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The Role of Addis Micro Finance Institutions on Poverty Reduction: The Case of Addis Micro Finance Institution in Kolfe Sub-City

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Abstract

Regardless of a nation's degree of development, poverty is a serious issue for all of them. Fighting poverty and bringing it down to the lowest possible level globally through various interventions is the main goal of development and development studies. Globally, microfinance is regarded as one of the most important approaches for reducing poverty. Thus, the main goal of this research is to evaluate the contribution of Addis MicroFinance Institution's Kolfe sub city microfinance institution to the alleviation of urban poverty as seen from the perspectives of its clients and staff. Convenience sampling was therefore employed to choose, distribute, and interview 20 employees of the Kolfe subcity's microfinance company as well as 303 consumers. The goal of the survey was to determine how customers felt about the role that microfinance institutions played inreducing urban poverty. To present the results as needed, tables and charts using toolslike frequency and percentage were utilized to examine the data. The outcome showed that, the AMFI plan had benefited the clients. The impact of microfinance was primarily examined in relation to income, which also has implications for other areas such as nutritional status, assets, healthcare, and job creation. They, like with others, had no means of generating income prior to enrolling in the institution. To solve the issue of urban poverty, it would be desirable to bolster the current operation with additional income-generating mechanisms. In order to assist the impoverished in accessing both financial and non-financial services, AMFI should finally review its approach regarding the loan payback duration, the quantity of funds allocated for the intended business, the low quality of its non-financial services.

Introduction

The provision of financial services to low-income clients—including consumers and independent contractors—who have historically had limited access to banking and associated services is known as microfinance. In a broader sense, the movement aims to create "a world in which as many near-poor and impoverished households as possible have permanent access to an appropriate range of high-quality financial services, including fund transfers, savings accounts, insurance, and credit." People who support microfinance typically think that having access to it will lift the impoverished out of their situation. The focus of microcredit is on giving low-income customers access to credit services, typicallyin the form of small loans for start-ups and other revenue-generating ventures.

One strategy for economic development known as microfinance entails offering Microfinance is a method of economic development that entails offering low-income clients financial services through institutions when the market is unable to supply the necessary services (Maanen, 2004). The Microfinance Institutions (MFIs) offer loan, savings, and insurance services among other services. In keeping with their development goals, a large number of microfinance organizations also offer social intermediation services like education and training, organizational assistance, health, and skills. The phrase "microcredit" is frequently linked to the impoverished having insufficient savings value. For the most part, the only thing required to provide savings services under "microcredit" schemes is the collecting of mandatory deposits meant solely to secure such loans.

Problem Statement

Many low-income nations, including Ethiopia, have official or traditional financial institutions that operate inefficiently when it comes to giving the underprivileged access tolong-term loan facilities. The availability of institutional financing, a factor in the rise in investment, is extremely restricted in Ethiopia. One factor limiting productivity in many developing nations is the lack of microfinance institutions, which provide financial services to the underprivileged. As a result, it is discovered that one of the several tools for reducing poverty is loans directed towards the poor.

Microfinance institutions have been founded and are functioning in Ethiopia, particularly in Addis Ababa, with the ultimate objective of reducing poverty. Most impoverished people obtain financial services through unofficial channels, such as moneylenders, acquaintances, relatives, traders, Iqub, and Iddir (WoldayAmha, 2002). In Ethiopia, the majority of microcredit services provided by NGOs and government-initiated projects did not view savings as a key product for the client or the institution.

Even while microfinance institutions and programs have grown in importance as the poor's safety nets, our understanding of these techniques' successes is still incomplete and contentious. Numerous researches (Holcombe, 1995;

Hossain, 1988; Remenyi, 1991; Schuler, Hashemi and Riley, 1996; Hammer and Mosley, 1996; Pitt & Khandker, 1996) show that microfinance works to reduce poverty.

Conversely, some research indicates a negative outlook regarding the effectiveness of microfinance program activities in alleviating poverty (Buckley, 1997; Montgomery, 1996; Rogaly, 1996; Wood and Shariff, 1997). Numerous studies have also been conducted on the connections between microfinance and poverty in Ethiopia. More significantly, although the problem may exist in a rural area, this study will be conducted in an urban area, specifically in the Kolfe subcity, where few studies have been conducted on this topic. As a result, the goal of this study is to close the gap in the literature by reducing the differences between the findings of earlier studies.

Research questions

1. What individuals benefit from the Addis Microfinance Institution's assistance ingenerating job opportunities?
2. What advantages do Addis Microfinance Institutions have in terms of helpingclients make money?
3. What are the methods by which Addis Microfinance Institutions obtain and applyfor loans?
4. How do Addis microfinance institutions assist their consumers in obtaining thenecessities of life?
5. How do Addis Microfinance Institutions contribute to the fight against poverty?

Theoretical literature review

According to Margerite Robinson (2000), microfinance is the term used to describe small- scale financial services, mostly loans and savings, that are given to people who run small businesses or microenterprises that generate goods and services and who farm, fish, or herd animals. In the last ten years, microfinance has gained enormous notoriety and increased public interest in instruments for reducing poverty (ECSC, 2000). Most people in developing nations are thought to be extremely impoverished and incapable of saving a sizable amount of money. To escape the never-ending cycle of poverty, they require outside funding. One of the main things preventing peasant agricultural productivity in particular and rural development in general is lack of access to institutional credit.

