited by (Ahmed et al, 2010). While identifying reasons for such problems that exist with evaluation, various authors have identified and marked various deficiencies; for example: they said that, because its difficult and time consuming, additionally because its costly, lack of interest, lack of credibility, and lack of commitment (Leigh, 2005). (Hashim, 2001) identified two basic reasons of not evaluating training, one is that training is always considered to be the productive in return, and the other reason, on the trainers' part, is that the trainers are not reinforced to conduct it. (Athari & Zairi, 2002) have identified common challenges because of which firms do not evaluate training, these are: inability to find suitable method of evaluation, cost of doing evaluation, translating evaluation results in management language, and corrective actions prior to evaluation as cited in (Ahmed et al, 2010). But evaluation becomes more important when one considers that while American industries, for example, annually spend up to \$100 billion on training and development, not more than "10 per cent of these expenditures actually result in transfer to the job" (Baldwin & Ford, 1988,) as cited by (Eseryel, 2002). This can be explained by reports that indicate that not all training programs are consistently evaluated (Carnevale & Shulz, 1990) as cited by (Eseryel, 2002). But, with increased pressure to justify their expenditures on training, human resource personnel are looking for ways to show improved bottom-line results from employee training investments. However, it is difficult to show a direct correlation between training and changes in sales volume, productivity, and other profit measures because there are many factors, besides training, that can influence changes in sales, productivity, and profit (Blandy et al.2000) as cited by (Brown, 2001).

The American Society for Training and Development (ASTD) found that 45 percent of surveyed organizations only gauged trainees' reactions to courses (Bassi & van Buren, 1999) as cited by (Eseryel, 2002). Overall, 93% of training courses are evaluated at Level One, 52% of the courses are evaluated at Level Two, 31% of the courses are evaluated at Level Three and 28% of the courses are evaluated at Level Four. These data clearly represent a bias in the area of evaluation for simple and superficial analysis.

The best result that training alone can ever accomplish is an increase in capability the ability to perform. A good managerial skills course, for example, can increase the managers' skills and knowledge related to key supervisory tasks, such as coaching, or resolving conflict. But this is capability only, not yet value or results. The value from this training comes when capability is transformed into improved job performance, when the newly trained supervisor effectively uses the new skills in important situations. Training that is well learned, but never used, or poorly used, produces no value for the business that invested in the training. This issue is, in a nutshell, the challenge for increasing the return on training investments. Unfortunately, this is what actually happens to most training; by many research estimates, only 15 out of 100 people that receive new training eventually use it in ways that produce valuable performance results (Brinkerhoff, 2006).

2.6.1. Measurement and Evaluation Techniques/ Criteria of Organizational Effectiveness from the Training Expenditure

Many training programs fail to deliver the expected organizational benefits. Having a well-structured measuring system in place can help you determine where the problem lies. On a positive note, being able to demonstrate a real and significant benefit to your organization from the training you provide can help you gain more resources from important decision-makers.

Effectiveness goes to the heart of what training is all about in an organization: giving employees the knowledge and skills they need to perform their jobs effectively in order to initiate more effective training, organizations need to look at how the training and development system is aligned with the strategy of the organization and at what is being done to make sure that all training and development activities are effective (Haslinda, et al 2009).

As companies want to identify whether training expenditure is delivering tangible value to the organization, they need to put in place techniques to measure the effectiveness and value of training to the organization. Having a well structured measuring system in place can help to determine where the problems lay. And measurement serve a barometric function for organizations subunit within the organization and individuals by providing information about performance status, or growth rates, strengths, and deficiency (Bates, 1999). On positive note, being able to demonstrate a real and significant benefit to organization from the training the organizations offered for their employees. So the company should follow effective training (<http://www.articlesbase.com/human-resources-articles/effectiveness-of-training-1000385.html>).

Training evaluation is a critical component of analyzing, designing, developing, and implementing an effective training program. Training evaluation determines a training program's effectiveness in meeting its intended purpose, which mainly is producing competent employees (http://www.pub.iaea.org/MTCD/publications/PDF/te_1358_web.pdf).

In fact, the evaluation techniques of training effectiveness the one you select depends upon circumstances (Leigh, 2005) and what you want to measure and assess (Garrett & Taylor, 2005) as cited in (Ahmed et al, 2010). The objectives of training also determine the most appropriate criteria for assessing the effectiveness of training (Arthur et al, 2003) for example *Reaction criteria*, which are operational-ized by using self-report measures, represent trainees' affective and attitudinal responses to the training program, *Learning criteria* are measures of the learning outcomes of training; they are not measures of job performance. Evaluation methods should be determined based on the goals of the training process and should meet the demands of the various stakeholders involved. Every organization has multiple stakeholders and not everyone within the organization has the same information needs. Typically, organizational stakeholder groups include the training department, employees and business units. Their information requirements fall into two categories: whether the competencies have been learned and whether the learning has been applied toward improved performance (Carr, 2002).

Organizations may select different models to measure the effectiveness of organization from the training programs. The selection of an evaluation model is very important as it show how organization is benefited with training program, what is the employee s reaction, how much did they learn, did they change their behavior, and what is the result? (Ahmed et al, 2010).

Organizations are under pressure to justify various expenses. The training budget is, often, not exempted from this purview. There are a number of questions raised on the value derived from training programs both directly and indirectly. Business heads and training managers are under pressure to prove the effectiveness of training <http://www.articlesbase.com/human-resources-articles/effectiveness-of-training-1000385.html>. Generally, there are three commonly used models to evaluate the effectiveness of organization from the training expenditure.

1. Kirkpatrick Model for Evaluating Effectiveness of Training Programs

The most well-known and used model for measuring the effectiveness of organization from training expenditure was developed by Kirkpatrick in the late 1950s. It has since been adapted and modified by a number of writers; however, the basic structure has well stood the test of time. The basic structure of Kirkpatrick's four-level model is shown here <http://www.articlesbase.com/human-resources-articles/effectiveness-of-training-1000385.html>).

Kirkpatrick's model for evaluation of training and development has been used for 60 years to measure training effectiveness.

Level 1: Reactions

At this level, we measure the participants' reaction to the training program. This is measured through the use of feedback forms (also termed as "happy-sheets"). It throws light on the level of learner satisfaction. The analysis at this level serves as inputs to the facilitator and training administrator. It enables them to make decisions on continuing the training program if they are effective from the training that going on, while, to making changes the content, methodology, and etc... if they are not effective it but without measurement problems can not be identified, expectation cannot be understood, and performance improvement action cannot be triggered (Bates, 1999).

Level 2: Learning

We measure changes pertaining to knowledge, skill and attitude. These are changes that can be attributed to the training. Facilitators utilize pre-test and post-test measures to check on the learning that has occurred. However, it is important to note that learning at this level does not necessarily translate into application on the job. Measuring the effectiveness of organization from the training at this level is important as it gives an indication about the quantum of change vis-à-vis the learning objectives that were set. It provides critical inputs to fine-tuning the design of the training program. It also serves the important aspect of being a lead indicator for transfer of learning on to the job context.

Level 3: Behavior

At this level, we measure the application of the learning in the work context, which is not an easy task. It is not easy to define standards that can be utilized to measure application of learning and there is always this question that preys on the minds of various people: ‘Can all changes be attributed to the training?’ Inputs at this level can come from participants and their supervisors. It makes sense to obtain feedback from the participants on the application of learning on the job. This can be done a few weeks after the program so that it gives the participants sufficient time to implement what they have learnt. Their inputs can indicate the cause of success or failure; sometimes it is possible that learning was good at level-2, but implementation did not happen due to system-related reasons. It can help the organization deal with the constraints posed by systems and processes so that they do not come in the way of applying learning.

Level 4: Results

This measures effectiveness of organization from the training expenditure in terms of business objectives. At this level we look at aspects such as increase in productivity, decrease in defects, cycle time reduction, etc. Many organizations would like to measure effectiveness of training at this level; the fact remains that it is not very easy to do this, as it is improbable that we can show direct linkage. However, it is worthwhile making the attempt even if the linkage at this level is indirect. It is possible for organizations start to measure effectiveness for all expenditures at level-1 and level-2. This can be built into the design of the training program. He found that it is easy to measure training programs or organizational effectiveness from it related to technical and functional areas at level-3 and level-4. It is not easy to do this with behavioral skills training programs expenditures. Organizations that choose to measure their effectiveness from training expenditure can start with the former category before moving to measuring behavioral skills at level-3 and level-4.

2. Cost benefit analysis

Comparison of costs and benefits associated with training remains the best way to determine if organization is cost effective from the training. In a number of situations, effective training often produces productivity gains that more than offset the cost of the training. The HR Perspective describes a study intended to document the economic value of training (Mathis et al, 2008).

$$\text{B/C ratio} = \frac{\text{Total Benefit from the training}}{\text{Total Training program Expenditure}}$$

3. Analysis of Training Return on Investment (ROI)

While most companies use different methods of measurement; Return on Investment (ROI) is the most fundamental and important measure but it is too often being ignored (Blain, 2009). ROI is a measure of the monetary benefits obtained by an organization over a specified time period in return for a given investment in a training program. ROI can be used both to justify a planned investment and to evaluate the extent to which the desired return was achieved from training expenditure. ROI is calculated by making estimates or obtaining measurements of the costs and benefits associated with a training program. Using this information, the business units can effectively assign and apply resources to improve performance and ensure organizational success (Carr, 2002). According to (Carr, 2002) in today's environment of increased accountability, the training evaluation process is a critical component of an organization's training program expenditure. Organizations administering the program not only are accountable for what employees learn, they also are accountable for ensuring that employees transfer their knowledge to their work performance. While traditional training evaluation methods focus on using the assessment process to improve training delivery, information should also be collected to determine whether training is assisting the organization to improve its business performance.

3.1 Types of Training ROI

ROI differ depending on the user's perceptions and motivations. In the context of a professional training environment, it's often helpful to look beyond the standard definition of ROI as 'expenses divided by investment', and categorize ROI analyses prior to beginning a training ROI study. Any training program or learning initiative, regardless of the focus (sales, management, technical skills, etc.), and its associated ROI analysis can be categorized as either comparative or absolute. *Comparative ROI* is defined as an analysis of a new training program relative to a prior or existing program. *Absolute ROI* is defined as an analysis of a training program without former precedent (Hesse et al, 2005). The process consisting of four progressive phases: Evaluation Planning, Data Collection, Data Analysis, and Reporting see the Figure 2.2 below. These four phases in turn consist of a series of sequential subcomponents specifying the actual steps required within the overall process.

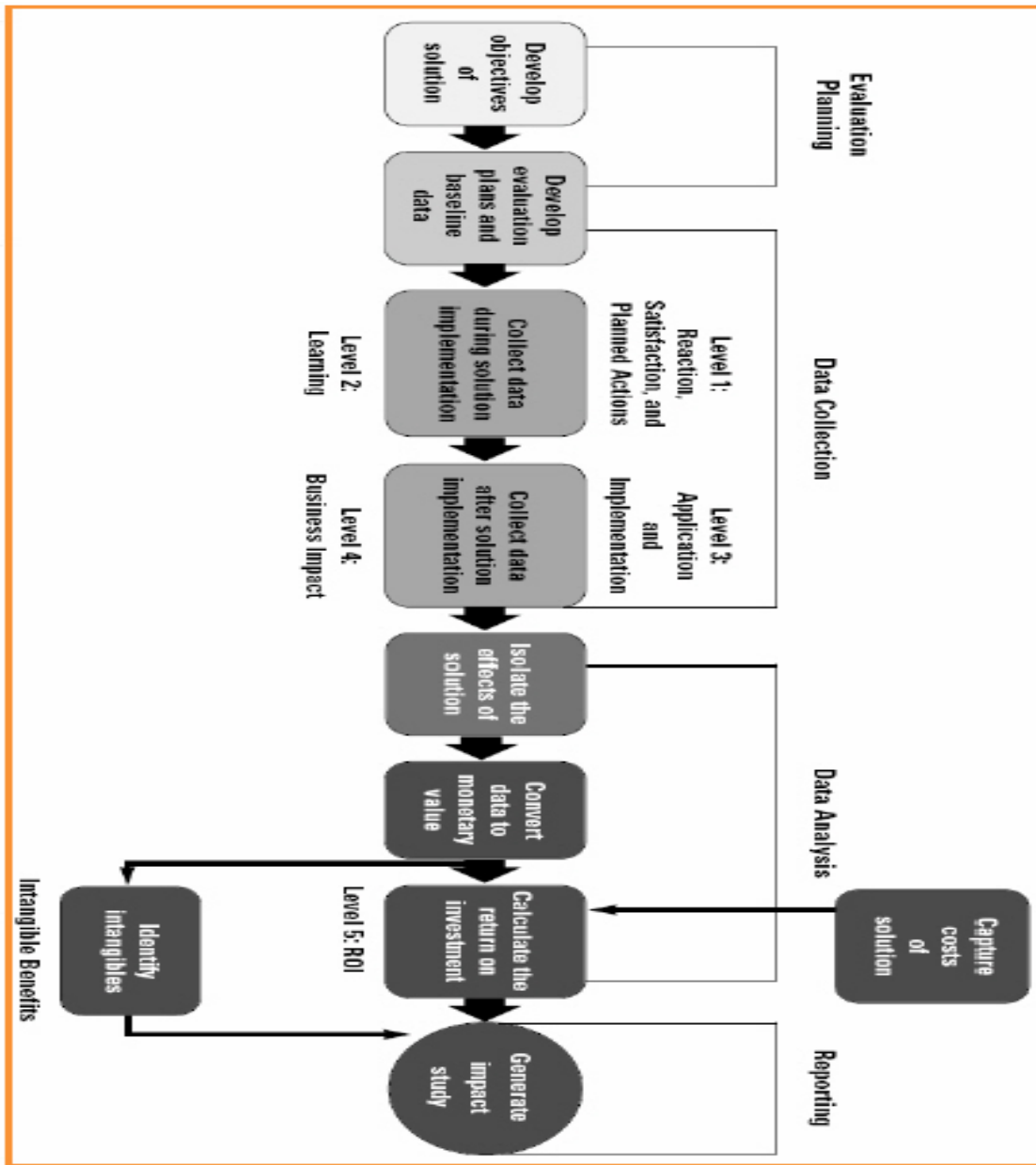


Figure 2.2 ROI process Model

According to (Green and Brainard, 2005) measure ROI in three steps: First, calculate the cost of training (**input**). Second, determine the variables that will be impacted by the training (**influencer/ impact variable**). Third, calculate the return for that impact/training (**return on investment**).

