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Effects of Practice and Development on Employee Performance in Banking Industry: Isparta Case, Turkey

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Abstract

Human being is the base of operating activities. Managing this factor efficiently is a key point for the success of operations. This research aims to examine the effects of practice and development on employee performance in Human Resources Management. For this purpose, a survey has been implemented to HR managers or senior managers of banking institutions in Isparta. They have been asked to specify in which subjects they need practice, and the elements that affect employee performance as a result of these practices. 41 of the 49 institutions in Isparta were surveyed in the scope of this research. Independent variables of this research consists of training development, system tendency, team tendency and autonomy subdimensions. A correlation analysis has been applied to determine the relations between subdimensions. The analysis suggests that a positive correlation exists between employee performance and practice&development activities. It is observed that continuity of practices for employees and development of these practices according to their professions lead to high job satisfaction, which in turn increase the productivity of the organization. The evidences support the literature.

Keywords: Human resources management, practice and development, employee performance.

1. Introduction

The fact that more and more mechanization, automation and technological developments come into our lives every day, and opening of new horizons for organizations make us think there is a decreasing need for human power; however human being is indispensable for continuity of organizations.

Human factor is regarded as an unseen power in organizations, besides constitutes an important place as the intellectual capital in evaluation methods. Whatever their market value is, the main factor that leads businesses to success is the human power in hand and their ability to use it. That's why businesses need to use human power accurately and appropriately to make a difference, adapt to changing environmental conditions and reveal flexibility, quality and commitment to business which are the requirements of the era.

Nowadays, human is the most important factor in terms of production and a key to survival for businesses; despite the fact that there is an effort to agree the social presence of employees and

set up a system of governance in that direction. Human Resource Management that emerges at this point is the determination of the appropriate human resource currently and in the future of the business. In other words, the aim of Human Resource Management is to prepare the action plans that will provide required number of qualified staff as a result of human resources planning.

This study aims to examine the effect of practice and development on employee performance in HRM. Our study begins with definitions related with practice and development in HRM, personal and organizational performance. In the application section, correlation analysis and its result are presented.

2. Concept and Content of Human Resources Management

The concept of human resources refers to resource of people that are used to reach corporate goals. This concept covers up everyone from the top manager in an organization to the lowest level employee. It also includes the work force outside the organization (Kaynak et al. 1998). According to Denisi and Griffin, human resources is one of the most important assets of the organization due to its efforts for achieving objectives, providing competitive advantage and endeavour of meeting the expectations of environmental elements (Denisi and Griffin, 2000).

Human resources management includes applications, procedures and policies which are concerned with the management of employees (French, 1998). HRM generally tends to address the needs of individuals working in organizations. Therefore, it covers all the necessary arrangements to make the person effective, efficient, useful, happy and have job satisfaction. All processes including recruitment of the individuals, compliance training, wage adjustments, efficiency, performance appraisal, meeting individual and social needs, and retirement are carried out within the framework of HRM practices (Findikci, 1999).

Each individual in an organization is in the content of HRM regardless of its mission and unit. HRM is interested with these people from recruitment until retirement stage, even after retirement commonly. Developing and applying modern methods to let people work efficiently and effectively is one of the main tasks of HRM. Human resources management pursues two main objectives while fulfilling this task. The first of these; maximizing the contribution of people by using their knowledge, talent and skills rationally, the latter: ensuring the job satisfaction of people working in the organization. Human resources management is interested in human in three aspects in order to achieve these two objectives together (Ozgen et al. 2002):

- Benefiting from human resource,
- Motivating or encouraging the human resource and
- Protecting the human resource

The function of human resources management encompasses all activities aimed at increasing the effectiveness of the organization. Certain of these activities can be listed as follows (Findikci, 1999):

- Making business analysis for job description and requirements of organization,
- Determining the necessary employee needs, selecting and placing for the organization to achieve its objectives,
- Directing and educating employees,
- Career planning,
- Making performance management and measurement,
- Budget planning,

- Rewarding and motivating the staff,
- Planning strategic workforce,
- Preventing the obsolescence of information that results from rapid technological developments and ensuring personal development of employees,
- Developing loyalty between employees within the organizational environment and establishing the corporate culture,
- Managing human-centered functions and employee relations,
- Examining human relations not individually but as a whole in the organizational system,
- Providing organizational development through people-oriented management approach,
- Regulating the information flow process, which is indispensable for an effective organizational communication,
- Evaluating human resources in the context of internal customer concept,
- Ensuring that employees reach optimum performance level,
- Preparing a suitable environment for the cultivation of human resources.