Marguerite Robinson (2000) asserts that microfinance organizations play a crucial role in enabling the impoverished to access credit and mobilize their resources. Expanding and diversifying businesses is possible with MFI, which also lowers risk, enhances management, increases product, boosts household income, and offers loan at a significantly less cost than credit from unofficial commercial moneylenders.

Microfinance, as described by Patrick Meagher (2002), is "lending small amounts of money for short periods with frequent repayments." This term, however, conflates the

idea with microcredit, which is actually a subset of microfinance services. "Microfinance is banking the unbankables," according to Van Maanen, putting credit, savings, and other crucial financial services within the reach of millions of people who are typically too impoverished to be served by traditional banks.

"Microfinance is banking the un bankables," according to Van Maanen (2004). It makes credit, savings, and other crucial financial services accessible to millions of people who are too impoverished for regular banks to serve them, usually because the latter cannot provide adequate collateral.

Though credit and savings are typically thought of as the two main components of financial services, some MFIs also offer credit cards, payment services, money transfers, and insurance services. In addition, a lot of MFIs provide social intermediation services like group formation, confidence building, and financial literacy and management skills training for group members. As a result, the word "microfinance" frequently refers to both social and financial intermediations (Ledgerwood, 1999).

Empirical review on MFI's activities and poverty

Numerous studies have been done on the subject of microfinance institutions' performance and the difficulties they provide in terms of their influence on the social and economic circumstances of the impoverished in rural areas. According to a study by Ebisa et al. (2013), the average loan amount given out by the 30 microfinance organizations in the nation is 2.2938, whereas the average amount borrowed by the consumers is 8.2434. The R square value of this study is 0.913, which suggests that the number of borrowing clients' accounts for 91.3% of the changes in the quantity of loans given by the nation's thirty-five microfinance firms. Conversely, the Pearson correlation shows a strong positive linear association between the quantity of loans provided and the number of clients who are borrowing. In 2011, the total loan extended by all microfinance institutions in Ethiopia was Birr 6.9 billion, while the total number of active borrowing clients of these institutions was over 2.4 million. The combined proportion of the top three microfinance organizations in terms of total credit awarded is Birr 5.1 billion.

Khandker (1999) contended that it is possible to measure directly whether involvement in microcredit programs lowers poverty in terms of consumption and contributes to long-term increases in income and employment. Participation in programs can also yield indirect benefits, as seen by changes in socioeconomic outcomes. This suggests that variables including consumption, nutrition, employment, net worth, education, usage of contraceptives, and fertility can be used to quantify the impact of microcredit programs on their members. According to the study, program members' work and income fluctua-

tions may have an impact on the poverty line's standard of life. The overall effect of the program is determined by two key criteria. These are the potential for expansion of the activities funded by the microcredit programs and the degree to which the defects in the credit market are fixed by increased credit availability.

Irobi (2008) looked into the relationship between microfinance and reducing poverty in Nigeria. The study used a questionnaire to gather data and discovered that microfinance intervention reduces poverty among the women in this association. It's interesting to note that after obtaining the loans, the majority of the women in this association reported higher incomes, which improved their social, political, and economic circumstances. James (2005) examined the effect of microfinance on reducing poverty in Nigeria. The chi-square, F, and T tests were utilized in the paper. The results showed that there is a noteworthy distinction between the populations that use and do not use microfinance organizations. Microfinance organizations have a major impact on reducing poverty by elevating income levels and improving the financial circumstances of its clientele. According to the results of their research, microfinance institutions are an effective means of reducing poverty and a practical means of giving the underprivileged access to credit.

According to Birhanu (2015), microfinance has made it possible for customers to make money that they may use to pay for better amenities, raising their level of living. Compared to non-clients, clients have a higher chance of receiving meals each day. The outcome shows that compared to non-clients, more clients have benefited from diet improvement. When it comes to diet improvement, clients have a greater probability than non-clients. When taking into account school-age children and actual enrollment, the results do not indicate a statistically significant difference between regarding school-age children and actual enrollment, there is no statistically significant difference between the two groups in the result. The program has enhanced the clients' capacity to meet the demand for healthcare services. The study discovered that there were differences in the two groups' responsiveness to medical care demands. A microfinance program enhances employment prospects. It generates and grows commercial activity.

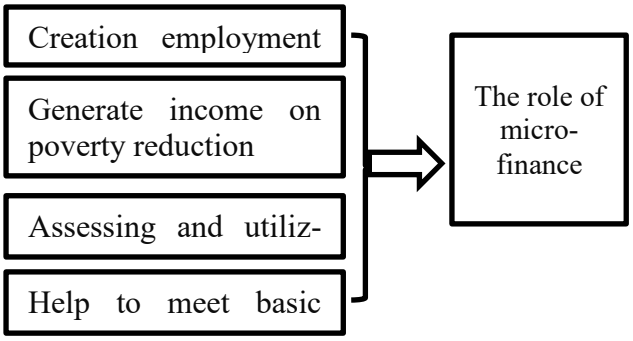
According to Wolday's (2000) analysis of all MFIs in Ethiopia, there has been a noticeable improvement in terms of savings and loan outstanding at MFIs. The rural impoverished make up the majority of the MFIs' clientele in Ethiopia. In Ethiopia, female clients make up about 44% of MFI clients, which is a larger percentage than any other measurement by any means. ACSI and DECSI are the two governments that provide support to MFIs.