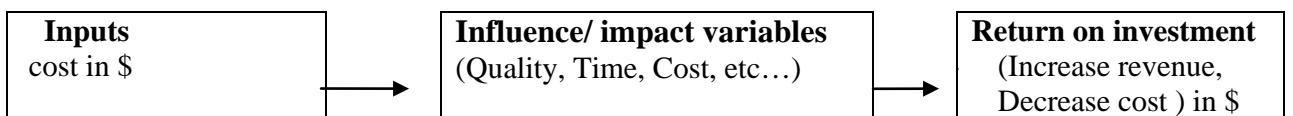


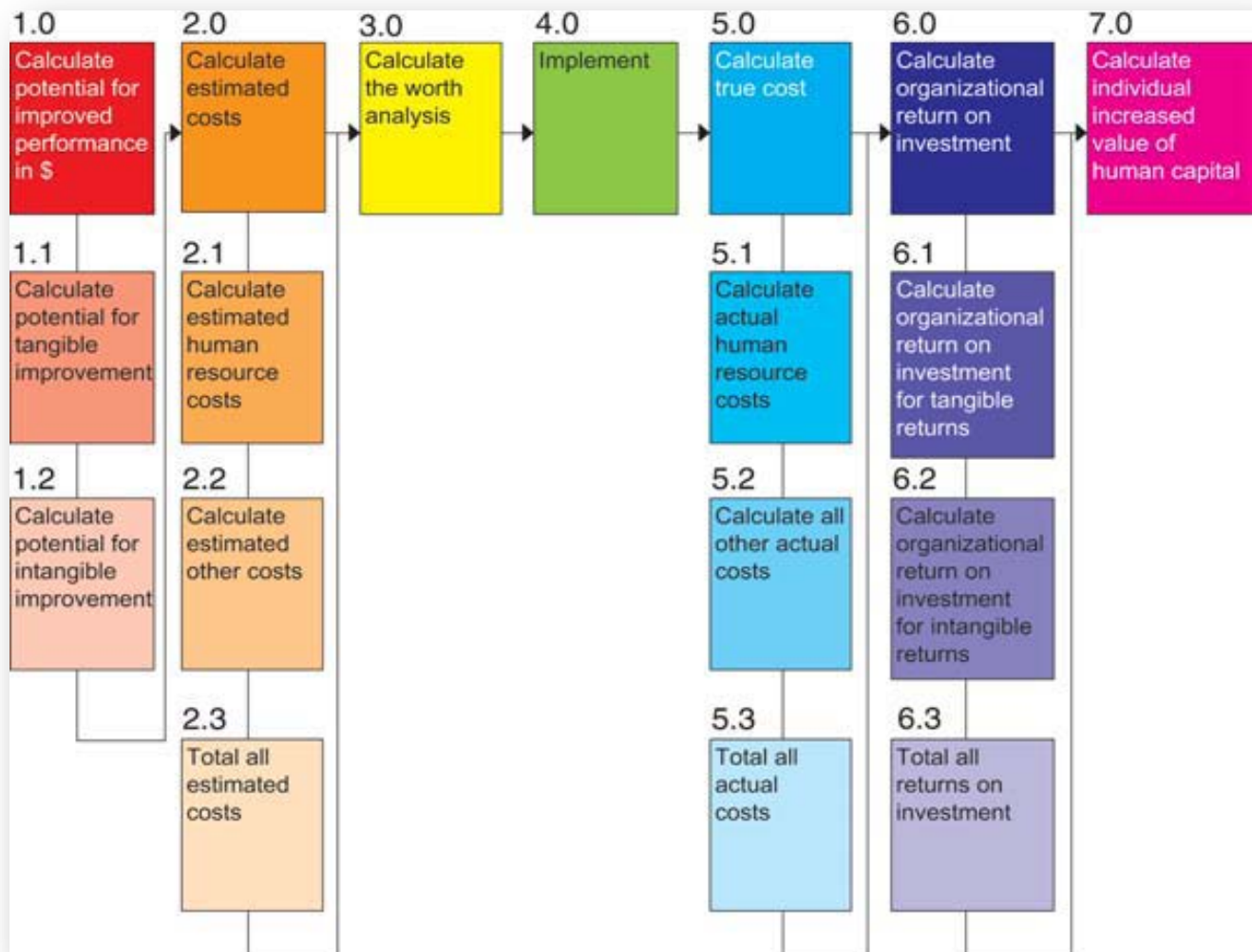
Figure 2.3 Measure ROI in three steps

Finally Report on ROI format should include: Objectives, Methodology, Results (overview, each level of evaluation, ROI calculation, intangible benefits), Barriers and enablers and Conclusions and recommendations.

$$ROI = \left(100 \left(\frac{\text{Total Benefits from the Training} - \text{Total training program Expenditure}}{\text{Total training program Expenditure}} \right) \right)$$

According to (Stolovitch & Maurice, 1998), calculating the Return on Investment from Training:
A Critical Analysis and a Case Study on bank

Figure 2.4 Returns on Investment (ROI) in Training Model



Source: http://www.performancetechnology.com/Ptg_pdfs/Training-ROI%20Stetar.pd

Application of the ROI Training Model

Step 1 Calculate potential for improved performance in dollars

The Bank calculated that new economy loans should increase 218% and generate an additional \$5,000,000 in profits. A front-end analysis identified lack of skills and knowledge as the central cause of current underachievement. Other factors: lack of marketing/presentation materials, policies, incentives, procedures and support systems.

Step 2 Calculate the estimated training costs

The adopted strategy called for a three-stage roll out. The total estimated costs came to \$989,285.

Step 3 Calculate the worth analysis.

Based on the prior steps:

Estimated value = \$5,000,000

Estimated costs = \$ 989,285

Worth = $\frac{\$5,000,000}{\$ 989,285} = 5.0$

Estimated ROI = \$5,000,000

Step 4 Train

Overall, training occurred as planned. Unforeseen events decreased effectiveness. These included:

- Lack of perceived importance by account managers; timelines and expectations not clearly defined; no incentives to participate in training.
- Many account managers promoted or transferred.
- 38% turnover in loan personnel.
- Pressure of quota deadlines.
- Did not account for varied experience and skill levels.

Step 5 Calculate the true cost of training.

The project team carefully tracked all costs. Total \$973,740

Step 6 Calculate organizational returns on investment

The Bank maintained careful records of new economy loan volumes and profits. Tracked account managers increased their volume of new economy loans 14.69%. Subtracting cost from profits, net ROI was 615%.

Step 7 Calculate individual value of human capital

The average increase in profits for each account manager was \$2,424. The new individual human capital account for each was increased by this amount.

2.6.2. Evaluation Challenges

According to (Ahmed et al, 2010) the most important challenges faced by the organization in conducting productive assessment and evaluation of training. The biggest challenge faced by the organizations are time constraint for assessing, determining corrective actions based on these evaluations, unavailability of proper evaluation method , difficulty in approaching evaluation professionals, converting results in top management language, getting trainees and managers involvement, and difficulty of getting top level management involvement in training evaluation.

2.6.3. Techniques to collect information

The training department requires information about competency learning to determine the effectiveness of training delivery and approach. Data concerning the overall effectiveness of training procedures, appropriateness of media and instruction methods and other issues relating to possible revisions in instructional design may prove to be very valuable to the training department and will assist them in better serving the needs of the other stakeholders involved. This information can be obtained through: *Questionnaires, Knowledge Review, Observation, Employee Portfolio and Skill Gap Analysis* (Carr, 2002).

2.7. Effectiveness of organization from Training Expenditure

Now firms' competitiveness depends on the quality of labor force/human capital available in company. In order to remain competitive firms try to retain and develop their work force so that they might use their skills to achieve organizational goals. To maintain competitive advantages firms now have to take part in training and development of human capital on regular basis (Ahmed et al, 2010). At the same time the success of any type of training can be gauged by the amount of learning that occurs and is transferred to the job (Mathis, et al, 2008). But, if training is not linked to that which an organization uses, does, and delivers, the investment is better made elsewhere (Kaufman, 1985).

As firms are spending a fair amount on the training of their employees on regular basis, this investment in human capital is to be justified and evaluated in order to give answer to top management. An effective training should not only meet the costs of the training but it should also offer valuable return to the organization (Ahmed et al, 2010). Training must be judged for its

impact on organization and that impact may be in form of increased sales, increased market share, reduced operational costs, reduced absenteeism rate, or whatever other objective the training was designed to achieve (Daniels, 2003) as cited by (Ahmed, et al 2010). Too often, unplanned, uncoordinated, and haphazard training efforts significantly reduce the learning that could have occurred.

The primary outcome of a training course is that something must be learned, for example specific knowledge, skills and/or different attitudes. If an employee has learned something, this can result in improved individual production. The transition from learning to improving individual production is however very complicated, and success is not guaranteed. It not only depends on what has been learned, but also on the motivation to actually apply the learning outcomes at the workplace. Both the design of the training program and the motivation of employers and employees are important in this respect (De Kok).

According (Huang, 2001) to the provision of training may vary in the types of knowledge or skills conveyed duration, numbers and percentages of employees covered, and modes of delivery. As a result of such variances, some types of training are more effective in improving individual firm performance than other. And the study prove that firms that have achieved greater effectiveness in training tend to have a more sophisticated training organization and training system than do those firms whose training methods have been less effective.

Generally, if any organization wants to be effective from the training expenditure, the training program must:

1. Focus instruction on the specific knowledge, skills, and attitudes that workers need to do their jobs well.
2. Deliver training in ways that effectively address the training objectives and are sensitive to the learning needs of the participants.
3. Explicitly focus on the transfer of learned skills to the work environment.
4. Evaluate the impact of training on worker job performance and desired client outcomes and ensure that evaluation data are used to identify areas where improvement (and perhaps more and better training) is needed.

Thompson also identified a number of elements that need to be present to make organization effective from training investment. Thompson summarizes now with nine key points on which any organization can take action.

- Identify those groups of employees for which there will be a significant return on the organization's investment in their training and focus your process on them.
- Set a specific target (or standard) that describes the outcomes that you expect each group of individuals who has completed the training to be able to achieve.
- Identify the target in a way that makes it possible to validate progress.
- Focus development over a finite number of years.
- Clearly articulate the process but allow flexibility in approach.
- Provide support resource (both human and written) that points the individuals in the right direction.
- Define clear responsibilities.
- Make sure that each individual can assess progress towards their target.
- Make sure that the organization reviews progress annually.

By taking these steps it is possible to create an effective condition in which the organization effective from employee training program which will help to develop individuals who will then be able to fill key roles for the organization in the position and will help the organization to develop competitive advantage (<http://www.jestmanagement.co.uk/content/nine-fac-for-tanddprog>).

Generally, for effective transfer of training from which the training healed to the job, two conditions must be met. First, the trainees must be able to take the material learned in training and apply it to the job context in which they work. Second, use of the learned material must be maintained over time on the job. One way to aid transfer of training to job situations is to ensure that the training is as much like the jobs as possible. In the training situation, trainees should be able to experience the types of situations they can expect on the job (Mathis, et al, 2008).

Chapter Three

3. Background of the Study Area

Under this chapter the background of the study area that is banking and leather industries in Ethiopia is discussed.

3.1. Background of private Banks in Ethiopia

Generally, there are five principal events, which may conveniently be taken as dividing Ethiopian banking history into periods. The first event was establishment in 1905 of the Bank of Abyssinia, marking the advent of banking into the country. The second event was Italian occupation in 1936, when, following liquidation of the Bank of Ethiopia, a broad colonial banking network, extended to encompass all Italian possessions in the Horn of Africa (Eritrea, Ethiopia and Somalia) and closely linked with the metropolitan financial system, was set up in the country. The third event was, in 1943, establishment of the State Bank of Ethiopia, marking the rebirth of the Ethiopian independent banking. The fourth event was the revolution of 1974, which wiped out the monarchy, nationalized companies and shaped a “socialist banking” two-tier model “suited” to Ethiopia, the whole credit system being based on the central bank and three state-owned financial institutions, each of them enjoying monopoly in its respective market. The fifth event was the collapse of socialist regime followed by a financial sector reform and liberalization according to Monetary and Banking Proclamation of 1994 (Mauri, 2003). This condition a pave away for the emergence of private banks in Ethiopia for the first time and at the same year the 1st private bank that is Awash International Bank is formed and followed by Dashen, Abyssinia, Wegagen, United, Nib, Cooperatve Bank of Oromia, Lion, Oromia International Banks, Abay banks are started their operation in 1995,1996,1997,1998, 1999,2004, 2006, 2007-8, 2010, respectively.

The financial system of Ethiopia is underdeveloped. There are thirteen private banks and three state owned banks they are in operation and the state owned banks are dominate in the sector(Mauri, 2003) .

Table 3.1 Respondents’ distribution among sample banks

S/N	Name of the banks	Respondents		
		Supervisors	Employees	Total
1	Wegagen Bank	5	9	14
2	Cooperative Bank of Oromia	3	7	10
3	Oromia International Bank	3	9	12
	Total	11	25	36

Employee Training in Banking Industry

Banks continue to ensure through various means that employees are informed about bank's performance and progress. A range of training is provided to employees for career development in the banking industry. Employees of banks attend both locally organized and offshore courses on regular basis. These are complemented by regular on-the-job training <http://yahayahmad.com/impact-of-investment-in-human-resource-training-by-Dr%20yahaya%28mrs%29.pdf>

3.2. Background of leather industry

Ethiopia possesses one of the largest populations of livestock in the world and the leather industry has been traditionally active, based on the abundance of this resource. The leather industry has been one of the major traditional industries together with the coffee and garment industries, but it is now at a turning point to change itself from a traditional industry to a modern industry to penetrate the international high value-added leather market, under the strong initiative of the GOE. The leather industry is one of the many economic sectors, which should be given attention for the development of our country. This sector is one of the leading industries playing a significant role in the generation of foreign currency, which ultimately the country utilizes, for developing all the other sector of its economy http://www.et.emb-japan.go.jp/Eco_Research_E.pdf

In the middle of the 1920s foreigners started modern tanning in Ethiopia. Addis Ababa Tannery is the first tannery established in the country (Teklemariam, 2004). Globally the leather and leather products industries have witnessed considerable shifts in the location of tanning and leather manufacturing to developing countries where production costs (e.g. labor cost) are lower and environmental regulation less stringent. Among other favorable opportunities the sector enjoys in the country, the global trend has also contributed significantly to the growth of the leather industry in Ethiopia (Teklemariam, 2004).

The country's leather sector is starting to attract a large number of foreign investors and has been registering strong performance in the past few years. The government has made it one of the priority sectors because it is a reliable source of hard currency generation.