3. Practice and Development in Human Resources Management

The issue of training manpower has been put on the agenda with the development of technology and increasing globalization of businesses every day that goes by. Technological changes occurring in the manufacturing and service sectors cause the already possessed skills to fall insufficient in the future. The organizations unavoidably are affected by these changes (Patton and Pratt, 2002). That's why the organizations need to be sensitive to changes in their political, economic and legal environment to ensure their continuity (Planty et al. 1994).

In this manner the purposes of human resources practices in the organizations are: increasing worker efficiency, increasing job satisfaction, raising the quality of products and services, providing organizational compliance, ensuring the effectiveness of the communication process, ensuring working as a team, reducing industrial injuries, increasing the number of qualified employees, decreasing turnover rate and shortening the learning time (Bierama, 2000). Businesses give employees the ability to work with new technology by training and development in response to changes occurring in the outside world. Moreover, they prepare the employees for new tasks to be undertaken in the future (Mathis ve Jackson, 1997).

When learning does not happen, training programs cannot reach the targeted development and change (Campbell et al. 2001). The logic of the whole educational process for organizations is based on the idea where an environment in which learning is possible. Therefore a consistency between learning and the purpose of practice is an obligation (Goldstein, 1993).

The need for training and development may arise as a result of performance evaluation within the organization as well as an organizational plan that foresees an increase in the number of managers. Training activities in businesses can be arranged to meet future needs and also to solve existing problems (Kirkpatrick, 2006). Education, job satisfaction and performance are concepts that complement each other (Guastavi and Lisa, 2008). Organizations and individuals have a very important task to create a process where learning is realized as a requirement and learning environment is structured in a way to allow it (Rosen, 1998).

However, training and development activities are closely related to other staff activities. Although the goal as a result of the training activities is to achieve profit, after a point this idea of profit maximization conflicts with the idea of respect for the human. In other words, training no longer becomes a factor that only increases the production, it is transformed into a tool serving

the individuals working in the business. In this case, social and humanitarian purposes gain power to establish stability and to achieve the real purpose of education against economic thinking (Price, 1997).

4. Employee Performance in HRM Context

Competitive conditions in today's world has made it necessary for businesses to provide a sustainable competitive advantage. Benefiting optimally from human resources will be possible by formulating and implementing effective human resources strategies which leads to an increase in the performance of HR. In this context, motivation level of employees has an important role in achieving a sustainable competitive advantage (Gratton, 1999).

Researches reveal that reactions like job satisfaction and disappointment determine the level of employee performance. The factors that create job satisfaction for employees are individual norms, values and the perception of business conditions. In this sense, job satisfaction is the perception of employees about the job and what it provides, and the emotional responses to this perception. In this case, the employees will have positive attitude towards the business environment as long as they are satisfied with their jobs (Erdogan, 1991).

Managers must deal with the issues of motivation, regardless of the type and scope of the organization. Because motivation and performance are closely related. High performance can not be expected from an unmotivated staff. Manager of the organization can identify ways for performance maximization as long as he understands and interprets internal and external, psychological, social and physiological requirements. Therefore both the needs of the employees will be provided, and the objectives of the company will be reached. Highly motivated employees undoubtedly increase the business performance significantly (Byars, 1992).

There are various methods to increase employee performance human resources management. Effective managers can apply these individually or in combinations according to conditions. A manager who knows himself and the employees well can use different methods in different situations for different employees. For example good relations are sufficient for some employees to increase performance, whereas a certain level of discipline may be necessary for some people.

5. Business Performance in HRM Context

Each employee in a company seeks for an improvement in business performance, and is willing to work better. Promotion of employees in an organizational environment depends on the compliance of expected level with the work requirements (Bahlander et al. 1996). Compliance with the work requirements is related with the training strategies that are applied to provide desired efficiency, and having strategic career planning (Barrie and Pace, 2000).