The high payback percentage of MFIs in Ethiopia ranges from 94% to 100%. According to Ebisa et al. (2013), one of the main

issues facing Ethiopian microfinance institutions is a shortage of qualified staff. The high turnover rate of experienced workers, which is caused by their desire for better positions or their dislike of working in rural areas with inadequate amenities in comparison to urban areas with better living conditions, makes the problem worse. Another issue facing many MFIs is their inability to use contemporary core finance technologies, particularly those that operate in isolated rural areas with underdeveloped infrastructure. Non-standard reporting and performance monitoring systems are problematic as a result. However, MFIs struggle to get loans in the current financial environment, especially from banks, which hinder their efforts to meet a range of client demands.

Conceptual framework

The following conceptual framework is developed by the researcher which shows the basic relationship of the study variables such as the opportunities and challenges of Addis microfinance institution in Kolfe sub-city.



Source: Developed from literature review

Figure 1: Conceptual Framework

Materials and methods

There are two basic categories of research approaches or methods: the organized approach, also known as the quantitative technique, and the unstructured approach, often known as the qualitative method (Kumar, 2011). With the quantitative technique or structured approach, all the components of the research process the sample, design, objectives, and question you want to pose to respondents will be predetermined. In comparison, the qualitative method or unstructured approach permits freedom in all these areas of the procedure. According to him, the unstructured approach, or qualitative method, is primarily used to explore the nature of a phenomenon, issue, problem, or attitude; that is, the structured approach, or quantitative method, is more appropriate to ascertain the extent of a problem, issue, or phenomenon. According to him, the quantitative or structured approach is better suited for assessing the scope of a problem, issue, or phenomenon, while the qualitative or unstructured approach is more commonly employed to investigate the nature of the phenomenon, issue, or attitude towards it, or variation or diversity in general. However, a mixed approach, according to Creswell (2007), combines the benefits of quantitative and qualitative data and validates quantitative findings with qualitative data, offering rich information and assisting in the study's validity, reliability, and dependability. The purpose of

this study is to investigate the impact of microfinance institutions on poverty reduction by utilizing both qualitative or unstructured research methods and quantitative, structured research methods.

The rationale behind selecting this approach is that the research problem itself should dictate whether quantitative or qualitative approaches are used to conduct the study, and the measurement and analysis of the variables that are used to gather data for a research study depend on the study's objectives: Therefore, the researcher used a mixed approach (method) in this study because, according to Neuman (2000), quantitative research focuses on the study of samples and populations, while hypothesis testing is used to find relationships and facts that are general.

On the other hand, the unstructured technique, also known as the qualitative method, is employed to investigate the problem in its whole, or, to put it another way, variation and diversity in and of itself inside a phenomena, issue, problem, or attitude toward an issue (Kumar, 2011). The descriptive research strategy was chosen in accordance with the research questions developed for the study. Kothari (2004) asserts that a descriptive research design facilitates the description of attitudes, perceptions, traits, behaviors, and circumstances in the study. The design is also favored because it addresses issues like who, how, what, which, when, and how much, and it facilitates the use of comparative and other survey techniques. The descriptive type facilitates the description, analysis, and interpretation of the nature of the issue being studied in its current Based on the opinions or perceptions of the sample respondents in the Addis Ababa administration, the descriptive type aids in the description, analysis, and interpretation of the nature of the problem under investigation in its current status in a natural setting: the case of Kolfe sub-city.

In this instance, all staff members and clients of the Addis microfinance institution are included in the study's target audience, while all staff members and clients of the Addis microfinance institution in Kolfe sub city are included in the study's accessible population. According to Kothari (2004), a sample is a small group of respondents chosen from a population about which a researcher is interested in gathering data in order to draw a conclusion. Additionally, the sample needs to be framed. According to Bhatracherjee (2012), a sampling frame is an accessible segment of the target population (often a list with contact details) from which a sample can be taken. As a result, the sample size was determined using the formula

$$n = \frac{N}{1+N(E^2)}$$

which is indicated by Yamane (1967) to determine sample size. Where: n = the sample size,

N= the population size and e= 0.05 is the level of precision.

Therefore, $n = \frac{1257}{1+1257(0.05^2)}$ =303

n = 303 and, sample from the managers and employees of Kolfe sub-city Addis Microfinance Institution 10 of them is taken based on purposive sampling technique; hence total sample in this study was 313. A representative sample of the population of interest must be chosen by the researcher for observation and analysis because they are unable to investigate complete populations due to practical and financial limitations. The statistical process of choosing a subset (referred to as a "sample") of an interesting population in order to make observations and draw conclusions about that population is known as sampling (Bhatacherjee, 2012).

Both the non-probability sampling approach (purposive sampling) and the probability sampling method (systematic sampling methodology) were utilized for this investigation. Kothari (2004) states that whereas items for the sample in non-probability sampling are carefully chosen by the researcher, possible samples of the same size have the same probability of being included in the sample in random or probability sampling methods.

For this reason, purposive selection approaches are used in this study for managers and employees, and participants are chosen using a systematic sampling approach. An approach that is helpful when the population list is lengthy is a systematic sample that involves randomly choosing the first case on a list of cases and then going ahead of every kth case until the sample is chosen (Kothari, 2004). Additionally, the sampling frame in systematic sampling is initially split into several halves known as intervals. Following that, one element is chosen at the beginning of each interval using the basic random sampling methodology (i.e., a lottery to select a first case), and this process is repeated for every kth case until the sample is also selected and carried out (Kumar, 2011).