Currently foreign companies are coming in, Such as the Chinese based Friendship, which plans to produce footwear and gloves in Ethiopia. According to the five year plan (GTP), the sector export

will reach 500 million dollars by the end of the plan year in 2015. To meet the target the government is coming up with new schemes to encourage investment. The ELIA secretary general confidently said that the sector will succeed the five year plan that has been set by the government. Previously, the sector has been dependant on semi finished products export, but since the past three years finished leather and leather goods production exports have shown growth following the government endorsed new directive that discourages semi finished leather exports. “The international market improvement and international level promotion works have contributed to the growth of foreign visitors and participants,” the association head explained. http://www.capitalethiopia.com/index.php?option=com_content&view=article&id=14246:leather-exports-almost-doubles&catid=12:local-news&Itemid=4 By Muluken 07 March 2011

According to Addis Ababa trade and industry bureau, currently there are more than 1200 firms engaged in the leather industry (production of leather and leather products) in Addis Ababa, which firms operate in the sector employing considerable number of workers. Within the above fact the industry to achieve the above objectives and to utilize the resource of the country has, the sector should have the skilled and knowledgeable labor force.

There are five basic sections in leather tanning organizations such as: -

1. Beam house
2. Tanning (to maintain the hid and skin from spoilage with the help of chemicals)
3. Re-tanning (making soft)
4. Crust (Exposure or drying)
5. Finishing (making beautiful,

Source interview of with worker in the leather industry

Table 3.2 Respondent distribution among firms in leather industry

Sample organizations	Number of respondents		Total
	Supervisors	Employees	
Batu Tannery	3	4	7
Kangaroo Shoes factory	2	3	5
Ras Dashen Shoes factory	2	4	6
Datara Rapid Shoes factory	3	3	6
Anbessa Shoes S.C	3	4	7
Ethiopia Tannery S.C	3	4	7
Bale Plc.	2	3	5
Peacock Shoe factory	2	3	5
Total	20	28	48

Chapter Four

Result Description, Analysis and Synthesis

The primary focus of this study was to examine how much organizations are effective from employees' training expenditure, based on the data which was obtained from sample private banks and leather firms through different instruments for data collection; such as questionnaire, semi-structured interview, and review of secondary data by the researcher. And the data were described, analyzed and synthesized in tables, percentage, frequency distribution, and ANOVA with the help of SPSS.

Data for the analysis was collected from three (3) private banks and eight (8) leather and leather products firms. One hundred thirteen (113) questionnaires were distributed for employees and supervisors (line managers) out of which eighty four (84) questionnaires were returned, and the researcher found it suitable for further analysis. Meaning 74.33 percent response rate was recorded. And these data were supplemented with the data which was obtained through interview with ten (10) human resource managers and review documents of the sample organizations regarding the training budget that allocated by them for training. Among which 36(42.86%) and 48(57.14%) of the respondents were wrapped by banking and leather industry, respectively.

4.1 Respondents Background

Table 4.1 Sex and Age Distribution of the Respondents

Respondents	Sex	Age category of the respondents			Total
		18-25	26- 35	≥36	
Employee	M	10	18	9	37
	F	7	7	2	16
Supervisor	M	3	14	12	29
	F	0	2	0	2
Total		20	41	23	84

As the table above depicts only 18(21.43%) of the respondents were female and the remaining 66(77.2%) of the respondents were male. Especially the numbers of female respondents were very low at supervisory level, it was 2(6.45%) of the total respondents from supervisors. The remaining 29(93.55%) of the respondents were male supervisors. Regarding the age composition of the respondents, the largest group the respondents 41(48.81%) were at the age of between 26-36 years

age group. The second largest group 23(27.38%) indicated their age as 36 and greater than 36 years old. But the remaining 20 (23.81%) of the respondents were in the 18-25 age group.

Table 4.2 Distribution of Respondents by the Service year and Educational Levels

Respondents	Service year					Educational level						
	< 1 year	1-5 years	6-10	>11 years	Total	Elementary school	High school	Certificate	Diploma	Degree	>Masters	Total
Employees	5	30	11	7	53	5	7	2	12	32	1	53
Supervisors	1	17	7	6	31	0	1	1	2	14	7	31
Total	6	47	18	13	84	5	8	3	14	46	8	84

The largest group of respondents 47(56.0%) indicated that they had been working in the organization for 1 up to 5 years. 18 (21.42%) and 6(7.14%) of respondents indicated a tenure with the organization of between 6 and 10years and less than a year respectively. 13(15.48%) of the respondents reported their stay in the organization 11 and longer than 11 years. Regarding to the educational level of the participants more than a half of the respondents were degree holder that is 46(54.76%) and the second largest group of the respondents were diploma holder that is 14 (16.67%). And the remaining group of participants 5(5.95%), 8(9.52%), 3(3.57%) and 8(9.52%) were elementary school, secondary school, certificate and masters and above holder, respectively.

4.2. Description and analysis of data which obtained from employees

Table 4.3 Position of the Respondent in the Banks

Position	Frequency	Percent	Valid Percent	Cumulative Percent
Account/Bank clerk	5	20.0	20.0	20.0
Secretary	1	4.0	4.0	24.0
Senior Accountant	3	12.0	12.0	36.0
Computer operation	1	4.0	4.0	40.0
Others	15	60.0	60.0	100.0
Total	25	100.0	100.0	

Note: other includes Credit Monitoring Officer, HR officer, Training officer, Selection head, Relation, Credit analyst, Officer and others. The sample respondents' position in the respective

organization, as the above table illustrates 5(20%), 3(12%), 1(4%), 1(4%) of the respondents were from account/bank clerk, senior accountant, computer operation, secretary, respectively. Whereas 15(60%) respondents were from Credit Monitoring Officer, Human Resource Officer, Credit Analyst, Selection Head, Officer, Relation etc...

Table 4.4 Positions of Respondents in Leather Firm

Position	Frequency	Percent	Valid percent	Cumulative percent
Machine operation	10	35.71	35.71	35.71
Accounting	5	17.86	17.86	53.57
Secretary	1	3.57	3.57	57.14
Computer operator	1	3.57	3.57	60.71
Other (laborer, R&D ...)	11	39.29	39.29	100.0
Total	28	100.0	100.0	

As table 4.4 portrays 10(35.71%), 5(17.86%), 1(3.57%), and 1(3.57%) of the respondents were working in machine operation/ production, accountants, secretary, senior and computer operator respectively, along with 11(39.29%) of the respondents were chosen from other positions such as Laborers, Supervisor, R&D, Chemical supervisor, Cutters, Designers.

Table 4.5 Methods used by organizations

Methods	Frequency	Percent	Valid percent	Cumulative percent
Seminar	3	5.7	5.7	5.7
On-the-job	23	43.4	43.4	49.1
Understudy	2	3.85	3.85	52.95
Formal lectures	11	20.8	20.8	73.75
Other (Vestibule, Apprenticeship....)	14	26.25	26.25	100.0
Total	53	100.0	100.0	

In order to be effective from the training program which offered by the organizations for their employees, organizations should implement right training methods and should be aware of the training methods and their effectiveness (Alipour et al, 2009). As the above table showed that organizations were used different methods of training to train the employee as 43.4%, 20.8%, 5.7% of the respondent responded that they have taken the training on-the-job, Formal lectures,

seminar respectively. While the rest of the 26.25% respondents were trained with, understudy training, vestibule, apprenticeship and mixture of two or more methods that are mentioned above or other methods. In fact there is no one method which is always effective or best over the others in all condition or time, since training is a situational process that is why no single method is right for every situation. While some objectives could be easily achieved through one method, other objectives could necessitate other methods (Alipour et al, 2009). At the same time the organization has to know the method that employ by the organization has its own effect on the effectiveness of the organization from the training expenditure. That is why; companies are increasingly searching for the right blend of training methods to maximize the effectiveness of learning. Others are looking for more cost-effective alternatives to online learning which for some enterprises has proven to be a more expensive route than anticipated.

Table 4.6 No of times employees have had training since they have joined the organization

No of times	Frequency	Percent	Valid Percent	Cumulative Percent
1-3	44	83.0	83.0	83.0
4-6	7	13.2	13.2	96.2
7-9	2	3.8	3.8	100.0
Total	53	100.0	100.0	

As the table shows 44(83%), 7(13.2%), and 2(3.8%) of the respondents have taken training from 1to3, 4 to 6 and 7 to 9 times respectively, since they have been joined in the organizations.

Table 4.7 Duration of a particular training in the sample organizations

Period of Training	Frequency	Percent	Valid Percent	Cumulative Percent
Less than a month	14	26.4	26.4	26.4
1-3 months	31	58.5	58.5	84.9
3-6 months	6	11.3	11.3	96.2
7-9 months	2	3.8	3.8	100.0
Total	53	100.0	100.0	

As the above table describes 31(58.5%), 6(11.3%) and 2(3.8%) of the respondents were responded that they have taken the training for 1-3 months, 3-6 months, 7-9 months, respectively. While the remaining 14(26.4%), of the respondent were responded that the span of the training that they have taken was less than a month (it may be a week, 2 weeks, 3 weeks or even 2 or 3 days).

Table 4.8 Content of the Training that Offered by Banks for their Employees

Types of Training	Frequency	Percent	Valid Percent	Cumulative Percent
Computer skill	3	12.0	12.0	12.0
Computer, operational, accounting, new employee orientation, conducting performance appraisal and other.	1	4.0	4.0	16.0
Computer, tem building , managerial/leadership skill	1	4.0	4.0	20.0
Others	7	28.0	28.0	48.0
Operational	3	12.0	12.0	60.0
operational, accounting, new employee orientation ,tem building& ,managerial/leadership skill	1	4.0	4.0	64.0
Operational & new employee orientation	1	4.0	4.0	68.0
Operational, new employee orientation, tem building , managerial/leadership skill	1	4.0	4.0	72.0
Operational & managerial/leadership skill	1	4.0	4.0	76.0
Accounting	4	16.0	16.0	92.0
managerial/leadership skill	2	8.0	8.0	100.0
Total	25	100.0	100.0	

Note: others may be Credit Analysis, Change Management, Customer service/ customer handling, Press Money Paying Service, Business Communication, CATS (Customer Account and Transaction Service), Training of Trainers, Human Resource, and Developmental Training.

As the above table depicts the employees in bank have taken different types of training. As 4(16%), 3(12%), 3(12%), of the respondents replied that they have taken accounting, operational and computer skill training, respectively. And 60% of the respondent responded that they have taken different types of training or a combination of two or more for example Credit Analysis, Change Management, Customer service/ customer handling, press money paying service etc ...

Table 4.9 Content of the training that offered by leather firms for their Employees

Contents	Frequency	Percent	Valid percent	Cumulative percent
Computer skill	2	7.14	7.14	7.14
Operational	5	17.86	17.86	25
Accounting	3	10.71	10.71	35.71
Machine operation	4	14.29	14.29	50
New employee orientation	1	3.57	3.57	53.57
Conducting performance appraisal	1	3.57	3.57	57.14
Management skill/leadership	3	10.71	10.71	67.85
Operational safety	8	28.57	28.57	96.42
Others	1	3.57	3.57	100.0
Total	28	100.0	100.0	

Note: Other includes quality control, environmental conservation, designing, cutting, general shoe system, mechanical supervisor etc. As the table showed that the employees in leather firms got training in order to improve the skill, knowledge and ability of the employees in the following areas like operational safety, technical operational areas, machine operation, accounting, managerial skill/ leadership, computer skill, new employee orientation, conducting performance appraisal and others as 8(28.57%), 5(17.86%), 4(14.29%), 3(10.71%), 3(10.71%), 2(7.14%), 1(3.57%), 1(3.57%), and 1(3.57%), respectively, responded. Generally, According Tung Chan Huang (2001) to the provision of training may vary in the types of knowledge or skills conveyed or content, duration, numbers and percentages of employees covered, and modes of delivery. As the respondent responded that the content, duration, frequency and method of training in the sample organization were vary. As a result of such variances, some types of training are more effective in improving individual firm performance than other.

4.2.1. Evaluation of organizational activities for training and its effectiveness from it from employees' point of view

Evaluation of the general aspects of training and organizational effectiveness from it, in accordance with a five- point scale ranging from Never (1), Rarely (2), Sometimes(3), Often (4) to Always (5) by employees of the organization based on the following question.

Table 4.10 Evaluation of training aspects and its effectiveness in the organization by the employees

Questions	Scale	Frequency	Percent	Valid percent	Cumulative Percent
12. Do you think the training program designed based on the requirements of the job? Or employee deficiency of ability for the job?	1	8	15.1	15.1	15.1
	2	11	20.8	20.8	35.9
	3	14	26.4	26.4	62.3
	4	9	17.0	17.0	79.3
	5	10	18.9	18.9	98.1
	NA*	1	1.9	1.9	100.0
	Total	53	100.0	100.0	
13. Is the type of training you have taken applicable for the job after the training?	1	4	7.5	7.5	7.5
	2	10	18.9	18.9	26.4
	3	12	22.6	22.6	49.1
	4	16	30.2	30.2	79.2
	5	11	20.8	20.8	100.0
	Total	53	100.0	100.0	
14. Do you have known the objective of the training?	1	5	9.4	9.4	9.4
	2	8	15.1	15.1	24.5
	3	6	11.3	11.3	35.8
	4	16	30.2	30.2	66.0
	5	17	32.1	32.1	98.1
	NA*	1	1.9	1.9	100.0
	Total	53	100.0	100.0	
15. Does the training increase your motivation to the job you do?	1	3	5.7	5.7	5.7
	2	9	17.0	17.0	22.6
	3	10	18.9	18.9	41.5
	4	15	28.3	28.3	69.8
	5	15	28.3	28.3	98.1
	NA*	1	1.9	1.9	100.0
	Total	53	100.0	100.0	

***NA means not applicable**

Usually, before training programs are organized efforts are being made through individuals and organizational appraisals to identify the training needs (Olaniyan et al 2008; Mathis, et al, 2008).

Based on the feedback obtained through appraisal the training program should be designed accordingly. Within this fact the researcher asked the employees of the sample organizations to rank how training program designed by their organizations and 14(26.4%), 11(20.8%), 10(18.9%), 9(17%), and 8(15%) of the respondent replied that sometimes, rarely, very high, high, and never the training program in the organization was design based on the requirements of the job and employee deficiency of ability for the job, respectively. While 1 (1.9) of the respondent said not applicable. As the responses showed that the organizations were not in a position to design the training programs based on the requirements of the job or employee deficiency of ability for the job. So, they should think over it again and again.

If training is not linked to that which an organization uses, does, and delivers, the investment is better made elsewhere (Kaufman, 1985). The respondents were asked to rank the applicability of the training that they have taken at the end of a program in accordance with a five point scale ranging from never (1) to always (5) based on this as the above table portrays 16(30.2%), 12(22.6%), 11 (20.8%), 10(18.9%), and 4(7.5%) ranked as often, sometimes, always and rarely applicable for the job after the training program respectively. In this respect as more than 73% of the respondent responded that the training that the employees attended was sometimes and more than that applicable. In other word if it is applicable in the organizations the expenditure on it delivers a result to the organization.