Dictionary definition of performance is: 'the ability and the limit of accomplishing and doing something' (TDK, 1998). Performance in terms of business management on the other hand is: 'Efficacy and efficiency of achieving the desired goals:' (Erkoc, 2006). Finally, performance in terms of HRM is: 'The results obtained by fulfilling the assigned tasks of an employee in a specific time.' (Bingol, 2003).

As a result, organizational performance can be defined as the ability to achieve corporate goals by using the resources efficiently, where individual performance is considered as the results obtained by fulfilling a duty or a task in a specific time. In this sense, the performance of a company can be defined as the result of work after a specific time (Akgemci, 2008).

Performance criterion determine the necessary information about the course of business and helps the executives with decision making, planning, control and compliance issues. It also gives information about areas in need of improvement. Improvements and continuous controls provided surely have a significant share in the success of the business.

6. Methodology of the Research

All kinds of employees within a business are regarded as intellectual capital since they help the business continue their activities. Businesses need to improve this manpower in hand each day in order to adapt to the requirements of the era and emerging technologies. Provision of these improvements can be sustained with the presence of a continuous HRM system.

6.1. Objectives of the Research and Hypotheses

In this research, how and in what direction the training and development efforts of HRM affect the performance of employees is investigated.

Hypothesis 1: There is a positive relationship between productivity&employee performance and training and development activities in HRM.

Hypothesis 2: There is a positive relationship between organizational performance and training and development activities in HRM.

Dependent variables of the research are:

- Organizational information
- General information about the participant

Independent variables of the research are:

- Human resources applications,
- System orientation,
- Team orientation,
- Autonomy
- Employee performance.

6.2. Sampling and Research Method

There are 49 private and public banks in central Isparta and its districts. Thereby, there are 49 banks that form the universe in the process of research, 41 banks that we were able to reach constitute the sample. The study is considered to be sufficient statistically, since more than 80 % of the universe was reached. Remaining portion consists of the ones that were not reached and the ones that were reached but not communicated.

Survey method was used as the data collection technique. While collecting data, the respondents were warned to answer all of the questions. Survey data was collected from senior officials working in the Human Resources Department. Correlation analysis was held in the research and Likert scale was used. In the analysis of obtained data, SPSS 15.0 Windows package program was employed. Descriptive statistics were utilized in determining the average of the responses to the statements. In the comparison of subdimensions by gender, independent t test was held. Correlation analysis was applied to determine the relationship between subdimensions. The intervals on comments about 5 point Likert scale were determined by $4/5=0.80$ formula. According to this, the scoring was performed like: 1.00-1.80 (1-Strongly disagree), 1.81-2.60 (2-Disagree), 2.61-3.40 (3-Undecided), 3.41-4.20 (4-Agree), 4.21-5.00 (5-Strongly agree). In the

tests 95% reliability (alpha value: 0,05) formula that is used in the social science researches was applied.

7. Findings

Different scales were used together in this study to collect data. Each scale is highly reliable, since they were used before in validity tested researches. The scale used in this research was improved by benefiting from the article “*The Impact of Strategic HR Applications on Company Performance and Entrepreneur Orientation*” by Fatma AKGÜN. This section presents the conclusions of the scale headed “The Effects of Practice and Development on Performance in HRM” applied to the institutions in Isparta.

7.1. Analysis Regarding Strategic Human Resources Practices Subdimensions

Table 1.The average of the responses to statements regarding the dimensions of HRM training

Subdimensions	Statements	N	X	Ss
Education	Formal educational activities are available in The Bank	41	4,00	,387
	Comprehensive educational policies and programs are available in The Bank.	41	4,00	,387
	Education for newly hired employees are available in The Bank.	41	4,22	,419
	Education for the development of problem solving skill are available in The Bank.	41	3,93	,648
Wage	Employees are granted share from profits in The Bank.	41	3,71	,901
	Premiums are available in The Bank.	41	3,88	,927
	The Bank establishes a relationship between performance and reward.	41	3,90	,970
Strategic human resource applications	Performance evaluation system is improvement-oriented in The Bank.	41	3,98	,724
	Performance evaluation system is goal-oriented in The Bank.	41	4,02	,524
	Performance evaluation system is behavior-oriented in The Bank.	41	4,00	,592
Hiring-Development	Selectivity is taken into account during recruitment process in The Bank.	41	4,22	,690
	Recruitment is held based on the expertise and skills in The Bank.	41	4,05	,947
	Recruitment is held based on the potential of the candidate in The Bank.	41	4,07	,818
	Employees can participate in decision making in The Bank.	41	3,88	,900
	Employees can make suggestions for work improvements in The Bank.	41	4,02	,651
	Opinions of the employees are highly valued in The Bank.	41	3,95	,805