Primary sources of data are gathered for this study in order to obtain the necessary information because, as stated by Kumar (2011), these sources are essential to the investigation. Finding out a community's attitudes firsthand is one way to obtain primary materials. The main sources of information gathered through questionnaires and interviews with managers, staff members, and clients. Using a questionnaire can assist the researcher in reaching a big number of respondents and providing a wealth of additional study data.

Kothari (2004) asserts that the use of questionnaires aids in the objectivity and impartiality of research. As a result, closed- and open-ended questionnaires are given to 303 respondents in total. Additionally, the researcher employed a linker scale to easily examine the data. Additionally, the researcher employed a linker scale to easily assess the data and make the questionnaire understandable to the respondents. In order to examine respondents depending on their classification, it additionally categorized the respondents' sex, age, education level, and marital status. The English-language surveys were given to respondents and clients.

ANALYSIS AND PRESENTATION OF DATA

The researcher employed two distinct methods, namely descriptive and inferential statistics, to facilitate the description and analysis of the correlation between variables. Inferential analysis refers to the statistical methods that are used to draw conclusions about relationships between variables and aid in the testing of hypotheses, whereas descriptive analysis refers to statistically characterizing, aggregating, and presenting the constructs of interest or associations between these constructs (Bhatacherjee, 2012). The most popular method for analyzing qualitative data is face-to-face interviews. Semi-structured interviews are used to gather interpretive data based on fundamental research questions, and the responses are categorized according to thematic issues. Following data entry into the SPSS program, mean values and frequencies are computed to examine the scale scores for every item.

The utilization of means, percentages, and frequencies was part of descriptive statistics. Results of descriptive statistics are displayed with tables and figures. Regression analysis is used to ascertain the degree to which the independent variables are related to the dependent variables, whereas Pearson correlation coefficient is utilized for inferential analysis purposes. Multiple regression models were employed in the study to ascertain the interdependency between generate income, employ, and create employment.

Multiple regression models were employed in the study to ascertain the relationship between generating income, creating jobs, using loans, and reducing poverty. This model was chosen because it looks at whether a set of variables can predict a certain dependent variable when taken as a whole. The ability of an instrument to yield consistent measurements every time is referred to as dependability. An instrument is considered "reliable" when it produces results that are similar when given to the same or similar population under the same or similar conditions; the more similar the results, the more reliable the instrument (Kumar, 2011).

Additionally, Kumar (2011) states that the validity of a research instrument's ability to measure what it was intended to measure is related to measurement processes. As a result, the researcher employed Cronbach's alpha, a coefficient of internal consistency that is frequently used to estimate reliability. Since a Cronbach's alpha of 0.7 is thought to be the lowest acceptable degree of reliability, a reliability coefficient of 0.7 or above is thought to reflect the internal dependability of the instrument (Nunnally, 1978). Systematic sampling and purposive sampling have given the study rich information to assure the validity of the research, and the use of questionnaires in data collecting has produced the best findings.

Summary, Conclusion, and Suggestion

This study focused on a case study of AMFI's Kolfe sub city branch in order to evaluate the

impact of microfinance institutions on poverty reduction. It made an effort to ascertain how AMFI's microfinance services affected its beneficiaries. The research questions guided the collection, analysis, and discussion of the primary and secondary data.

The study framework intended to examine the acquired data, along with the research questions, informed the collection, analysis, and discussion of the primary and secondary data. The results provide a reasonable understanding of the contribution of microfinance practices to the decrease of urban poverty. The study's conclusions are summed up as follows in relation to the main research issues. The results of the respondents' socio-demographic traits indicate that women are more equipped to profit than men. According to the findings of the study on respondents' age categories, the majority of sample borrowers are in the productive age range, and in terms of education, the majority of clients have a basic education, meaning they are literate. Although a significant number of clients' primary source of income is their own business earnings, the majority of AMFIL clients demonstrated improvements in their ability to generate revenue and acquire assets following their enrollment in the program. Collateral is also required by the people making the loans.

This could deter the most impoverished people from using the credit program offered by AMFIL branches if they lack collateral. Improved nutrition and overall health are inevitable outcomes of participating in microfinance programs to increase income. The majority of AMFI consumers in Kolfe sub city are able to cover their own and their families' medical and food expenses, according to the study's findings. It has been observed that microfinance programs offer access to a small amount of initial capital for entrepreneurial initiatives in many different countries across the world.

In a similar vein, AMFIL clients generated employment opportunities for others as well as for themselves and their families. By giving the impoverished access to loan and savings options, microfinance raises borrowers' standards of living and lowers poverty. Mechanisms for group targeting and customer selection ought to be oriented toward helping the underprivileged. However, the data collected from respondents in the Kolfe sub-city reveals that, by providing other criteria, the impoverished frequently end up being overlooked during group construction. The primary goal of both financial and non-financial services is to reduce poverty. Nevertheless, the analysis in this study reveals that there is a deficiency in the provision of non-financial services, such as instruction in business planning and management to raise borrowers' awareness of how to use their loans in their small-scale enterprises.