To coordinate the overall efforts of the training participants for the effectiveness of the organization from the training expenditure, everybody in the training should knows the objective of the training. Within this fact, the researcher was asked the respondents whether they had known the objective of the training, and 17(32.1%), 16(30.2%), 8(15.1%), 6(11.3%), and 5(9.4%) of the respondents responded that always, often, rarely and sometimes and never they know the objective of the training, respectively. While, one of the respondent said that it was no applicable. Even if, some of the respondents responded that they didn't know the objective of the training, more than a half of the respondents were know the objective always and often.

There is documented evidence that training activities have a positive impact on the performance of individuals and teams. Training activities can also be beneficial regarding other outcomes at both the individual and team level (e.g., attitudes, motivation, and empowerment) (Charles R.

Greer, 2003). Training plays important role towards increasing the employees' motivation in the organization. As respondents from sample organizations responded that 15(28.3%), 15(28.3%), 10(18.9%), 9(17%), and 3(5.5%) training always, often, sometimes rarely, and never respectively increase their motivation for the job that they have doing. And as the rest 1(1.9%) of the respondent responded that it was not applicable. As the majority of the respondent proof that the training program can increases the employees' motivation to the job they do. In this aspect the organizations are effective even if the response of some was never.

Questions	Scale	Frequency	Percent	Valid Percent	Cumulative percent
16. Does training improves your skills, knowledge, attitude change, new capability	1	3	5.7	5.7	5.7
	2	9	17.0	17.0	22.6
	3	9	17.0	17.0	39.6
	4	16	30.2	30.2	69.8
	5	16	30.2	30.2	100.0
	Total	53	100.0	100.0	
17. Does the training lead you to be satisfied with your job?	1	2	3.8	3.8	3.8
	2	12	22.6	22.6	26.4
	3	16	30.2	30.2	56.6
	4	10	18.9	18.9	75.5
	5	11	20.8	20.8	96.2
	NA*	2	3.8	3.8	100.0
Total	53	100.0	100.0		
18. Do you think the method of training used by the organization is effective	1	2	3.8	3.8	3.8
	2	9	17.0	17.0	20.8
	3	18	34.0	34.0	54.7
	4	14	26.4	26.4	81.1
	5	8	15.1	15.1	96.2
	N*	2	3.8	3.8	100.0
Total	53	100.0	100.0		
19. Do you have enough training that enables you to do your job as required?	1	6	11.3	11.3	11.3
	2	14	26.4	26.4	37.7
	3	8	15.1	15.1	52.8
	4	16	30.2	30.2	83.0
	5	8	15.1	15.1	98.1
	N*	1	1.9	1.9	100.0
Total	53	100.0	100.0		

Training leads to an increase in the quality of labor, by equipping employees with greater skills and knowledge (and possibly fostering greater effort) (Laplagne et al, 1999). Training is give to any employee by any organization with the intention of improving skills, knowledge, and to bring

attitude change and new capability. By keeping in view such truth the researcher asked question the employees of sample organizations to rank the position of the organizational training programs by using the given scale how much the it improves their skills, knowledge, attitude and new capabilities and 16(30.2%), 16(30.2%), 9(17%), 9(17%), and 3(5.7%) of them responded that always, often, sometimes, rarely and never, respectively the training was improves their skills, knowledge, attitude and new capabilities. From the above response we can understand the organizations were effective from the training since majority of the respondents agreed that the training enables them to improve their skills, knowledge, attitude, and new capability.

There are many ways to measure the effectiveness of an organization. Natural system perspectives focus on the support goals of the organization such as participant satisfaction, morale, interpersonal skills, etc. http://faculty.babson.edu/krollag/org_site/scott_org/chap13.html. Therefore, the training that offered by the organization should create satisfaction in the mind of the employees in their job that they have doing. As the above table depicts that 16(30.2), 12(22.6%), 11(20.8), 10(18.9%), and 2(3.8%) of the respondents answered that sometimes, rarely, always, often and never the training lead employees' job satisfaction, respectively. Whilst the remaining 2(3.8%) said that not applicable. As the above figure shows us the organization should do more on the employees' training in respective of employees' satisfaction aspect to be more effective from the training expenditure.

In fact the method that employ by the organization has its own effect on the effectiveness of the organization from the training expenditure. As a result, companies are increasingly searching for the right blend of training methods to maximize the effectiveness of learning (Blain, 2009). Therefore, the researcher asked the respondent what they think about the effectiveness of the method employed by the organization and 18(34%), 14(26.4%), 9(17%), 8(15%), and 2(3.8%) of the respondents replicated that sometimes, often, rarely, always, never effective, respectively. Whilst, 2(3.8%) replied they didn't know. As respondent replied that the method these employed by the organizations were effective. But considerable percent of respondents were not agreed with it therefore the organizations should give due attention for the method of training to be effective more from the expenditure.

The effectiveness and success of any organization depends on the people who form and work within the organization. It follows therefore that the employees in an organization to be able to perform their duties and make meaningful contributions to the success of the organizational goals need to acquire the relevant skills and knowledge (Olaniyan et al 2008; Armstrong, 2010). If the organization wants to be competent; it should give enough training for its employees. The above table depicts the view of employees in their respective organization about the training they got, and 16(30.2%), 14(26.4%), 8(15.1%), 8(15.1%), and 6(11.3%) of the respondents responded often, rarely, always, sometimes, and never, respectively, the training that offered by the organization was enough. But only 1(1.9%) said did not know. More than a half of the respondents responded that the training offered by the organization often, always and sometimes enough. But more than 30% percent of the respondents believe rarely and never enough therefore, the position of the organization in this aspect the organizations were not often offered training for their employees.

Question	Scale	Frequency	Percent	Valid Percent	Cumulative Percent
20. Do you think the expenditure for employee training is enough?	1	14	26.4	26.4	26.4
	2	11	20.8	20.8	47.2
	3	9	17.0	17.0	64.2
	4	13	24.5	24.5	88.7
	5	6	11.3	11.3	100.0
	Total	53	100.0	100.0	
21. Does the training program evaluate during or at the end of the program?	1	16	30.2	30.2	30.2
	2	6	11.3	11.3	41.5
	3	11	20.8	28.8	62.3
	4	10	18.9	18.9	81.1
	5	10	18.9	18.9	100.0
	Total	53	100.0	100.0	
22. Do you think that the organization is effective from the training expenditure?	1	7	13.2	13.2	13.2
	2	13	24.5	24.5	37.7
	3	10	18.9	18.9	56.6
	4	13	24.5	24.5	81.1
	5	9	17.0	17.0	98.1
	N*	1	1.9	1.9	100.0
	Total	53	100.0	100.0	

23. Are you satisfied with the overall aspect of the training programs in the organization?	1	7	13.2	13.2	13.2
	2	17	32.1	32.1	45.3
	3	7	13.1	13.1	58.5
	4	14	26.4	26.4	84.9
	5	8	15.1	15.1	100.0
	Total	53	100.0	100.0	

NA means not applicable N* don't know*

There is little doubt that organizations will need to invest heavily in their human resources in order to be competitive during the twenty-first century. Current practices in many organizations indicate that employees are viewed as valuable investments (Greer, 2003). Due to these changes, most pioneers and effective organizations and institutes have paid their attention to planning training courses in order to improve human resources more than before (Farahbakhsh, 2010). Heavy investments in training will be necessary for future strategies and competitive advantage (Greer, 2003). To offer training the organization should allocate budget for the training. The above table shows the perception of the employees about the amount of training expenditure by the organization in which they have been working, based on this 14(26.4%), 13(24.5%), 11(20.8%), 9(17%), and 6(11.3%) of the respondents responded that never, often, rarely, sometimes, and always the training expenditure by the organization was enough, respectively. However, from the we can under the expenditure to employees' training allocated by the organization was not sufficient or very low as over 46% of the respondents replied.

Since the organization spends huge amount of birr for employees' training, therefore there must be evaluation system in the organization to know how much organization is effective from the investment. Company management wants to know that the money they are spending on training is well spent. They want to know that they are getting a sufficient return on their training investment (ROI). Measurement of training ROI starts with defining the reasons and goals for the training, determining how much the training costs and verifying the amount of return (Kurtus , 2001) <http://www.school-for-champions.com/training/roi.htm> is very important for managers and determining the exact effects and results of training course on participants and their performance in returning to their organization therefore, this possible through evaluation.

As the respondents replicated that 16(30.2%) of them said that never evaluated, 11(20.8 %) of the respondents responded that sometimes evaluated, 10(18.9) of the responded that the training was

always evaluated, 10(18.9%) of them argued that often evaluated, and the remaining 6(11.3%) agreed that rarely the training program was evaluated during and after the training to know how much the organization was effective from the employees training expenditure. Furthermore, 13(24.5%), 13(24.5%), 10(18.9%), 9(17%), and 7(13.2%) of the respondents ranked that often, rarely, sometimes, always, and never the organization was effective from the training expenditure, respectively as the respondents. While, 1(1.9%) of the respondents didn't know anything whether the organization was effective from it or not. With this respect we can understand there were more than 37% of the respondents responded that the organization were not effective from the employees' training expenditure therefore, the organization should analysis the training of employees in different aspects of training to be more effective form employees' training expenditure. And the respondents also specified the rank of their level of satisfaction from the overall training aspects of the training program 17(32.1%), 14(26.4%), 8(15.1%), 7(13.1%), and 7(13.2%) of the respondents were rarely, often, always, sometimes, and never, respectively satisfied with training that offered by the organization since they have joined the organization. But, as 45% of the respondents responded we can judge the organizations' employees were not satisfied from the employees' training that offered by their respective organizations as employees replied. Therefore, the organization to be effective from the training they should design the over all aspects of the training by keeping in view the interest of the employees.

Table 4.11 Variance analysis among firms in the industry

Hypothesis	ANOVA among Banks (employees)			ANOVA among Leather firms (employees)		
	F- calculated	F- tabulated	Decision	F- calculated	F- tabulated	Decision
H₀ : There is no difference among firms within the respective industry in relation to the following aspects after the training. H_a : There is a difference among firms with in the respective industry in relation to the following aspects after the training						
H ₀ : Employees think that the training program designed based on the requirements of the job or employee deficiency of ability for the job	.011	3.49	Accepted	.673	2.51	Accepted
H ₀ : Employees view trainings are applicable for the job after the training	.488	3.44	Accepted	3.416	2.51	Rejected
H ₀ : Employees known the objective of the training	1.401	3.49	Accepted	4.593	2.51	Rejected
H ₀ : training increase employee motivation to the job they do	.755	3.49	Accepted	1.735	2.51	Accepted
H ₀ : Training improves employee skills, knowledge, attitude change, new capability	1.228	3.44	Accepted	3.531	2.51	Rejected
H ₀ : Training lead employees to be satisfied with their job	.178	3.44	Accepted	2.929	2.58	Rejected
H ₀ : Employees think that method of training used by the organization are effectiveness	.037	3.44	Accepted	1.946	2.58	Accepted
H ₀ : Employees have got enough training that enables them to do their job as required	.065	3.44	Accepted	2.269	2.54	Accepted
H ₀ : View of employee about the expenditure for employee training is whether enough	.129	3.44	Accepted	2.743	2.51	Rejected
H ₀ : View of employees about the evaluation of training program during or at the end of the program	.496	3.44	Accepted	2.301	2.51	Accepted
H ₀ : Employees view organizations are effectiveness from the employees' training expenditure	.182	3.49	Accepted	2.288	2.51	Accepted
H ₀ : Employees are satisfied with the overall aspect of the training programs in the organization	.475	3.44	Accepted	2.572	2.51	Rejected

Significance level for $\alpha = 0.05$

As the above table shows that for the above hypotheses the F- statistical calculated value is 0.11, 0.488, 1.401, 0.755, 1.228, 0.178, 0.037, 0.065, 0.129, 0.496, 0.182, 0.475 in banking which is less than F- statistical value from the table 3.49 at Df(2,21), 3.44 at Df(2,22), 3.49 at Df(2,21), 3.49 at Df(2,21), 3.44 at Df(2,22), 3.44 at Df(2,22), 3.44 at Df(2,22), 3.44 at Df(2,22), 3.44 at Df(2,22), 3.44 at Df(2,22), 3.49 at Df(2,21), 3.44 at Df(2,22) respectively using 5% significance level. Hence the researcher accepted the null hypothesis which states there is no statistically significance difference among firms in relation to Employees thinking that the training program designed based on the requirements of the job or employee deficiency of ability for the job, Employees view about the applicability trainings after the training on the job, Knowledge of the objective of the training by employees, Training increase employee motivation to the job they do, Training improves employee skills, knowledge, attitude change, new capability, Training lead employees to be satisfied with their job, Employees think that method of training used by the organization are effectiveness, Employees have got enough training that enables them to do their job as required, View of employee about the expenditure for employee training is whether enough, View of employees about the evaluation of training program during or at the end of the program, Employees view organizations are effective from the employees' training expenditure, and Employees are satisfied with the overall aspect of the training programs in the organization, respectively in banking industry.

By testing the above hypotheses for leather firms as the results of above table showed that these null hypotheses are accepted. Because, the F-calculated value is less than tabulated value which is $0.673 < 2.51$ at Df(7,20), $1.735 < 2.51$ at Df(7,20), $1.946 < 2.58$ at Df(7,18), $2.269 < 2.54$ at Df(7,19), $2.301 < 2.51$ at Df(7,20), $2.288 < 2.51$ at Df(7,20) hence, employees' perception in all sample firms with 95% confidence level there is no significance difference among leather firms in relation to Employees thinking that the training program designed based on the requirements of the job or employee deficiency of ability for the job, Training increase employee motivation to the job they do, Employees think that method of training used by the organization are effectiveness, Employees have got enough training that enables them to do their job as required, View of employees about the evaluation of training program during or at the end of the program, Employees view organizations are effectiveness from the employees' training expenditure, respectively. While, Regarding to the following hypotheses as table showed the null hypotheses are strongly rejected that says there is no significance difference among firms in the following

Employees view trainings are applicable for the job after the training, Employees known the objective of the training, Training improves employee skills, knowledge, attitude change, new capability, Training lead employees to be satisfied with their job, View of employee about the expenditure for employee training is whether enough, Employees are satisfied with the overall aspect of the training programs in the organization. But the test result showed that there is statistically significance difference among firms in leather industry and H_1 accepted for respective hypotheses. In other words, with 95% confidence level there is statistically significance difference among firms in leather industry as the testing results proofed that (F- calculated is greater than F- table value).