All participants strongly agree the statement “Education for newly hired employees are available in The Bank.” , but only agree the other statements. Participants also agree all the statements about wages and human resources applications. They strongly agree the “Selectivity is taken into account during recruitment process in The Bank.” statement in Hiring and Development subdimension, but only agree the other statements.

Table 2. Comparison of factors in HRM training and development applications subdimensions according to genders

Factors	Gender	N	X	Ss	t	P
Wage	Female	20	3,72	,951	-,837	,407
	Male	21	3,94	,720		
Education	Female	20	3,90	,366	-2,596	,013
	Male	21	4,17	,289		
Human resources applications	Female	20	3,98	,556	-,216	,830
	Male	21	4,02	,401		
Hiring-development	Female	20	4,00	,600	-,329	,744
	Male	21	4,06	,634		

Males have higher averages in wages, human resources applications and hiring&development subdimensions, whereas females have higher averages in education subdimensions. In education subdimension, the averages of males and females are statistically significant($p<0,05$), and statistically insignificant($p>0,05$) in other subdimensions.

7.2. Analysis Regarding Learning Focused Subdimensions

Table 3. The average of the responses to statements regarding the subdimensions of the learning focus:

Sub dimensions	Statements	N	X	Ss
System orientation	Each unit knows the value they add to The Bank.	41	3,85	,422
	All activities are set out in a clear manner in The Bank.	41	4,02	,570
	Job definition of everyone is clear to all employees in The Bank.	41	4,00	,632
	Importance and functions of all activities are clear to employees in The Bank.	41	3,83	,803
Team orientation	There is a strong team spirit in all levels of The Bank.	41	3,29	,750
	Teamwork between units is a widely used method in The Bank.	41	3,24	,916
	Employees are unified in The Bank.	41	3,39	,862
	There is a commonly accepted and developed vision in The Bank.	41	3,39	,919
	People care about explaining and sharing the vision to each other in The Bank.	41	3,15	1,01

Individuals who participated in the research agree with the statements in system orientation subdimension, but stay undecided about the statements in team orientation subdimension.

Table 4. Comparison of Factors Related With Learning Focused Subdimension According to Genders

Factors	Gender	N	X	Ss	t	P
System orientation	Female	20	3,83	,514	-1,489	,145
	Male	21	4,02	,325		
Team orientation	Female	20	3,23	,790	-,508	,615
	Male	21	3,35	,753		

Males have higher averages in both system orientation and team orientation subdimensions but these averages of both gender are statistically insignificant($p>0,05$).

7.3. Analysis Regarding Entrepreneuriel Orientation Subdimension

Table 5. Averages of responses to entrepreneurial orientation related statements

Sub Dimensions	Statements	N	X	Ss
Autonomy	Employees can think and act without interference in The Bank.	41	3,56	,743
	Employees can fulfill their duties through the changes they want in The Bank.	41	3,29	1,00
	Employees are independent about how they do their jobs in The Bank.	41	3,39	1,20
	Employees are free to communicate without interference in The Bank.	41	3,59	,921
	Employees have authorization and responsibility to act on their own as long as it is better for The Bank	41	3,37	1,11
	Employees have access to important information in The Bank.	41	3,37	,994

The participants agree the first and the fourth statements, but are undecided about the others.

Table 6. Comparison of Entrepreneuriel Orientation Subdimension Factors According To Gender

Factors	Gender	N	X	Ss	t	P
Autonomy	Female	20	3,30	,842	-,902	,373
	Male	21	3,55	,912		

Males have higher average in autonomy subdimension, but there is no statistical significance in this subdimension($p>0,05$).

