

EMPLOYEE TRAINING AS A PREDICTOR OF SELF-EFFICACY IN FINANCIAL INSTITUTIONS OF PAKISTAN: A NOTE

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ABSTRACT

This paper examines the role of training in escalating personal belief that how people perceive information and think about their abilities along with highlighting the significance of incorporating self-efficacy cues (1. mastery experiences, 2. vicarious experiences, 3. social persuasion and 4. Physiological responses to experiences) into training content. Data are gathered from 384 respondents (employees) from listed banks and financial institutions of Pakistan Stock Exchange on the basis of purposive sampling. Regression analysis is used to analyze the data along with descriptive statistics. Results of our study affirmatively confirm the proposed model and provide information regarding the design and content of training intervention in order to improve the personal belief about one's capabilities.

Keywords: Self-efficacy, Training and Development, Performance, Financial Institutions

INTRODUCTION

Training is becoming the most approaching interventions in order to solve

the work-related issues. Today's managers, employees, and organizations are switching extensively towards training. Successful training programs make its incumbents learn skills, knowledge, abilities, attitude, and aptitude, which are necessary for effectively performing the work task not only in the ordinary situations, in fact also in the strange new and adverse circumstances (Chiaburu & Lindsay, 2008). Further, the investment in training and development is considered as central strategy to attract competitive pool in an organization.

Despite of all these benefits and attempts made for investing in the advancement of human capital, training has been given comparatively low priority than other organizational activities (Stajkovic & Luthans, 1998). Despite of being least prioritized activity its importance is not going to be marginalized anyway. As the model of performance includes all of the human perspectives like ability and motivation in addition to situational factors. Self-efficacy is a newly added dimension in performance model. It is personal belief

that how people perceive information and think about their abilities.

The importance of self-efficacy construct can be judged by this phenomenon, as it is the central point of the “most heard theory around the world”. Researchers have put immense emphasis on the importance of this construct as it has been studied in more than ten thousand research papers, reports and articles in past seventy five years (Judge, Jackson, Shaw, Scott, & Rich, 2007). It counts for reason in making differences in behavior, thinking, thinking patterns and motivation. When it comes to thinking it provides facilitation in order to initiate cognitive processes and excel performance. If people’s belief (self-efficacy) about themselves is negative it will result in low self-esteem, helplessness, anxiety and decreased performance.

Cromwell and Kolb (2004) suggested that training an individual can improve his judgments about himself. The training serves this purpose of institutional and individual learning through focusing on training content, design, feedback, modeling and observations. These focal points are source of self-efficacy that is, mastery experience, vicarious modeling, social persuasion and psychological arousals (Ikramullah, Shah, Khan, Hassan, & Zaman, 2012).

In spite of extensive emphasis given by researchers on enhancing performance of employees through cognitive escalation of their capabilities, rare attention has been given towards inclusion of efficacy cues into training content (Bandura, 1981). This study discusses the underlying process of embedding sources of self-efficacy in training to throw light on the role and importance of self-efficacy source based

model of trainings in order to achieve higher performance.

Research Questions

- Are training and development and self-efficacy correlated?
- Does training program affect self-efficacy beliefs of an individual if training content is based on the sources of self-efficacy?

Research Objectives

- To add a new dimension of training with reference to the training content
- To provide framework for management practitioners to enhance self-efficacy of employees by training, which will lead to higher employee performance
- To include self-efficacy sources of information in training design and program by throwing light on the importance of self-efficacy

LITERATURE REVIEW

Self-efficacy

Meral, Colak, and Zereyak (2012) found self-efficacy more vocal and radical in nature with relationship of performance than other socioeconomic variables. Self-efficacy exists in diverse branches of life. It can be seen influencing people’s choices, their decisions, their attitudes towards adverse situations, mold the beliefs about performing of tasks and affecting the behavior about how to face the problem (Shams, Mooghali, & Soleimanpour, 2011). Gist (1987) considered self-efficacy belief as the ultimate outcome of a process which is initiated by weighing one’s own capabilities, integration of these capabilities and evaluation of information

which becomes the driving and regulatory factor behind the decision about the choices and the amount of effort for the accomplishment of tasks. Latest understanding of self-efficacy regarding its definitions is explained by (Zulkosky, 2009) as self-efficacy is a mixture of two words one is SELF and other is EFFICACY. Self is identity or personality while efficacy is used in terms of power and ability to produce effects. Gist and Mitchell (1992) mentioned three dimensions of self-efficacy namely magnitude strength and generality. Self-efficacy is also a main and key construct in social cognitive theory which provides deep and enhanced understanding of the behavior of human through a comprehensive framework (Bandura, 1988). The social cognitive theory based programs are found most influential in terms of learning and performance (Ramdas & Elliot, 2012) self-efficacy has become the focal point of all the areas of organizational studies. It has been enormously used in training and development (Kozlowski, Yost, Stine, & Celebucki, 2000). Its roots can be found in performance evaluation and group team performance as well (Bartol, Durham, & Poon, 2001). Besides all of the above fields and dimensions the faculty of self-efficacy is increasingly high with relationship of performance (Judge & Bono, 2001).