Table 4.12 Variance analysis between industries

Hypothesis	ANOVA between industries (employees)		
	F-calculated	F-tabulated	Decision
H_0 : There is no difference in mean of between the two industries in relation to the following aspects of training. H_a : There is a difference in mean of between the two industries in relation to the following aspects of training.			
H_0 : Employees think that the training program designed based on the requirements of the job or employee deficiency of ability for the job	11.832	4.00	Rejected
H_0 : Employees view trainings are applicable for the job after the training	2.982	4.00	Accepted
H_0 : Employees known the objective of the training	3.011	4.00	Accepted
H_0 : Training increase employee motivation to the job they do	.863	4.00	Accepted
H_0 : Training improves employee skills, knowledge, attitude change, new capability	.572	4.00	Accepted
H_0 : Training lead employee to be satisfied with their job	1.980	4.08	Accepted
H_0 : Employees think that method of training used by the organization are effectiveness	1.292	4.08	Accepted
H_0 : Employees have got enough training that enables them to do their job as required	.379	4.00	Accepted
H_0 : View of employee about the expenditure for employee training is whether enough	.222	4.00	Accepted
H_0 : View of employees about the evaluation of training program during or at the end of the program.	.019	4.00	Accepted
H_0 : Employees view organizations are effectiveness from the employees' training expenditure	.031	4.00	Accepted
H_0 : Employees are satisfied with the overall aspect of the training programs in the organization	.012	4.00	Accepted

Significance level for $\alpha = 0.05$

Using a 5% significance level, the results for the first hypothesis shows that the researcher reject the null hypothesis that says there is no significant difference in view of the employees in the training program design that is based on the requirements of the job or employee deficiency of ability for the job between the two industries (leather and Banking), because the value of $F(1,50,5\%)$ from the statistical table is 4.0 which is less than the F-calculated value (11.832) so that the decision rule is to reject the null hypothesis and accept H1 which says there is significance difference view of employees' in designing of training program based on the requirements of the job or employee deficiency of ability for the job between the industries.

Regarding the rest of the hypotheses as the table showed that the null hypotheses are accepted. Mean that, by using 5% significance level, the result of the test proofed that there is no significance difference in view of employees between the two industries in the following aspects of training in their respective industry such as Employees think that the training program designed based on the requirements of the job or employee deficiency of ability for the job, Employees view trainings are applicable for the job after the training, Employees known the objective of the training, Training increase employee motivation to the job they do, Training improves employee skills, knowledge, attitude change, new capability, Training lead employee to be satisfied with their job, Employees think that method of training used by the organization are effectiveness, Employees have got enough training that enables them to do their job as required, View of employee about the expenditure for employee training is whether enough, View of employees about the evaluation of training program during or at the end of the program, Employees view organizations are effectiveness from the employees' training expenditure, Employees are satisfied with the overall aspect of the training programs in the organization. Since F- tabulate is greater than F- calculated as depicted in the above table.

4.3 Description & analysis of data obtained from supervisors

The supervisors/ line managers were asked to rank the position of the organizational effectiveness in accordance with a five- point scale range from very low(1), low(2), moderate (3), high (4), and to very high (5) based on the following aspects of training.

Table 4.13 Evaluation of organizational effectiveness by supervisor

Aspects of Training	Scale	Frequency	Percent	Valid Percent	Cumulative Percent
7.Increased productivity	Low	2	6.5	6.5	6.5
	Moderate	10	32.3	32.3	38.7
	High	18	58.1	58.1	96.8
	Vey high	1	3.2	3.2	100.0
	Total	31	100.0	100.0	
8. Enhanced quality of product or service	Low	2	3.2	3.2	3.2
	Moderate	10	32.3	32.3	35.5
	High	17	54.8	54.3	89.8
	Very high	2	6.5	6.5	96.3
	NA*	1	3.2	3.2	100.0
Total	31	100.0	100.0		
9. Improve quantity	Low	4	12.9	12.9	12.9
	Moderate	11	35.5	35.5	48.4
	High	11	35.5	35.5	83.9
	Very high	2	6.5	6.5	90.4
	NA*	3	9.5	9.5	100.0
Total	31	100.0	100.0		
10. Improves skills, knowledge, attitude change, new capability	Low	2	6.5	6.5	6.5
	Moderate	6	19.4	19.4	25.9
	High	20	64.5	64.5	90.4
	Very high	3	9.7	9.7	100.0
Total	31	100.0	100.0		
11. Enhance the use of tools and machine, operational safety	Low	2	6.5	6.5	6.5
	Moderate	5	16.5	16.5	23.0
	High	18	58.1	58.1	58.1
	Very high	1	3.2	3.2	84.3
	NA*	5	16.1	16.1	100.0
Total	31	100.0	100.0		
12. Reduces accidents	Low	2	6.5	6.5	6.5
	Moderate	5	16.5	16.5	23
	High	17	54.8	54.8	77.8
	NA*	7	22.6	22.6	100.0
Total	31	100.0	100.0		
13. Reduce lateness, absenteeism	Very low	2	6.5	6.5	6.5
	Low	3	9.7	9.7	16.2
	Moderate	14	45.2	45.2	61.4
	High	7	22.6	22.6	84
	NA*	5	16.1	16.1	100.0
Total	31	100.0	100.0		

14. Eliminates obsolesce in skills,	Low	1	3.2	3.2	3.2
	Moderate	12	38.7	38.7	41.9
	High	14	45.2	45.2	87.1
	NA*	4	12.9	12.9	100.0
	Total	31	100.0	100.0	
15. Reduction in errors	Low	1	3.2	3.2	3.2
	Moderate	12	38.7	38.7	41.9
	High	16	51.6	51.6	93.5
	NA	2	6.5	6.5	100.0
	Total	31	100.0	100.0	
16. Less supervision necessary	Very low	1	3.2	3.2	3.2
	Low	2	6.5	6.5	9.7
	Moderate	16	51.6	51.6	61.3
	High	8	25.8	25.8	87.1
	NA*	4	12.9	12.9	100.0
	Total	31	100.0	100.0	
17. Reduction in turnover	Very low	3	9.7	9.7	9.7
	Low	4	12.9	12.9	22.6
	Moderate	11	35.5	35.5	58.1
	High	9	29.0	29.0	87.1
	NA*	4	12.9	12.9	100.0
	Total	31	100.0	100.0	
18. Improved work motivation	Low	3	9.7	9.7	9.7
	Moderate	6	19.4	19.4	29.1
	High	18	58.1	58.1	87.2
	NA	1	3.2	3.2	100.0
	Total	31	100.0	100.0	
19. Decreased material wastage	Low	2	6.5	6.5	6.5
	Moderate	11	35.5	33.5	40.0
	High	10	32.3	32.3	72.3
	Very high	3	9.7	9.7	82.0
	NA*	5	16.1	16.1	100.0
	Total	31	100.0	100.0	
20. Increased job satisfaction	Very low	1	3.2	3.2	3.2
	Low	2	6.5	6.5	9.7
	Moderate	8	25.8	25.8	35.5
	High	20	64.5	64.5	100.0
	Total	31	100.0	100.0	
21. Increased work efficiency	Very low	1	3.2	3.2	3.2
	Low	2	6.5	6.5	9.7
	Moderate	9	29.0	29.0	38.7
	High	19	61.3	61.3	100.0
	Total	31	100.0	100.0	

22.Improved profitability	Low	4	12.9	12.9	12.9
	Moderate	10	32.3	32.3	45.2
	High	15	48.4	48.4	93.6
	NA*	2	6.5	6.5	100.0
	Total	31	100.0	100.0	

NA Not Applicable*

Training adds value to the operations of an organization in ways that are difficult to measure with empirical precision. Training is commonly used to promote customer service, goodwill towards the organization, productivity, operating proficiency and efficiency, safety, and awareness of policies (sexual harassment, security, diversity, etc.), which can contribute to increased sales, profitability, and morale as well as reduced turnover, absenteeism, spoilage, and legal claims. The extent of both the effectiveness of training and its relative contribution to organizational performance are still highly unresolved issues. Henry Ford once said something to the effect of: I know that only half of my advertising dollars makes a difference, but I don't know which half. This same sentiment could be expressed about training. Nonetheless, the fact that management professionals ask the question how much does training contribute to organizational performance is an indication in and of itself that training does contribute to it and is more than simply an expense; it can be a long-term investment in organizational performance. With this fact the researcher tries to examine the effectiveness of the organization from the training expenditure.

As the above table depicts that 18(58.1%), 10(32.3%), 2(6.5%), and the remains 1(3.2%) of the respondents agreed that the effectiveness of the organization from employees training expenditure in relation to increasing productivity of work force was high, moderate, low, and very high. And 17(54.8%), 10(32.3%), 2(6.5%), and 1(3.2%) of the respondents responded that the return of the training towards enhancing quality of service/product in the organization was high, moderate, very high and low respectively but 1(3.2 %) responded didn't know. Since organization are spending significant amount of money on training in the hope of future return of benefit Based on this truth as more than 60% of the respondents proofed that the sample organizations are highly effective from employees training expenditure in relation to increasing productivity of work force and enhancing quality of service/product in the organization after the training. The researcher also asked the participants about how the organization was benefited from the training by improving quantity (for banks in terms of customer served with a particular period of time) and 11(35.5%), 11(35.5%), 4(12.9%), 2(6.5%) of the respondents responded that high, moderate, low and very

high, respectively. Only 3(9.5%) of the respondent said that it was not applicable. In this case even if majority of the respondents were responded that the organizations were highly and moderately effective from the employees training, some of them indicated that the organization was not effective

In fact training is a systematic development of knowledge, skills and attitudes required by employees to perform adequately on a given task or job. Within this reality the researcher asked the manager/ supervisors of sample organizations how the organization was benefited from employees training by improving employees skills, knowledge, attitude change, and create new capability of the workforce in the respective organizations and the majority 20(64.5%) of the respondents replied that the organization was highly benefited from the employees training. And the rest 6(19.4%), 3(9.7%), and 2(6.5%) were responded the return was moderate very high, and low, respectively. In this case, as the respondents proofed that the sample organizations were effective from the training expenditure by achieving the intended objective of the training that was improving skills, knowledge, attitude change, and create new capability of the workforce.

The supervisor/ managers invited to evaluate the effectiveness of the organization from the training expenditure in relation to the enhancement of the employees' skill, knowledge and ability towards usage of tools and machine, and operational safety in the work place after the training was 18(58.1%), 5(16.5%), 2(6.5%), and 1(3.2%) of the respondents responded that high, moderate, low, and high respectively. But, 5(16.1%) of the respondents were came back with it is not applicable. As the respondent figure showed that the researcher can conclude organizations were enabling to achieve the objective of the training program which was improve employees' skill, knowledge and ability towards usage of tools and machine, and operational safety in the work place as the participant proofed.

When the respondent asked to evaluate the role of training towards reducing employees accidents in the work place 17(54.8%), 5(16.5%), and 2(6.5%) of the respondents were responded that high, moderate and low respectively. While, 7(22.6%) of the said was not applicable. In this case more than 70% of the respondents were believed that the role of training in reducing accidents in the work place was high and moderate. But 22.6 % of the respondents were said that it was not applicable. Because the probability of accident in the work place is

almost zero in the banks, therefore majority of the respondents from this industry said didn't applicable.

The supervisors/managers were inquired about how they evaluate the return of the training with respect to reducing lateness and absenteeism rate of the employees from the work after the training and 14(45.2%), 7(22.6%), 3(9.5%), and 2(6.5%) of the respondent responded that moderate, high, low and very low, respectively. But, 5(16.1%) of them responded that it was not applicable. Even if more than 60% of the respondents said that the organization was moderately and highly effective, but there considerable number of participant responded agreed that the organization was not effective and didn't applicable. This indicates that the organizations were this much effective from the training through reducing lateness and absenteeism rate of the employees from the work after the training.

The respondents were evaluated the organizational training effort to eliminates obsolesce in skills and came back with high 14(45.2%), moderate 12(38.7%), low 1(3.2%) of the respondents, while 4(12.9%) of the respondents were replied that not applicable. As 80% of the respondent replied organizations were high and moderate in achieving the objectives from the training by eliminating obsolesce in skills even if some of the respondent replied as not applicable.

The researcher invited the respondent to rank with the given scale how much the organization was effective from employees training that offered for them to reduce errors made by employees while they are working and they responded that 16(51.6%), 4(36.4%), and 1(3.2%) of them high, moderate, and low, respectively. But, 2(6.5%) Of the respondent replied that not applicable. Nearly, 90% of the respondent proofed that organizations were effective from the training by reducing errors commit by the employees while they are working trough training.

For the question how the employees training in the organization reduce the extent of supervision of employees by the immediate supervisor after the training and the participants was responded that the training was moderately 16(51.6%), highly 8(25.8%), lowly 2(6.5%), and very lowly 1(3.2%) reduce the requirement of the supervision. While the rest 4(12.9%) of the respondent said didn't know. The organizations were moderately and highly effective from the training cost since the requirement of supervision by immediate supervisor is reduce after the training as 75% of the respondents agreed.

When the respondents examine how the organizational training reduced the turnover rate of the employees after the training program based on the objectives predetermined by the organization they found that 11(35.5%), 9(29%), 4(12.9%), and 3(9.7%) moderate, high, low, and very low respectively. Despite the fact that, the rest 4(12.9%) of them answered it was not applicable. With respect to reducing turnover rate the organizations were not this much effective even 35.5% and 29% of the respondents were said moderately and highly, respectively effective because, 22.6% of the respondents agreed that the effectiveness of the organizations were very low and low.

As the respondent responded the position of organizational training towards improving employees' work motivation was high as 18(58.1%) of respondents answered, moderate as 6(19.4%) of the respondent said and low as 3(9.7%) replied. But 1(3.2%) of the respondent didn't know. The role of training towards improving employees' work motivation was high in the sample organizations as majority of the answerers replied. Therefore, organizations were effective from the training expenditure in relation to motivations.

For the question of how do you evaluate the effectiveness of the organization in decreasing material wastage by offering training for its employees, subsequently 11(35.5%), 3(32.3%), 3(9.7%), and 2(6.5%) of the respondent replied that moderate, high, very high, and low, respectively. Whilst, 5(16.5%) of the respondents retorted that it was not applicable. In respect to reducing material wastage training play an important role in the sample organization. As majority of the respondent proofed that organizations were in a good position to words reducing material wastage in the respective organizations after the training. So, organizations were effective from the training.

When the effectiveness of the organization from the employees training with reference to increase job satisfaction by the respondents 20(64.5%), 8(25.8%), 3(9.5%), 2(6.5%), and 1(3.2%) of them agreed that training had high, moderate, very high, low, and very low ,respectively contribution in increasing the employees' job satisfaction in the organization after the training. Training is play a prominent role towards increase job satisfaction in the sample organization as

more than 90% of the respondent verified that the sample organization were effective from the training expenditure in relation to increasing employees satisfaction.