The goal of microfinance services is to empower the urban poor to actively participate in income-generating activities, thereby reducing poverty. Nonetheless, the Kolfe sub-

city borrowers mentioned a few difficulties and limitations they encountered when using loans and providing services. Challenges in service supply and loan utilization were outlined, including inadequate loan amount, inadequate business understanding, insufficient building for business operations leading to expensive costs, and an inappropriate repayment time. The people who experience the worst poverty in sub-cities must be given enough work, and attending to their clients' needs not only enhances the lives of urban residents but also has a good impact on the family and community as a whole.

Conclusion

According to the study's findings, the AMFI Kolfe sub-city does help the impoverished improve their lot in life, especially when it comes to finding work and building their own assets, income, and other aspects of their housing, health, and nutrition. They also appear to be happy in their jobs. Despite AMFI's primary focus on the productive poor segment, nearly all of its clients are satisfied with the organization.

AMFI used several lending systems, but those models ignored the needs of low-income borrowers, and there was a lack of integration between financial and nonfinancial services to help the impoverished manage their loans efficiently in order to generate income. Additionally, a variety of limitations and issues pertaining to financial services were reported by AMFI's clients, including incorrect repayment terms, inadequate loans for the intended business, a lack of market for their products, and a lack of sufficient business knowledge. To address these issues, the ensuing suggestions are put forth:

Suggestion

Poverty persists as a terrifying obstacle for developing nations, manifesting itself in a variety of ways. It has aspects related to income as well as non-income.

It could show itself as insufficient money, an inability to cope, a deficiency in fundamental human abilities, and other things. This study examined the role that microfinance had in reducing poverty in the Kolfe sub city and found that it is, in fact, a useful tactic.

- AMFI clients provide employment opportunities for others as well as for themselves. Therefore, through various support services including company development services and market-oriented manufacturing, it is necessary to help the institution and its clients in Kolfe Sub-City to use their loan for income as well as employment generation activities.
- Education level was predicted to positively correlate with loan utilization performance, meaning that more educated clients do better when it comes to loan repayment than less educated ones, i.e. the likelihood that borrowers will use and repay the loan in full by the maturity date increases

with borrower education level. Nonetheless, the majority of AMFIL branch clients only have a basic education, and as a result, the majority of clients does not keep accurate financial records or make timely loan payments. Because most of the clients are in the target demographic and have only a basic education, it may not be fair or appropriate to use education as a determining factor in lending strategies. The institution should provide training packages to the impoverished on how to run their businesses, covering topics like the value of keeping accurate financial records, how to use loans, market conditions, and business management. These assist the clients in using the loans appropriately and for the intended reasons, which may lessen diversion. These assist customers in making appropriate use of loans for their intended purposes, which may lessen the amount of loans diverted for non-income generating activities. They also assist clients in making loan repayments on schedule and lowering their poverty.

- The research indicates that AMFI has a favorable effect on its clients' increases in income and assets. Because a large portion of borrowers could enhance their quality of living in the Kolfe sub-city. However, a sizable portion of AMFI's clientele lacked a physical location for their company. Thus, AMFI should focus on and keep helping the most impoverished people by offering financial services so they can have their own and sufficient business areas.
- The loan amount has an effect on beginning a business, particularly when establishing an anticipated enterprise. The data does, however, show that the majority of AMFIL branch clients did not receive the full loan amount that they had requested for their new venture. They thus struggle with a lack of funds and are unable to pay back the loan by the due date. With excellent follow-up and guidance, the organization ought to have distributed the workload in accordance with the clients' business proposals.
- Additionally, the majority of clients pay for their family's expenses, education, health care, and nourishment; nevertheless, the individual lending model is also limited by its collateral requirements. As a result, both models in one way or another barred the poorest people from accessing financial services. Therefore, AMFI must be conscious of this exclusion and use a flexible lending strategy to meet the requirements of the most vulnerable and make a contribution.

- Finally, research indicates that microfinance offers both financial and non-financial services to raise the income and level of living of the underprivileged. But AMFI only concentrates on the provision of financial services, particularly credit and savings. Therefore, it must either create awareness-raising and skill-training programs for its clients or build a network of other stakeholders who can provide training and other essential support for its clients.

Conflict of Interests

The authors declare that there's no conflict of interest concerning to the publication of this article

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The Effect of Training and Development Practice on Employees' Job Performance: the case of INSA

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Abstract

The objective of this study is to assess the effect of training and development practices on employees' job performance in the case of Information Network Security Agency (INSA). Primary data were collected with interview and questionnaire. Simple random sampling was used to select staff for the study. The findings revealed training and development had positive effect on employees' job performance of INSA. However, employees of the organization are facing a lot of challenges with regard to the training plan and system of the organization. The study also revealed that the organization failed to identify the specific needs of the training toward the improvement of their skills. Therefore, it becomes imperative for the organization to ascertain the training and development needs of its employees, through its training need analysis and align such needs to the organizational overall needs and objectives in order to actualize the organizational vision and mission. It is also recommended that the INSA shall maintain providing employee training and development activities and ensure the participation of employee in planning, need or skill deficit identification and evaluation of training and development programs.

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Introduction

The study aims at assessing effects of training on employee performance in Information Network Security Agency with due emphasis on effects on analyzing training needs assessment, designing training program, delivery of training effectiveness. This chapter specifically provides an introductory part that includes background of the study, statement of the problem, research question, and objective of study, significance of the study, scope of the study, limitation of the study, definition of terms and lastly gives an overview of the organization of the study.