Training and Development

Training is considered to be an area of applied psychological research that helps to enhance human well-being, overall organizational performance and work setting. Enhancement of self-efficacy and self-management skills in the trainee can result in performance consistency (Becker & Huselid, 1998). Ramdas and Elliot (2012) suggested that the most practical

solution to enhance the employee's capabilities is to indulge them into training programs that nourish and develop them. Sahinidis and Bouris, (2008) defined training as "a deliberate and planed practice of human resource management which results in enhancement of employee performance". Barden (1997) argued that if training intervention is absent in the organizational settings then the organization will be on receiving end when it comes to implementation and quality management.

Training have several indirect effects too which passes through the performance of employees (Vlachos, 2008). Moreover Martocchio and Hertenstein (2003) have noted that training that result in high self-efficacy is more likely to lead to positive outcomes. The importance and different parameters of training stated by American Society for Training and Development in 2008 that success of training depends on the content development. Effective trainings particularly focus on the design and content for instance content should relate to the task and the knowledge must be in transferable pattern (Lazazzaraa, Karpinskab, & Henkencs, 2011).

Ghebrejorgis and Karsten, (2007) argued that Training provide a practical approach towards development of skills attitude which help in gaining confidence and overcoming the mistakes. This confidence makes employees to feel more equipped. This confidence about their own skill boosts the self-efficacy of employees. Their belief about their self-get stronger and their attitude become very positive towards the job which enhances their performance (Gist & Mitchell, 1992). According to Bandura (1988) self-efficacy

beliefs have four sources: Training programs can also be planned by the inclusion of Bandura's (1988) four cues of self-efficacy ((1) mastery experiences: doing by self (2) vicarious experiences: learning through observations (3) Social persuasion: feedback. (4) Psychological arousal: psychological responses to situations) in order to increase the self-efficacy and competency of a trainee (Swanson, 2001). Following methodology was used to answer the research questions.

RESEARCH METHODOLOGY

This research lies in the subjectivism paradigm, as subjectivity includes processes denoted by the terms mental, conscious, experience, will and learning, and psyche, which were in conjunction with the proposed model. This research revolves around the pragmatic paradigm. Deductive reasoning is chosen for this study. Moreover, present study uses survey method to investigate for the research question further choice of research in present research comprises of mix method. As one time data are gathered and analyzed, so time horizon is cross sectional. The study is based on primary data gathered through the personally administered measuring instrument and interviews.

The population for this research is comprises of employees of the banks and financial institutions, which are listed with Pakistan Stock Exchange. This particular industry is chosen because of its escalating growth margins and increasing competition in this sector. This intense competition compels banks to introduce new products and services and enhance the performance of their employees. Therefore, to put emphasis on the self-efficacy and training

linkage in this industry this particular population has been chosen for this study.

The sample is selected from the financial sector through purposive sampling. The target groups of employees of financial institutes in different financial companies are identified and sample size is 384. Different statistical techniques including regression analysis and correlation are used to analyze the data.

Theoretical Framework

From the relevant insights from previous literature and interviewing human resource professionals a theoretical framework (Figure 1) has been developed. The proposed model presented in the study examines the effects of training content on self-efficacy. The previous work has suggested the relationship of training with efficacy but this proposed model studied them as a whole by incorporating the cues of self-efficacy.

FIGURE 1

Research Model



Considering the previous literature, it is worth empirically testing the above model, depicting the effect of training on escalating self-efficacy levels. Therefore, on the basis of above theoretical modeling and in depth review of literature following hypothesis are formulated for this study:

H₁: Training & development and self-efficacy are positively correlated

H₂: If training program includes mastery experiences, vicarious experiences, social persuasion, and Physiological responses to experiences then training positively affects self-efficacy

RESULTS AND DISCUSSION

Descriptive analysis of the data reveals that targets respondents were agreed with the all items asked about training self-efficacy rewards and performance as there mean value for all variables is more than 3 ($M > 3$).

TABLE 1
Descriptive Statistics

Factor	N	Minimum	Maximum	Mean	Std. Deviation
Region	38	1.00	2.00	1.052	.22248
Gender	38	1.00	2.00	1.257	.43800
Age	38	1.00	3.00	1.333	.56285
T&D	38	1.76	4.59	3.820	.49510
SE	38	1.75	4.75	3.862	.45574

The standard deviation shows how much variation or dispersion from the average exists. A low standard deviation indicates that the data points tend to be very close to the mean (also called expected value); a high standard deviation indicates that the data points are spread out over a large range of values. Further the standard deviation in this study is less than 1 ($SD < 1$) rather it is around 0.5.