There is no doubt training can increase work efficiency of the work force. The researcher asked the supervisors of the sample organizations to weigh up how the organization they are working was effective from employees training in relation to increases work efficiency and 19(61.3%), 9(29%), 2(6.5%), and 1(3.2%) of them agreed that the training was high, moderate, low, and very low, respectively in increasing work efficiency among the worker after the training they were lead/or supervise. Except 9.7% of the respondents the rest of the respondents agreed that the organization they have working was effective from the training in relation to increase in work efficiency of the work force after the training. So, organizations were effective from the training expenditure in relation to improving work efficiency in the work place.

As the respondents evaluated the effectiveness of the organization from the employees training with respect to improving the profitability of the organization 15(48.4%), 10(32.3%), 4(12.9%) of them responded that the improvement of the profitability of the organization was high, moderate, and low, respectively after the employees' training. But, the rest 2(6.5%) of them answered that they did not know. As the response figure showed that nearly a half of the respondent said that the organizations had got high benefited from the employees training and 32% of the said it was moderate from this the researcher can conclude the organizations were in a good positions in relation to effectiveness from the training expenditure towards improving profitability of the organization.

Generally, the returns from training are identified by different scholars According to (Huang, 2001) the returns are: enhanced product or service quality, improved work motivation, reduced turnover rate, improved ability and knowledge, improved operational safety, decreased material wastage, improved profitability, increased work efficiency, and increased job satisfaction reduced absenteeism. For such and other objectives sample organizations are spend considerable amount of money to train their employees. Based on the above analysis of the data obtained from supervisors of sample organizations, the researcher conclude that the organizations were moderately effective from the training expenditure as majority of the respondents were responded. Even if some of the respondents negatively replied because, this is what actually happens to

most training; by many research estimates, only 15 out of 100 people that receive new training eventually use it in ways that produce valuable performance results (Brinkerhoff, 2006).

Table 4.14 Models used by the organization to measure the effectiveness of the organization from the training expenditures.

Method used	Frequency	Percent	Valid percent	Cumulative percent
Subjective method	2	6.45	6.45	6.45
Kirkpatrick	29	93.55	93.55	100.0
Total	31	100.0	100.0	

Many training programs fail to deliver the expected organizational benefits. Having a well-structured measuring system in place can help you determine where the problem lies. On a positive note, being able to demonstrate a real and significant benefit to your organization from the training you provide can help you gain more resources from important decision-makers. The competitors, technology, legislation and regulations are constantly changing. What was a successful organization from the employees' training expenditure yesterday may not be a cost-effective tomorrow. Being able to measure and evaluate results will help the organization adapt to such changing circumstances in order to be effective from the training expenditure.

Training evaluation is a critical component of analyzing, designing, developing, and implementing an effective training program that enables the organization to be cost effective. Training evaluation determines an organizational effectiveness from the training expenditure by meeting its intended purpose, which mainly is producing competent employees (International Atomic Energy Agency-2003).

In fact, the selection of evaluation techniques/models for organizational effectiveness from the training expenditure depends upon circumstances (Leigh, 2005) and what it wants to measure and assess (Garrett & Taylor, 2005) as cited in (Ahmed et al, 2010). The objectives of training also determine the most appropriate criteria for assessing the effectiveness of training (Arthur et al, 2003). In line with this fact the researcher asked supervisors/line manager to identify the models that they have using to evaluate organizational effectiveness from employees training expenditure and to rank the usage rate of the models, although almost all of the respondents 29(93.55%)

responded that they were used Subjective Methods and 2(6.45%) Kirkpatrick Model, as evaluation tools for organizational effectiveness. Even two of the respondents responded that they were not use the model always but they used it sometimes. But no one who used Cost-Benefit analysis or Return on Investment models as evaluation tool. According to (Ahmed et al, 2010) organizations may select different models to measure the effectiveness of organization from the training expenditure. The selection of an evaluation model is very important as it show how organization is benefited with training expenditure, what is the employee s reaction, how much did they learn, did they change their behavior, and what is the result? In fact, all training objectives of the organization are difficult to evaluate by the objective methods e.g. behavioral training. Therefore, the organizations can use subjective method to measure and evaluate their effectiveness from the training expenditure. But, absolutely depending up on the subjective method for all training expenditure and ignoring the other methods is a weakness of the organization as (Carr, 2002) said organizations administering the program not only are accountable for what employees learn, they also are accountable for ensuring that employees transfer their knowledge to their work performance. While traditional training evaluation methods focus on using the assessment process to improve training delivery, information should also be collected to determine whether training is assisting the organization to improve its business performance. In terms of increasing productivity, reducing wastage, improving quality, and etc... But, simply hinge on subjective method only to evaluate the effectiveness of the organizations from the employees' training expenditure is difficult and inaccurate to judge whether the organization is effective or not. For example, Kirkpatrick's model for evaluation organizational effectiveness from the training has been used for 60 years to measure training effectiveness. But, as 93.55% of the respondents replied still they are not using it.

Table 4.15 Variance analysis among firms within the industry

Hypothesis H₀ : There is no difference in mean among the firms with in the respective industry in relation to the following aspect after the training H_a : There is difference in mean of among the firms within the respective industry in relation to the following aspects after the training	ANOVA among Banks (Supervisors)			ANOVA among Leather firms (Supervisors)		
	F-calculated	F-tabulated	Decision	F-calculated	F-tabulated	Decision
H ₀ : Increased productivity	1.455	4.46	Accepted	2.040	2.91	Accepted
H ₀ : Enhanced quality of product or service	3.438	4.46	Accepted	.701	3.01	Accepted
H ₀ : Improve quantity	6.739	5.14	Rejected	3.752	3.01	Rejected
H ₀ : Improves skills, knowledge, attitude change, new capability	1.742	4.46	Accepted	.913	2.91	Accepted
H ₀ : Enhance the use of tools and machine, operational safety	2.344	5.79	Accepted	.548	3.14	Accepted
H ₀ :Reduces accidents	.375	9.55	Accepted	1.404	3.14	Accepted
H ₀ :Reduces lateness, absenteeism	2.747	6.94	Accepted	.756	3.01	Accepted
H ₀ :Eliminates obsolesce in skills,	.500	5.79	Accepted	4.483	3.01	Rejected
H ₀ : Reduction in errors	1.455	4.46	Accepted	2.821	3.14	Accepted
H ₀ :Less supervision necessary	4.529	5.14	Accepted	1.190	3.14	Accepted
H ₀ : Reduction in turnover	1.111	5.14	Accepted	.426	3.14	Accepted
H ₀ : Improved work motivation	.463	4.46	Accepted	1.350	3.01	Accepted
H ₀ : Decreased material wastage	9.167	5.79	Rejected	3.247	3.14	Rejected
H ₀ : Increased job satisfaction	.702	4.46	Accepted	.799	2.91	Accepted
H ₀ : Increased work efficiency	.702	4.46	Accepted	.409	2.91	Accepted
H ₀ : Improved profitability	2.660	4.74	Accepted	1.704	3.01	Accepted

Significance level for alpha $\alpha = 0.05$

Using a 5% significance level, the results for the first hypothesis shows that the researcher fail to reject the null hypothesis that says there is no significant difference in increased productivity of work force between the banks and between leather firms after the employees' training i.e. the value of F(2,8,5%) and F(7,12,5%) from the statistical table is 4.46 and 2.91 respectively which is greater than the F-calculated value (1.455) in banks and(2.040) in leather firms so that the decision rule is fail to reject the hypothesis that is supposed to be true. Regarding to the second

hypothesis as the table showed by using the same significance level the null hypothesis is accepted, because the value of $F(2,8,5\%)$ in banking and $F(7,11,5\%)$ in leather from the statistical table is greater than F -calculated for both industries. Therefore, there is no significance difference among sample banks and leather firms in enhancement of quality of products or service after the training. Concerning to the third hypothesis as the above table showed the null hypothesis strongly rejected and H_1 is accepted. In other word, with 95% confidence interval there is significance difference in relation to quality improvement after the training among the organizations in both industries i.e. banking and leather firms.

Regarding the fourth, fifth, sixth, seventh hypothesis as the table showed the null hypotheses are accepted. Mean that, there is no significance difference with 95% confidence interval in relation to Improvement in skills, knowledge, attitude change, new capability, Enhancement in the use of tools and machine, operational safety, and Reduces accidents, Reduces lateness, absenteeism in the organizations among the firms with in the same industries in both industries after the employees' training. Because, F - tabulate value is greater than F - calculated in the above aspects of training in both industries.

Using a 5% significance level, the results for the eighth hypothesis shows that the researcher fail to reject the null hypothesis that says there is no significant difference in eliminates obsolesce in skills among banks within same industry after the employees' training i.e. the value of $F(2, 4, 5\%)$ from the statistical table is 5.79 which is greater than the F -calculated value (0.5) so that the decision rule is fail to reject the hypothesis that is supposed to be true. While in the case of leather firms there is significance difference so H_1 is accepted that says there is significance difference in eliminates obsolesce in skills among leather firms after the employees training at $Df(7, 11, 5\%)$.

Regarding, ninth, tenth, eleventh, twelfth, as table showed that the null hypotheses are accepted in other words, with 95% confidence level there is no significance difference in Reduction in errors, Less supervision necessary, Reduction in turnover, Improved work motivation of the employees among firms within the same industry, since the test result showed that the F -calculated value is less than F - tabulate value for all hypotheses in both industries (banking and leather industry).

Regarding to the thirteenth hypothesis as the table showed that the null hypothesis strongly rejected and H_1 is accepted. Mean that with (95%) confidence interval there is significance

difference among firms in both industries in decreasing material wastage after the employees training. since from the statistical table at $F(2,5,5\%)$ is 5.79 in banking and $F(7,10,5\%)$ is 3.14 in leather is less than F- calculated that is 9.167 and 3.247, respectively. Regarding to the fourteenth, fifteenth, and sixteenth as the table showed that the null hypotheses are accepted. Since at 95% confidence interval there is no significance difference among the firms in both industries in increasing job satisfaction, increasing work efficiency, improvement in profitability in the organization after employees training. Since F-tabulate is greater than F-calculated in both aspects of training in both industries.

Table 4.16 Variance analyses between industries

Hypothesis	ANOVA between industries		
	(Supervisors)		
H₀ : There is no difference in mean of between the two industries in relation to the following aspects after the training H_a : there is d/c in mean of between the two industries in relation to the following aspects after the training	F-calculated	F-tabulated	Decision
H ₀ : Increased productivity	.114	4.17	Accepted
H ₀ : Enhanced quality of product or service	1.841	4.20	Accepted
H ₀ : Improve quantity	.049	4.23	Accepted
H ₀ : Improves skills, knowledge, attitude change, new capability	.062	4.17	Accepted
H ₀ : Enhance the use of tools and machine, operational safety	.109	4.26	Accepted
H ₀ : Reduces accidents	.032	4.30	Accepted
H ₀ : Reduces lateness, absenteeism	5.048	4.26	Rejected
H ₀ : Eliminates obsolescence in skills,	2.587	4.23	Accepted
H ₀ : Reduction in errors	.755	4.20	Accepted
H ₀ : Less supervision necessary	.139	4.23	Accepted
H ₀ : Reduction in turnover	2.465	4.23	Accepted
H ₀ : Improved work motivation	.376	4.20	Accepted
H ₀ : Decreased material wastage	1.489	4.26	Accepted
H ₀ : Increased job satisfaction	.409	4.17	Accepted
H ₀ : Increased work efficiency	.663	4.17	Accepted
H ₀ : Improved profitability	.012	4.20	Accepted

Alpha significance level is $\alpha = 0.05$

Concerning the hypothesis as the table showed the null hypotheses are accepted. Mean that, with 95% confidence interval there is no significance difference in relation it in different as increasing productivity, Enhanced quality of product or service , Improvement in quantity , Improvement in skills, knowledge, attitude change, new capability, Enhancement the use of tools and machine, operational safety , Reduction accidents , Eliminate obsolesce in skills, Reduction in errors made by workers, Less supervision requirement, Reduction in turnover, Improved work motivation, Decreased material wastage, Increased job satisfaction, Increased work efficiency, and Improved profitability between industries (banking and leather) after the employees training, because the value for $F(1,29)$, $F(1,28)$, $F(1,26)$, $F(1,29)$, $F(1,24)$, $F(1,22)$, $F(1,25)$, $F(1,27)$, $F(1,25)$, $F(1,25)$, $F(1,28)$, $F(1,24)$, $F(1,29)$, $F(1,29)$, $F(1,27)$ using 5% significance level from the statistical table is (4.17, 4.2, 4.23, 4.17, 4.26, 4.3, 4.23, 4.2, 4.23, 4.23, 4.2, 4.26, 4.17, 4.17, 4.2) respectively greater than F-calculated so, that the decision rule is fail to reject the hypothesis that is supposed to be true for the above hypotheses. But as the table shows using a 5% significance level, the null hypothesis that says there is no significant difference in reduces lateness, absenteeism of work force from the work after the training between banks and leather is rejected. Because the value of $F(1,24,5\%)$ from the statistical table is 4.26 which is less than the F-calculated value (5.048) so that the decision rule reject the hypothesis, and accept H1 that says there is a significance difference between industries in reducing lateness and absenteeism of worker after the training.

4.4. Description and analysis of data obtained through interview

Under this section the data obtained through interview with the human resource managers (a person who responsible for human resource management activity of the organization) about the training and effectiveness of the organization from expenditure for employees' training was described and analyzed below accordingly the order of the questions.

Question 1

“Did your organization give training for the employees for the last 3 years?”

There is no doubt that training is indispensable for each and every organization, irrespective of their nature, type and industry in which it found. It is an established fact that no seriously minded organization can be staffed by people with expertise and potentials in the various discipline

needed for its total functioning simply by recruitment. According to (Alipour et al, 2009) any organization that wants to succeed and to continue to succeed, has to maintain workforce consisting of people who are willing to learn and develop continuously to be successfully. Within this fact the response of all the respondents was 'yes'.

Question 2

Why your organization gave the training? What types of training? And what methods the organization is used?