7.4. Analysis Regarding Organizational Performance Subdimension

Table 7. Averages of responses to entrepreneurial job satisfaction and moral related statements

Sub Dimensions	Statements	N	X	Ss
Employee performance	Level of job satisfaction is high in The Bank.	41	3,17	,803
	Absenteeizm is in low levels in The Bank.	41	3,44	1,00
	Moral of employees is high in The Bank.	41	3,05	1,11

The participants agree the second statement, but are undecided about the others.

Table 8. Comparison of Organizational Performance Subdimension Factors According to Gender

Factors	Gender	N	X	Ss	t	P
Employee performance	Female	20	3,23	,925	,095	,924
	Male	21	3,21	,885		

Females think employee performance is better in workplaces but the ideas of men and women are statistically insignificant about this topic ($p>0,05$).

Table 9. Analyzing the Relations Between Subdimensions

	Descriptive sttaistic	Hiring-Development	Wage	Education	Human Resources Applications	System Orientation	Team Orientation	Autonomy
Wage	r	,718						
	p	,000						
Education	r	,043	,100					
	p	,790	,535					
Human resources applications	r	,739	,723	,199				
	p	,000	,000	,213				
System orientation	r	,489	,435	,243	,412			
	p	,001	,004	,125	,007			
Team orientation	r	,603	,400	,108	,452	,684		
	p	,000	,009	,502	,003	,000		
Autonomy	r	,699	,505	-,008	,555	,544	,656	
	p	,000	,001	,960	,000	,000	,000	
Employee performance	r	,252	,077	,133	,111	,387	,470	,214
	p	,113	,631	,407	,491	,013	,002	,178

There is a linear relationship between a good hiring-development feature and wage, human resources applications, system orientation, team orientation and autonomy($p<0,05$). There is a linear relationship between a good wage and human resources applications, system orientation, team orientation and autonomy($p<0,05$). There is no statistical significance between education and other factors($p>0,05$). There is a linear relationship between human resources applications and system orientation, team orientation and autonomy($p<0,05$). A linear relationship exists between system orientation, autonomy and employee performance($p<0,05$). There is a linear relationship between team orientation and autonomy and employee performance($p<0,05$); whereas autonomy and employee performance are statistically insignificant($p>0,05$).

8. Conclusion and Evaluation

The concept of training and development in HR is the planning of necessary applications and determining all the information, skills, behaviors, attitudes and decisions needed in advance. The

knowledge and the contribution of knowledge to the operating activities appear as a leading guide for businesses.

Another factor coming up with the existing educations and developments is defined as specialized labor, occurrence of new skills and abilities, and proper usage of these components with the purpose of making a difference. A more proactive management style should be adopted to make difference. In order to succeed this management style, one should follow the ever-changing environmental conditions and estimate the conditions that may occur in advance.

In this study, the issues of training and development in HRM, and the relationship between individual and organizational performance are examined. Following conclusions come up with the analysis of subdimensions in the research.

A significant part of the participants stated they were trained comprehensively according to their expertise in the recruitment process. However they claimed that the trainings reduced as the time passed by, and there is no regular training policy in the organization. Participants also stated that performance-reward relationships are not used effectively and performance appraisal system is weak within the organization.

Individuals who participated in the research about the system subdimension all stated that activities of the bank are transparent to employees, and the job requirements of the people are specified. They also stated that all departments are linked to each other and each unit adds value to the organization.

Participants in the team subdimension research did not make definitive judgments as the ones in system subdimension, and answered most questions as indecisive. A significant majority of participants remained indecisive about the questions regarding the common vision within the organization. In addition to this, most of the employees do not agree with the idea that a strong team spirit exists within the organization.

Most of the participants stated the employees do not encounter interventions and communication is not restricted in any way in the autonomy subdimension. Also no significant difference existed according to gender as a result of the research.

The correlation analysis revealed that there is a positive relationship between human resources applications, individual performance and organizational performance. That is, both individual and organizational performance are in continuous interaction with human resources applications within the business. Continuity of training and the development of HR applications according to employees' expertise will surely increase the job satisfaction and the organizational performance will have a rising trend subsequently.

The results of the analysis suggest that, to surpass the rivals and gain competitive advantage against them, human resources applications should remain continuous within the organization. Team orientation should also be included in the management processes.

As a result, continuity of training&development activities within HR, and forming an effective organizational structure are required for the adaption of organizations to the changing environmental conditions.

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