Reliability is the overall consistency of a measure. A measure is said to have a high reliability if it produces similar results under consistent conditions. "It is the characteristic of a set of test scores that

relates to the amount of random error from the measurement process that might be embedded in the scores. Scores that are highly reliable are accurate, reproducible, and consistent from one testing occasion to another. That is, if the testing process were repeated with a group of test takers, essentially the same results would be obtained. Here Cronbach alpha (α) was used to reliability of the instruments. Reliability analysis showed that independent and dependent variables all had reliability coefficient above ($\alpha = .70$) which means all the instruments had high reliability. All the calculated Cronbach alpha values are given in the table.

TABLE 2
Reliability Analysis

Variables	Cronbach alpha(α)
Training and Development Self-efficacy	0.87
	0.71

Hypothesis 1

H₁: Training & development and self-efficacy are correlated

In addition with the regression analysis calculation of mean and standard deviation Pearson correlation is also calculated in order to check the relationship status of the independent and dependent variables.

TABLE 3
Correlation Matrix

		TND	SE
TND	Pearson Correlation	1	.584**
	Sig. (2-tailed)		.000
SE	Pearson Correlation	.584**	1
	Sig. (2-tailed)	.000	

** . Correlation is significant at the 0.01 level (2-tailed).

The relationship was found highly significant at .01 level ($P < .01$). The relationship of training and self-efficacy was positive and significant (0.584, $p < .01$) which indicates that increased training opportunities in proposed fashion indicates the presence of high self-efficacy. Therefore, H_1 is accepted.

Hypothesis 2

H₂: If training program includes mastery experiences, vicarious experiences, social persuasion, and Physiological responses to experiences then training positively affects self-efficacy

To test this hypothesis the statistical techniques of linear regression is used. Table-4 represents the results of the regression analysis of training as independent variable and self-efficacy as a dependent variable.

TABLE 4

Regression Analysis (independent: training, dependent: self-efficacy)

Training-	B	R ²	Sig
Performance	0.591	0.261	0.000

It is found in analysis that training contribute significantly towards self-efficacy enhancement as beta value ($\beta=0.591$) predicting the change in dependent variable self-efficacy due to the independent variable training & development, further R square value ($R^2=0.261$) suggesting the fitness of proposed model at ($p < 0.000$). Therefore, H_2 is accepted fully as training is found significant predictor of self-efficacy.

This study was intended to find out that whether the training program impacts the self-efficacy beliefs of individual in financial institutes provided the training is designed incorporating the sources of self-efficacy. The study incorporated the four sources of self-efficacy in training content that are mastery experiences, enactive mastery, social persuasion and physiological responses to experiences (Bandura, 1997). Training content was designed in a way that it could profoundly escalate the self-efficacy beliefs of employee targeting the sources of efficacy. Results showed that there was a significant relationship between training developed through self-efficacy sources and self-efficacy beliefs of individuals. The relationship was positively significant expressing that training designed on cues of efficacy leads to enhanced self-efficacy beliefs in employees. Findings of this research confirm the notion coined and validated by Baldwin and Ford (1988) and Hanover and Cellar (1998) who emphasized the effect and importance of training design on the desired outcomes. Results confirmed the findings Peterson and Arnn (2005) suggesting that training context and content implies considerable impact on the self-efficacy beliefs. The results also matches with the study of Martocchio and Hertenstein (2003) who proposed that training can effectively enhance self-efficacy belief of individual if it includes the content developed on Bandura's (2008) cues of efficacy.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

This finding of this study is providing information regarding the design and content of training intervention in order to improve the personal belief about ones

capabilities by throwing the light on the role of self-efficacy in enactment. The study concludes that training programs should be based on the cues of self-efficacy: mastery experiences, enactive mastery, social persuasion and physiological responses to experiences in order to boost the self-efficacy of employees which will be proved as significant predictor of performance.

The findings of this study determine several practical implications which play a vital part to strengthen the organizational performance by developing their employees. For those managers should develop the effective training programs by keeping in mind the content of self-efficacy in it. The training content influences the personality of an employee in an organization which results high productivity. This will not only enhance the productivity results in the organization but also increase the morale and level of job satisfaction among the employees.

This study also shows that due to the determinants of self-efficacy, managers should design enhanced training programs so that it will create the performance based culture in an organization. However, managers should focus on the contents of the training programs it will increase the efficiency of mental processes as well as the level of the self-efficacy of the employees. In addition, managers must develop consistent training programs linked with the overall objectives of the organization. While developing the training design, managers must incorporate four elements mastery experiences, vicarious learning, social persuasion, and psychological arousal to make an effective training program for the employees.

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