All of the respondents were responded that the reason why they gave a training for their employees was to upgrade the skills, knowledge, capabilities, and attitude of the employees in the area in which the employees had deficiency, in order to improve the employees' performance in a given task or job that assigned for him/her, to increase productivity, to reduce material wastage, work efficiency, to increase product (quality, quantity, precision (in size, quality)) and to keep safety & health of the employee and others. By keeping in view the above general objective for all respondents specifically respondents had different reasons these were initiated them to provide training for their employees, in addition to the above general objectives, among them one of the respondents replied that the organization offered training for its employee in order to introduce the workforce with the new technologies, for example core- banking and as refreshment for new comer employees. Two of the respondent replied that in order to improve work efficiency, to familiarize organizational culture for new comers, domestic bank operation, international banking, credit process and procedure, customer handling, supervision, managerial/ communication skill, credit analysis, internal audit, human resource trainer training, employee relation and foreign relation etc. as the respondents said that the organizations mostly use the following method to train their employees such as formal training at different institute , on –the – job training and others depend up on the requirement. And three of the interviewees from the leather industry responded that the organization offered training for its employees mainly in order to meet international standard of shoe product which produce by the companies. According to them there are three phases to produce a shoe (cutting, stitching and lasting) within these three phases of shoe manufacturing the employees got training about how to cutting, stitching, and the procedures these must be followed by an employee in each phase practically and theoretically by using on-the- job and formal training. HR manager of Ethiopia Tannery S.C. also said that the organization gave training for its employee in order to improve its managerial and technological capacity with

the intention of reaching the levels of 100% finished leather production which is environmental friendly for export and domestic market. As he said the company was giving and giving now training for its employee on the areas of EMS regularly about its environmental aspects, maintaining and improving of environmental performance in general. According to him this enables the company to be ISO 14001-2004 certified and Tannery of the year in 2009 (Winner Global) and the company also gave training for employees on the subject of first aid, fire accident control. The other respondent from Batu and Ethiopia Tannery S.C. gave training for their employees in 5(five) section of production such as; Beam house section, Tanning section, Re-tanning section, Crust preparation section, and Finishing section, mostly by using on-the-job method of training they have used formal training at Leather and Leather product institute. And commercial people at Batu Tannery got formal training at Chamber of Commerce. The interview with Peacock shoe factory manager said that the company gave training for production work force with the technical areas and supportive staffs also got training in the following areas such as supply chain management, computer skill and supervision in addition to the production staff of the company.

Generally, all respondents from leather industry were responded that they gave training for their employees' technical and theoretical training on the subject of emergency preparedness and safety, protective devices usage and the benefit of them, handling of equipment, manuals how to use different chemical safely specially in tanning firms and others depending up on the requirement. To summarize leather firms mostly used On-the-Job method of training.

Question 3

'How do you express the frequency of training per year for each employee on average and the cost of training allocate for each employee on average per year?'

Organizations are reallocating training resources towards what they see as their most critical business issues (Blain, 2009). Within this fact all the respondent replied that the frequency training for each employee per year was determined based on the skill gap which was observed on the employees between the actual skill/knowledge/ability possessed by job incumbent and the job requirement, the nature of the work, complexity of the work, cost per training and other factors were determine employees' training frequency per year in the organizations. Within these variables frequency of training per year per employees varies within this rang from zero to six.

For example, it could be 3 to 4 time in Cooperative Bank of Oromia S.C., 3 in Oromia International Bank S.C. 2 to 4 in Wegagen Bank S.C., 3 to 6 in Ras Dashen Shoe factory, zero to 3 in Anbessa Shoe S.C. and the rest of the organizations were within this interval, and the training cost per employee per year varied even in one organization from employee to employee and from training to training. Because, it depends on the offered price from training institutes, time span, content of the training, method of training it may be on the job or off- the –job, place of training specially (it may abroad or within the country). For example, training for abroad the organization paid 100,000 birr per employee per training as one of the respondent replied (Batu Tannery). And as the HR manager of Oromia International Bank S.C. responded that the organization paid 900-1,000 birr per year per employee on average and 50 birr per employee/year in Precook shoe factory, 3,000 birr per employee in Ras Dashen Shoe factory. In fact most of the respondents were not know how much their organization paid per employee per year for training purpose. Because there was no true training cost calculation in all organizations due to this all the respondents were unable to document the training cost per employees and the exact amount of birr spend by the organization for employees' training per year.

Question 4 &5

How much the total investment/ expenditure by the organization to train employees per year? And spending on training in proportion to the labor cost per year?

Based on the documents and oral sources of data, the sample organizations invest over half a million birr, over 75,000 birr, 1000,000 birr, 1.65 million birr, 500, 000 birr, 150,000 birr, over 100,000, 20,000 birr, over 400,000 birr, over a million birr, 91,000 birr for employees training per year by Cooperative Bank of Oromia S.C., Ras Dashen Shoe Plc., Oromia International Bank S.C., Wegagen Bank S.C. , Batu Tannery, Kangaroo shoe factory, Datra Rapid shoes factory, Peacock Shoe factory, Anbessa Shoe S.C. Ethiopia Tannery S.C. , Bale Plc. respectively. And the proportion training expenditure/ investment to payroll cost was 3- 4 % , 4% , 2.5 % , 2% , 1.75% , 2.75% , 2.5-3% , 0.67% , 3.9% , and 2% in Cooperative Bank of Oromia S.C., Ras Dashen Shoe Plc., Batu Tannery, Kangaroo Shoe factory, Datra Rapid shoes factory , Anbessa Shoe S.C., Wegagen Bank S.C, Peacock Shoe factory, Oromia International Bank , and Bale Plc. In fact, total training expenditures of any organization includes paid working time of employees while taking courses, Fees to external providers, Trainers' fee, Trainee's traveling expenditures ,Course development expenditure, Cost of facilities and equipment/course material, Facilitator costs,

Stationery and printing cost, Venue costs, Meals/refreshments costs, Participants' benefits, Administrative costs, Assessment costs, Evaluation costs. But, these costs were not recorded by the sample organizations properly, without such thing expecting true cost of training is naive. Within this fact the training budget by these organizations ranges 20,000 to over 1.65 million birr per year on average. That the researcher observes from here that there is great variation, In fact the amount of budget for employees' training in any organization depends on size, number of employees, nature of business and others. But in this case according to the data the researcher obtained one of the companies has over 400 permanent employees in the organization had a budget for training only 20,000.00 Ethiopian birr per year on average. When we compare with the other companies with the same industry the training budget of this company was very low even, the total budget for training in this company was less the budget of the a company that has 102 employees within the same industry. But the total training expenditure of the other companies was somewhat similar in the respective of the industry. Even if large amount of employees' training expenditure is not guarantee for organizational effectiveness but it has an impact on the effectiveness of the organization from the training expenditure as (Huang, 2001) stated there is a study shows that average annual training expenditure per employee for the better training-effectiveness firms was US\$182, higher than the US\$138 spent by the training- ineffectiveness firms. Within this respect the organization should take care in the amount of budget that they allocate for employees' training like other resources of the organization and they should allocate sufficient amount of birr for this key resources of the organization.

Question 6

Do you conduct evaluation of the training effectiveness?

Organizations that are committed to putting forth the time, money, and effort for employees' training required to ensure that training results are connected to a business need and result in a monetary benefit (Brown, 2001). Within this reality the researcher asked the respondent whether the organization conducted evaluation of training effectiveness during and after the program in order to know how much their organization was effective from the training expenditure / investment. Since People are arguably one of the most valuable resources in an organization; thus it is important to understand the return on investing in human capital (Brainard et al, 2005). Therefore, the entire respondents responded that they did evaluation .But, one of the respondent replied that the organization has a standard criterion to conduct evaluation of the effectiveness of the organization from the training. As he said a training program to be evaluated there must be 20

or greater than 20 attendances at a given session unless and until it is not evaluated but there was informal evaluation system at break time and other situation it allowed for it.

Question 7

What are the models the organization used to measure the effectiveness of it from the training expenditure?

The researcher asked the HR managers of the sample organizations about the models used by the organization to measure the effectiveness of it from the training expenditure/investment and only one of the respondents replied that the organization had supplement one model that is Kirkpatrick Model (Reactions, Learning, Behavior, and Result) with subjective method. But, the rest responded that they did not used any objective model to measure and evaluate the effectiveness of the organization from the employees' training expenditure rather they evaluated simply based on soft data by using subjective method they evaluate the effectiveness of the organizations from the training. According them the data could be got from trainee, trainers, supervisors through questionnaire, interviews, report of the employees about what they got from the training after the training session, personal judgment by observing the employees when the employees are working. Based this they conclude the effectiveness of the organization from the training expenditure/investment.

Question 8, 9

How do you evaluate the return and level of performance outcome of the training in terms of the?

- a. *Objective of the training.*

As narrated above the organizations had different objectives these were initiated the organization to provide training for their employees, by keeping in mind these objective of the organization the researcher asked the HR manager/ person who responsible for this activity of the respective organizations how they evaluate the return and level of performance outcome of the training with respect to the specific objective of the particular training that was pre determined by the organization to attain after the training of the work force. Based on this, only 2 of the respondent replied that they were not sure to say the organization was effective from the previous training expenditure absolutely but, they believed that there was an improvement in employees' performance after the training. Nevertheless, they were not confident to say the change was

sufficient to conclude the organization was effective from the expenditure to employees training. While the rest of the respondent replied that the organization was effective from employees training expenditure and among them one of the respondent (Oromia International Bank S.C.) said that organization was from 90% - 95% effective from the employees' training expenditure/ investment.

- b. *Criteria that use by the organization to measure the effectiveness of the organization from the training expenditures.*

In fact except the respondent from Oromia International Bank, all of the respondents hinge on only on subjective method or criteria to measure the effectiveness of the organization from the training expenditure/investment. According to them objective of the training set by the organization, benchmarking, international standard (Best Time to do a particular job), used as criteria to say whether effective or not from the employees' training expenditure. But if the organizations want to evaluate their effectiveness from the employees training expenditure/benefit from the training first they have to understand factors which determine the effectiveness of training. Since the effects of training depend on various influences, then a firm must control for all these influences if it wants to obtain a maximal return to training. Setting up a training program with maximal efficiency requires a firm to follow certain steps: according to Dekok (<http://www.tinbergen.nl/uvatin/00073.pdf>), Identify the knowledge gap (what must be learned?), Formulate the goals of training, and the criteria to evaluate it by. This is beneficial to the transition from learning outcomes to individual productivity, but can also stimulate the motivation to learn and apply, Choose the evaluation system, determine the training design (training method, materials used, time and place, etc.), Perform the training course, Evaluate to which extent the training has reached the formulated goals; not only to learn more about the effects of this specific training course, but also to stimulate the motivation of employees to apply their newly gained knowledge in practice.

Question 10

How can you explain the relationship between training expenditure in the organization and organizational profitability / successes?

The entire respondents viewed that training expenditure and organizational successes/ profitability had positive or direct relationship but, they were incapable to state exactly how much employees' training was contributed to organizational profitability / success. According to them there were many extraneous (external factors e.g. economic condition, internal factors e.g. other investments on new technology etc) for the last three years which determined the profitability/ success of the organization in addition to employees training. Therefore they believed that training had direct relationship but they did not know how much it was contributed. From this the truth researcher can conclude that the evaluation system of the organization was not sufficient to identify the contribution of employees' training from the other indigenous and exogenous factor that is why they were unable to confidently specify how much training contributes for organizational profit/success. However, it is difficult to show a direct correlation between training and changes in profitability/success measures because there are many factors, besides training, that can influence changes in profitability or success of the organization. Since, organizations are spend their scarce resource on it they should evaluate it effectively and efficiently with help of objective models to know how much they are effective from employees' training expenditure.

Question 11

Which section of the training is evaluate

All of the respondent replied any training that offered for any section of the employee evaluated but one of the respondent said that even if each section of the training was evaluated, the training for worker in manufacturing gave due attention to appraise how much these training participants were improved in all aspects (skill, knowledge, safely usage of machine, productivity etc..) in which the training offered, as he said this section not only got highest attention in the valuation aspect, but also in budget for training.

Chapter Five

5. Conclusion and Suggestions

5.1 Conclusion

Introduction

The objective of this study was to examine how much organizations are effective form training expenditure that they offered to their employees in order to improve the employees' performance, measure how much organizations are invest for training program, and identify the criteria/models in use by the organizations to measure their effectiveness from training program. With respect to these objectives the research found as described below:

As the literature identified there are main reasons why organizations are initiate to give training for their employees, finding of this survey revealed that the reason which initiated the sample organizations to gave training for their employees with the objective of upgrade the skills, knowledge, capabilities, and attitude of the employees in the area in which the employees had deficiency, in order to improve the employees' performance in a given task or job that assigned for him/her, to increase productivity, to reduce material wastage, work efficiency, to increase product (quality, quantity, precision (in size, quality)) and to keep safety & health of the employee and others. And to deliver the training the organizations were used different methods but two dominant methods were On-the-Job and Formal lectures.

Regarding to the measure of how much organizations were invest for training program, the review literature explained organizations are spending billions of dollars for employees' training. For example, Germany's, Canadian's, Taiwanese and USA's firms were spend 1.5%, 0.9%, 0.93%, and 1.8%, respectively of dollars for training in proportion to their payroll cost in 1990's. Within in this fact as this survey study found that the sample organizations were spent considerable amount of money for employees' training, Even if there is significance variation between the two industries. Within this fact bank and leather firm spent 1,050,000 birr and 167,000 birr on average per year for employees' training, respectively. But, there is great variation in training expenditure among firms in both industries, especially; the variation is high among leather firms irrespective of number of employees. Simultaneously the expenditure on training in proportion to the payroll cost of the organizations was ranges from 2.5% to 4% in banking industry and from 0.67% to 4% among leather firms. Nevertheless, some of the firms in leather allocate sizeable amount of birr

for employees' training in proportion to payroll cost some of them invest too low for this purpose. From this the researcher can conclude the investment for training by most of the sample firm in 21th centre in proportion to payroll cost of the organization is little more than that Taiwanese's firm was spent in 20th c on average. So, the emphasis given for training by majority of the firm is still low, especially in leather firms.

Regarding the identification of the criteria/models in use by the organizations to measure their effectiveness from training expenditure,

For the matter of fact, the investment in people, both in developing and maintaining the appropriate skills, knowledge, and ability is vital part of the organization's strategy for the future. Like any investment, investment in training should produce an effective and measurable payback or return. As the finding revealed that all of the organizations were conducted an evaluation of training effectiveness but there was a response that proofed that not evaluated all training these were offered by the organization rather based on the criteria. Within in this fact, although there are a number of model available for them for evaluation purpose, over 90% of them were using subjective methods to evaluate organizational effectiveness from employees' training expenditure and only less than (10%) of them was used Kirkpatrick Model, as evaluation tools. Even 10% them was not used the model always but used it sometimes. But no one who was used Cost-Benefit analysis or Return on Investment models as evaluation tool. Therefore, the main conclusion that can be drawn from this finding is that the organization could not evaluate their effectiveness in terms of all possible returns from the employees training expenditure as effectively and efficiently with the help of subjective measures only and result of the evaluation could be insufficient to make decision in different aspect of training for the future.

Regarding to the evaluation of how much organizations were effective from the employees' training investments in terms of the objectives intend to achieve.