The environment of the 21st century is very dynamic and challenging. Organizations focus on resources that provide them with better leverage compared to their competitors. Organizational resources are divided either into tangible and intangible resources. Human resources fall under the category of intangible resource since it is imperceptible and complex for rivals or opponents to understand, purchase, imitate or substitute for competitors and the single source of sustainable competitive advantage (Hitt, et al., 2007). To get valuable and long run competitive advantage in the industry, the company must have successful employees in order to stay aggressively in the industry with appropriate competency, Franklin Dang Kum (2014).

HRM is concerned with determining who works for the organization and how they work in the organization (Huselid, et al., 2011). Powell & Snellman (2004) in their research asserted that competition is no longer decided by who owns more natural or monetary resources, but rather on who has more inventive and inspired ideas. The idea is that well managed human resource has the ability to create irrefutable competitive advantage, contributing to organizational objectives such as quality, customer satisfaction and profits (Huselid, et al., 2011). Human resources develop tacit knowledge which is not copied or expressed in written form for duplication. Beattie (2002) stated that human resource is the basic source of differentiation and sustainable.

Competitive advantage to business institution. Human Resource Management (HRM) deals with employees practice in an organization (Guest, 1997); and is made-up of policies, practices and systems that affect employee's behavior, attitudes and performances (Delaney, et al., 1996; Huselid, 1995).

Training and development department is part of the Human Resource Directorate. The standard training and development program starts by departments and training and development Team. This plan consists of a list of the available training course and distributes it to the other directorates. Each directorate sends its feedback on training requirements, after consulting its staff, to the HR direc-

torate. The directorate forwards the feedback to training and development team and requests it to initiate the training program in accordance with the allocated budget and appropriateness of the training with the job of each work unit. Subsequently the training and development division will move to prepare the action plan of training courses, number of trainees and time of delivery. The training can be in-house or outsourced. The study, therefore, focused on how training and development would improve their performance for the provision of timely, efficient, effective and quality of works.

Statement of the problem

Training and development have been consider helping employees do their current jobs or help meet current performance requirements, by focusing on specific skills required for the current need. However, its benefits may extend throughout a person's career and help develop that person for future responsibilities, Ahmed Mohamed Mohamud, (2014:1). Most companies don't use the performance gap for individual's training planning, and future performance betterment.

According to Aidah Nassazi (2013), the findings reported in her study suggest that training and development have an effect on the performance of employees with regards to their jobs in three Telecommunications operations in Uganda. It is imperative for the Information Network Security Agency to adopt a training and development strategy that reflects the unique mandates of the INSA staff and one of that appropriately prepares the workforce, with the skills, capabilities and competencies needed to ensure a sustainable future.

Another Study conducted in ERCC indicates that HRD plays a support strategic role in the organization. This signifies that HRD is contributing a lot in supporting the overall strategy of the organization. The study also showed that HRD plays a strategic role in shaping the overall strategy of the organization. On the same time, the management team also good understanding on HRD practices. But the PA system is not well organizing to fostering the employee learning curve.

While the agency makes an initial assessment, the following significant problems with training and development were facing, some of the issues included, but not limited to, employees training needs will not properly identify and also on the training selection process; the training delivery will not to their expectation and lack of support or lack of motivation from top management. These problems will identify by observation and preliminary interview question provided by the staff informally. Therefore, this study focused on how training and development would improve their performance for the provision of timely, efficient, effective and quality of works. The general objective of this research is to assess the effect of training practice with in INSA that the agency provides to its employees which increase their

applicable knowledge and skills that leads to improve the organizations performance.

Research questions

This research provides answers to the following basic questions.

- What is the training need assessment practice in INSA?
- What are the methods employed to deliver and implement training and development in INSA?
- How the training and performance are linked?
- What are the strategies developed by the agency to enhance employee capacity?
- What is the level of awareness of the training and development policy at INSA?

Theoretical Literature Reviews

Overview of Training and Development

Training has been defined differently by different authors. According to Armstrong (2006), training is prearranged and methodological change in behavior through learning events, programs and instruction which helps people obtain the levels of knowledge, skills and competence required to carry out work effectively. Training involves skills that employees must possess to enhance the probability of achieving the organization overall business and academic goal and objectives. Conclusive training given to employees help in the reduction of panic and disappointment, which most employees experience in many instances during their job career (Truitt, 2011).Cole (2002) defined training as educational activity steered towards acquiring specific knowledge and skills for a job or a work. The essence of training is to obtain efficiency and safety in operation of particular equipment or machine, or for an effective sales force to mention a few.

According to Kondalkor (2002), Training is a long-term philosophy of developing employees on collective commitment, vision, empowerment, problem solving and employee welfare; in which latest technology and organizational processes are used to enhance quality of work life to acquire organizational effectiveness and revamp into a vibrant competitive and growth-oriented learning organization.

Human Resource Management and Training

Beard well, et al., (2004) stated that the recent emphasis by many organizations on the importance of training can be attributed to the relative success of organizations that have considerable invested in employee development. They have added that technological development and organizational change have led managers to understand that success depend on the knowledge, skills and abilities of their employees, and thus more investment in training. Therefore, human resource must be recruited, compensated, appraised, trained and developed (Mathis, et al., 2001).