The objectives which initiated the organizations' to offer training for their employees were to Increase productivity, Enhance quality of product or service, Improve quantity, Improves skills, knowledge, attitude change, new capability, Enhance the use of tools and machine, operational safety, Reduces accidents, Reduces lateness, absenteeism, Eliminates obsolesce in skills, Reduction in errors, Reduce extent of supervision, Reduction in turnover, Improve work motivation, Decrease material wastage, Increase job satisfaction, Increase work efficiency, and Improved profitability. Even if there were mixed

responses on the attainment of these objectives the finding revealed that both firms were moderately effective from the employees' training expenditure irrespective the industry in which they founded. Except, the only significance variation between the two industries was in relation to the attainment of the objectives in reducing lateness and absenteeism, because as the mean result of the two industries showed that (3.21) in leather industry was greater than the mean of banking industry (2.43). Therefore, the researcher concludes that there was no significance difference in the effectiveness of the firms from the employees training expenditure between the two industries in terms of the above objectives. The only significance difference was in reducing lateness and absenteeism of employees after the training because in this case leather firms more effective than banks.

Based on the responses the employees regarding the different aspects of training in the organization, such how the training programs were designed, the role of training on the improving their skills, ability and knowledge, applicability of it after the training on the job, methods of training, its role on their motivation and satisfaction, their views about, amount of budget for training, evaluation of the training and the effectiveness of the organizations from the employees training. The research finding suggests that the firms were sometimes effective in achievements of the above objectives in views of the employees in both industries with none of significance difference between them. Except there was only significance difference between the two industries in relation to training program design as the mean of the two industries showed that (3.67) in banking industry and (2.5) in leather industry therefore the researcher conclude that with regard to training program design banking industry was better than leather industry. So, training program was designed based on the requirements of the job or employee deficiency of ability for the job in banking industry than leather industry.

The improved performance of individuals leads directly to profit. Such a payback can be rapid and significant, yet it is rarely measured or presented in financial terms. But in these organization never presented in financial term. In fact they believed that training expenditure had direct relationship with profitability of the organization in all firms as the finding suggests that but the organization were unable to specify proportion of expenditure effect on profitability of the organization. Since they were evaluate the effectiveness of the organization based on the personal judgment with help of subjective methods.

5.2. Suggestions

In light of the findings the researcher forwards the following suggestions for the concerned body:-

- Organization should allocate sufficient amount of budget to train this key resources of the organization. Since investment on people, both in developing and maintaining the appropriate skills, knowledge, and ability are vital part of the organization's strategy for the future and it is a strategic weapon in the battle for competitive advantage.
- Since the organizations are investing considerable amount of resource for employees' training they have to get satisfactory return on investment. Means linking the training function and activities to the company's overall business activity, to do so organizations should use objective models in addition to the subjective methods to improve the accuracy of the result of organizational effectiveness evaluation from the employees training expenditure. Other ways a training program is not complete until they have evaluated results with the help of precise method. A key to obtaining consistent success with training programs is to have a systematic approach to measurement and evaluation.
- Since the finding of study proofed that all firms were moderately effective from the training expenditure organization are expected to do more and more on this issue to be more effective from the training expenditure towards achieving those objectives and they are expected to see all factors which hinder them from the attainment of the specified training objectives. Simply giving the training is not guarantee for organizational success; therefore, organizations should consider all factors which determine the effectiveness of the organization from the particular training program (eg. method of delivery, content, duration, trainers, environment, number of participant in a particular session and other factors). Special banks should think over on an aspect of training effectiveness measure i.e. reduces lateness and absenteeism of employees.
- Any training should be takes place based on proper analysis of its contribution to the effectiveness and efficiency of an organization unless and until the investment on it should invest in another activity. Therefore, organizations should design their training program based on this fact especially leather firms should take a care on this issue. To be effective from the expenditure for employees training.

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Appendixes

Appendix A

Addis Ababa University
School of business and public Administration
Department of Management
MBA Program

Questionnaire to be completed by employees

Dear Participants

My name is Mengistu Beyazen. I am a postgraduate student in the Department of Management: MBA program at Addis Ababa University. Now I am conducting a research in the area of “Training to Improve Employees’ Performance and Organizational Effectiveness”.

This study is conduct on private Banks and leather industry with aim of examining how much organizations are effective from the training expenditure that they invest to improve employees’ performance. Therefore, your answers are very important and valuable for the successful completion of the study.

Please fill out all of the questions to the best of your knowledge accordingly the questions require. The information you provide will be kept confidential and will be used for this research purpose only.

Thank you very much for your cooperation in advance!!!

General Instructions

- There is no need of writing your name
- In all cases where answer options are available please put “X” in the appropriate box or bracket.
- For questions that demands your opinion, please try to honestly describe as per the questions on the space provided

I. Basic demographic data

1. How old are you? (Years)

- A) 18 – 25 () B) 26 – 35 () C) 36 – 45 ()
D) 46 – 55 () E) 56 – 59 () E) If any specify (-----)

2. Gender; A) Male () B) Female ()

3. Educational Background;

- A) Elementary school () B) High School ()
C) Certificate () D) Diploma ()
E) First Degree () F) Masters Degree ()
G) Other (please specify) (-----)

II. Information on Training and evaluation effectiveness of organization from it.

4. What is your position in the organization?

- A) Machine Operator () B) Accounts Clerk ()
C) Secretary () D) Driver ()
E) Advanced Accountant () F) Computer Operator ()
G) Junior Engineers () H) Security Officer ()
I) if any other specify (-----)

5. How long have you been working with this organization?

- A) 1 – 5 years () B) 6 – 10 years ()
C) 11 – 15 years () D) 16 – 20 years ()
E) 21 and greater than () F) if other specify (-----)

6. Have you had any form of training since you have joined the organization?

- A) Yes () B) No ()

7. What methods were used for the facilitation if your answer is yes for Q # 6? **May be more than one answer is possible.**

- A) Seminar () B) On-the-job training ()
C) Understudy training () D) Formal Lectures ()
E) Apprenticeship () F) Demonstration ()
G) Vestibule () G) if any other specify (-----)

8. If you answered yes to question # 6, how many times do you have taken training?

- A) 1 – 3 () B) 4 – 6 ()
C) 7 – 9 () D) 10 and more than ()

9. If your answer yes for question # 6, for how long you had been in training on average?

- A) 1- 3 months () B) 4- 6 moths ()
C) 7- 12 months () D) 13-15 months ()
E) 16- 18 months () F) more than 1.5 year ()

10. If your answer for question # 6, how many times you have taken training per year on average?

- A) Only once () B) Twice () C) Several times ()

11. What types of training you have taken? **May be more than one answer is possible**

- A) Computer skill () B) Operational ()
C) Accounting () D) Machine operation ()
E) New employee orientation () F) Conducting performance appraisal ()
G) Tem building () H) Managerial skill/ leadership ()
I) Operational safety program () J) If other please specify (-----)

The following questions describe the organizations effort to train its employees. Please put “X” in the space at the front of the questions under number you think express the position of the organization in relation to the training program?

Assume 1 = Never 2 = rarely 3 = sometime 4= often 5 = always and put “NA” if not applicable. “N” for you do not know

S/N	Questions	1	2	3	4	5
12	Do you think the training program designed based on the requirements of the job? Or employee deficiency of ability for the job?					
13	Is the type of training you have taken applicable for the job after the training?					
14	Do you have known the objective of the training?					
15	Does the training increase your motivation to the job you do?					
16	Does training improves your skills, knowledge, attitude change, new capability					
17	Does the training lead you to be satisfied with your job?					
18	Do you think the method of training used by the organization is effective					
19	Do you have enough training that enables you to do your job as required?					
20	Do you think the expenditure for employee training is enough?					
21	Does the training program evaluate during or at the end of the program?					
22	Do you think that the organization is effective from the training expenditure?					
23	Are you satisfied with the overall aspect of the training programs in the organization?					

24. In your opinion, do you think the organization is effective from the training expenditure?

Yes/No. why? -----

Appendix B

Addis Ababa University
School of business and public Administration
Department of Management
MBA Program

Questionnaire to be completed by Line managers (Supervisor)

Dear Participants

My name is Mengistu Beyazen. I am a postgraduate student in the Department of Management: MBA program at Addis Ababa University. Now I am conducting a research in the area of “Training to Improve Employees’ Performance and Organizational Effectiveness”.

This study is conduct on private Banks and leather industry with aim of examining how much organizations are effective from the training expenditure that they invest to improve employees’ performance. Therefore, your answers are very important and valuable for the successful completion of the study.

Please fill out all of the questions to the best of your knowledge accordingly the questions require. The information you provide will be kept confidential and will be used for this research purpose only.

Thank you very much for your cooperation in advance!!!

General Instructions

- There is no need of writing your name
- In all cases where answer options are available please put “X” in the appropriate box or bracket.
- For questions that demands your opinion, please try to honestly describe as per the questions on the space provided

I. Basic demographic data (please tick where appropriate)

1. How old are you? (Years)

- A) 18 – 25 () B) 26 – 35 () C) 36 – 45 ()
D) 46 – 55 () E) 56 – 59 () F) If any specify (-----)

2. Gender; A) Male () B) Female ()

3. Educational Background;

- A) High School () B) certificate ()
C) Diploma () D) First Degree ()
E) Masters Degree () F) other (please specify) (-----)

4. How long have you been working with this organization?
 A) 1 – 5 years () B) 6 – 10 years () C) 11 – 15 years ()
 D) 16 – 20 years () E) 21 and greater than ()
5. Have you ever seen any form of training for employees under your supervision since you have become a supervisor?
 A) Yes () B) No ()
6. What methods were used for the facilitation if your answer yes Q # 5? **May be more than one answer is possible**
 A) Seminar () B) On-the-job training ()
 C) Understudy training () D) Formal Lectures ()
 E) Apprenticeship () F) Simulation/ Vestibule ()
 G) If any other please specify (-----)

If your answer for question # 5 is yes, how do you evaluate the return of the training after the training relative to the objective of training? Please answer by putting “X” in the box you think represent the result of the training in front of each question.

Assume Very low = 1 Low = 2 Moderate = 3 High = 4 Very high = 5, put “NA” if not applicable. “N” for you do not know

S/N	Objective	Very low	Low	Moderate	High	Very high
7	Increased productivity					
8	Enhanced quality of product/service					
9	Improve quantity					
10	Improves skills, knowledge, attitude change, new capability					
11	Enhance the use of tools and machine, operational safety					
12	Reduces accidents					
13	Reduces lateness, absenteeism					
14	Eliminates obsolescence in skills,					
15	Reduction in errors					
16	Less supervision necessary					
17	Reduction in turnover					
18	Improved work motivation					
19	Decreased material wastage					
20	Increased job satisfaction					
21	Increased work efficiency					
22	Improved profitability					

23. Which criteria organization use to measure the effectiveness of the organization from the training expenditures, for its employees. Complete the table by put “X” in front of the evaluation model based on the frequency of usage in the organization.

S/N	Model	(1) Never	(2) Rarely	(3) Sometime	(4) Often	(5) Always
1	Kirkpatrick Model	Reactions				
		Learning				
		Behavior				
		Result				
2	Cost – Benefit analysis					
3	Return on Investment (ROI)					

24. In your opinion, do you think the organization is effective from the training expenditure? Yes/ No why?

 -----.

25. Write your feeling about the effectiveness of the organization from the employees training expenditure -----

 -----.

Appendix C

Addis Ababa University
School of business and public Administration
Department of Management
MBA Program

My name is Mengistu Beyazen. I am a postgraduate student in the Department of Management: MBA program at Addis Ababa University. Now I am conducting a research in the area of “Training to Improve Employees’ Performance and Organizational Effectiveness”. The interview questions for human resource manager (a person who perform the human resource management aspect of the organization).

1. Did your organization give training for the employees for the last 3 years?
2. Why your organization gave the training? What types of training? And what methods the organization is used?
3. How do you express the frequency of training per year for each employee on average and the cost of training allocate for each employee on average per year?
4. How much the total investment/ expenditure by the organization to train employees per year? Roughly.
5. How much the organization is spending on training in proportion to the payroll cost of the organization per year? Roughly
6. Do you conduct evaluation of the training effectiveness
7. What are the models the organization used to measure the effectiveness of it from the training expenditure?
8. How do you evaluate the return and level of performance outcome of the training in terms of the?
 - a. Objective of the training.
 - b. Criteria that use by the organization to measure the effectiveness of the organization from the training expenditures.
9. Is the organization effective from the training expenditure or not?
10. How can you explain the relationship between training expenditure in the organization and organizational profitability / successes?
11. Which section of the training is evaluated?

Appendix D

Mean and Std. Deviation of responses within the industry for employees

Aspects of evaluation	Industry			
	Banking (n=25)		Leather (n=28)	
	Mean	Std. Deviation	Mean	Std. Deviation
Do you think the training program designed based on the requirements of the job? Or employee deficiency of ability for the job?	3.67	1.129	2.5	1.29
Is the type of training you have taken applicable for the job after the training?	3.68	.988	3.11	1.37
Do you have known the objective of the training?	3.96	1.197	3.32	1.42
Does the training increase your motivation to the job you do?	3.75	1.113	3.43	1.35
Does training improves your skills, knowledge, attitude change, new capability	3.76	1.128	3.5	1.35
Does the training lead you to be satisfied with your job?	3.08	1.038	3.54	1.27
Do you think the method of training used by the organization is effective?	3.16	.850	3.5	1.24
Do you have enough training that enables you to do your job as required?	3.00	1.258	3.22	1.34
Do you think the expenditure for employee training is enough?	2.64	1.411	2.82	1.39
Does the training program evaluate during or at the end of the program	2.88	1.424	2.82	1.61
Do you think that the organization is effective from the training expenditure?	3.04	1.160	3.12	1.47
Are you satisfied with the overall aspect of the training programs in the organization?	2.96	1.241	3.0	1.41
Grand mean	3.30		3.14	

Notes: the scale ranges from never (1) to always (5)

Mean and Std. Deviation of responses within the industry for supervisors

Aspects of organizational effectiveness measures	Industry			
	Banking (n=11)		Leather (n=20)	
	Mean	Std. Deviation	Mean	Std. Deviation
Increased productivity	3.64	.505	3.55	.828
Enhanced quality of product or service	3.45	.522	3.79	.770
Improve quantity	3.44	.882	3.37	.929
Improves skills, knowledge, attitude change, new capability	3.82	.603	3.75	.799
Enhance the use of tools and machine, operational safety	3.62	.744	3.72	.699
Reduces accidents	3.67	.816	3.61	.633
Reduces lateness, absenteeism	2.43	1.134	3.21	.663
Eliminates obsolescence in skills,	3.75	.463	3.37	.633
Reduction in errors	3.64	.505	3.44	.660
Less supervision necessary	3.22	.667	3.11	.862
Reduction in turnover	2.56	1.014	3.17	1.00
Improved work motivation	3.82	.405	3.63	.893
Decreased material wastage	3.25	.707	3.67	.947
Increased job satisfaction	3.64	.674	3.45	.910
Increased work efficiency	3.64	.674	3.40	.915
Improved profitability	3.4	.699	3.37	.825
Grand mean	3.436875		3.47562	

Notes: the scale ranges from very low (1) to very high (5)