Knowledge freshening is not an option but crucial. Training of employees must be a

continuous process which is the only meaningful stipulation in the condition of knowledge extension, dynamic changes and increasing need for continuous product and service innovation. (Abbas, et al., 2009) In general, organization should organize their workforce efficiently and effectively and must focus on training employees to achieve best results and meet organizational objectives.

Difference between Training and Development

As business managers, we consume a lot of time and money "training" our professionals. But how much energy do we spend in to "developing" our people? What is the difference between training and development? The difference is like the difference between today and tomorrow. We make sure that employees are capable of achieving today's job. This is among the reasons why recurrent training is boring (McDowall, et al., 2010).

Training is the process of learning a string of programmed behavior. It enhances employee performance on the ongoing job and develops them to the intended job. On the other hand, development not only enhances job performance but also results in growth of personality. Training not only brings about growth in potential capacities but also become better individuals (McDowall, et al., 2010).

OBJECTIVE OF TRAINING

The main aim of training is to help the organization to achieve its organizational objectives by raising the value of its important resources, namely, its employees (Stredwick, 2005).

Armstrong (2001) states three specific objectives of training and objectives:

1. Cognitive objectives: deals with knowledge and information.
2. Affective objectives: deals with feelings and believes.
3. Psychomotor objectives: deals with the ability to manipulate objectives. Most training in organizational setting is highly cognitive.

Significance of Training and Development

The importance of training and development according to Gary (2010) include:

- Increase in production: the more the employees are trained the higher the level of production. In concise, giving training implies updating the knowledge, skills and abilities of its employees. Thus, the amount of production will increase
- Reduction in turnover: turnover plays an important role in the amount of training investment companies will make. The greater the chance of employee turnover, the less likely the company will invest in training.
- Less supervision necessary: when the knowledge and skill level of employees increase, the lesser the amount of supervision required. Thus, if the organization employees are well trained, the employees can perform

their job efficiently and effectively and without any supervision

The Training Process

Training, according to Gray (2010) is the mechanism of teaching new skills to employees to help them perform their jobs. Steps involved in training and development include:

1. Organizational objectives
2. Needs analysis identifies specific skills needed to assess the prospects trainee's skills and develop specific measurable knowledge and performance objectives based on any kind of deficiencies.
3. Instructional design that the trainers decide on compile and produce the training program consent.
4. Validation stapes that bugs are worked out of the training program by presenting it to a small representative audience.
5. Implement the program that actually training the targeted employee group.
6. Evaluations that deal about managers assess the program success or failures.

Empirical review

Study conducted by Tazebachew (2011) that involved 60 employees to assess the effect of training on employee's performance in public organizations found that most employees are not involved in the design and development of the organization training. The researcher found that employee selection for training depended on performance evaluation results and seniority. The researcher also found that some respondents were not clear with the mechanism that the organization practices. In an interview with the training manager, the researcher acknowledged that both on the job training and off the job training methods were available even if the first type of training is most of the time given to employees. In the same research, the majority of respondents acknowledged that taking training in groups is more beneficial than obtaining it individually.

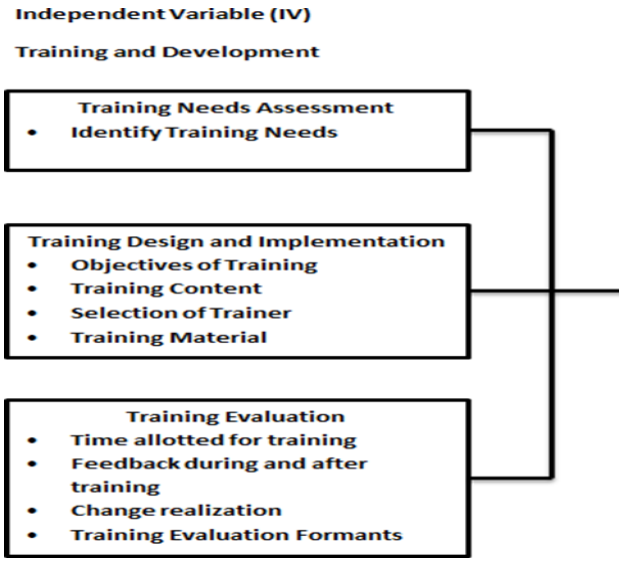
The findings on the effect of those trained employee's performance revealed a significantly positive relationship with $r = 0.777$, $p < 0.01$. This value of correlation indicates a stronger relationship and significant at p value less than 0.01. In general, literature on training and development is scare and most available are not conducted in line with the performance aspects, this research tries to assess the effect of training and development on employee performance the case of Information Network Security Agency.

Conceptual framework

The conceptual framework shows the association of Training and development and employees‟ performance. In this study employee's performance is dependent variable while the components of training cycle, namely; Training Needs Assessment, Training Design and Implementation and Training Evaluation

are the independent variable.

Figure 1 Effect of Training and Development on Employees' Job Performance



Source: Adapted from Kanyesiga & Bazinzi (2015)

Materials and methods

The study used Causal/explanatory and descriptive design through surveys to assess the training and development practice of INSA. The researcher used both quantitative and qualitative research approach. Descriptive design is used to describe existing situation under study; and explanatory study design is used for explaining, understanding and predicting the cause-and-effect relationship between variables. This study utilized cross-sectional survey in which all relevant data were collected at a single point in time. A questionnaire was used as quantitative survey instrument.

The study used both qualitative and quantitative data appropriately and through the integrating use of qualitative and quantitative data collection techniques and analysis procedures, it will be crucial to strengthen the validity, quality of data analysis and research findings. The researcher used both primary and secondary data sources, Primary data were collected from open and close ended questionnaire and semi structural interview by appropriate way and include an assessment of various relevant documents which is directly related to the study. Secondary data obtained from related literature, evaluation of similar studies, scholarly written article review journals, books, training manuals and browsing of the internet.

The target populations of the study are employees of INSA in head office; The agency has 18 departments and 1,906 employees within these departments. 14 departments are selected because of they are located in head office and permitted to gather information the reaming is outside of the city, because of, geographical restriction, easy access to data (Information Security), expected rate of return, cost effectiveness and easy manageability the researcher selects only the Head office and Permitted Departments.

To determine the sample size of those populations who participate in the study the researcher select a sample of 298 employees' by using a formula developed by Cochran (1963) cited in Glenn (2013).

$$n = \frac{N}{}$$

Where

N= is the population size

e = is the level of precision

$$n = \frac{1161}{1 + N(e^2)}$$

$$n = \frac{1161}{1+1161(0.05^2)}$$

$$n = \frac{1161}{1+2.9025}$$

$$n = \frac{}{297.50}$$

For the purpose of this study in order to obtain relevant information both primary and secondary data was used. For collecting primary data, the study has used questionnaires and interviews. The questionnaires are designed based on the research questions. This is because questionnaires are advantageous in collecting large amount of data from respondents and help respondents to fill the questionnaire at their convenient time without the interviewer bias. And interview was conducted with human resource development departments because interview has a higher response rate and it clarify the questions are not clear.

After the required data are collected from the primary sources, it was analyzed through quantitative and qualitative data analysis methods. Data collected edited, coded and categorized based on different characteristics then, properly tabulated based on the research questions. Descriptive statistics helps to describe the general level of agreement of respondents. It reveals the conformity of respondents' attitude about the training and development practice in the Information Network Security Agency.

DATA PRESENTATION, ANALYSIS AND DISCUSSION

Descriptive Analysis

Mean and One Sample t-test for the Responses of the Participants to the Items of the Scales that Addressed the Three Stages of Training and Development Process

N	The stages	Maximum Expected Score	Test Value	Observed Mean	SD	t	Df	Sig. (2tailed)
271	Training Need Assessment	20	12	11.18	3.921	-3.710	316	0.000
	Training Design & Implementation	100	60	59.12	20.548	-0.760	316	0.448
	Training Evaluation	60	36	38.56	11.147	4.081	316	0.000

Source: SPSS, 24, 2023

As a result, the findings revealed that the mean score of the participants' responses to

the overall items of the scales that collectively constituted the practice of the general training and development process on the questionnaire was 108.86, which was a few points (0.86) higher than the test value (108). However, this mean difference was not statistically significant (t=0.442, df= 316, Sig.=0.659). Table hereunder depicted the details.

Mean and One Sample t-test for the Responses of the Participants to the Overall Items of the Scales Constituting the Practice of the General Training and Development Process

N	Maximum Expected Score	Test Value	Observed Mean	SD	T	df	Sig.(2-tailed)
271	180	108	108.86	34.715	0.442	316	0.659

Source: SPSS, 24, 2023

Table. The Linear Relationships between the Independent and the Dependent Variables of the Study

		TNA	TD	DS	Performance
TNA	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	271			
TDI	Pearson Correlation	.794**	1		
	Sig. (2-tailed)	.000			
	N	271	271		
TE	Pearson Correlation	.806**	.971**	1	
	Sig. (2-tailed)	.000	.000		
	N	271	271	271	
Performance	Pearson Correlation	.789**	.694**	.744**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	271	271	271	271

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

Source: SPSS, 24, 2021

Hair (1998) has indicated that when the Skewness and Kurtosis test values lie within the range of +1 and -1, these tests then are showing normality of the data for the variables involved in the study. Thus, as shown in Table 4.8 below, the results revealed that all the Skewness and Kurtosis test values of the data for both the dependent and the independent variables of the study were observed to lie between the range of values of +1 and -1. Therefore, this could ascertain the fact that the data for both the dependent and the independent variables involved in the current study

were approximately normally distributed, and hence, were found to fit for the regression analysis. Table below depicted the details.

The regression assumption made by Gorard (2001), which was taken into account in this study lastly, was a test of multicollinearity of independent variables. It asserts that no independent variable is a perfect linear combination of another; implying that there should not be perfect multicollinearity among all the independent variables. Thus, according to Gorard (2001) multiple regressions are useful in that they can take in a range of variables and enable us to calculate their relative weightings on a dependent variable.

However, one has to be cautious that variables may interact with each other and may be inter correlated (the issue of multicollinearity), so using both together means that we end up using their common variance twice (Gorard, 2001). Gorard (2001) has thus, stipulated that if collinearity is discovered between variables through the correlation coefficients values that are higher than 0.80, then one can either remove one of the variables or create a new variable that combines the previous two that were highly inter correlated.

Consequently, the Pearson Product Moment Correlation was computed on the data that measured the independent variables of the study to see if there were any statistically significant relationships between any two of them. As a result, the findings revealed that there were statistically significant positive relationships between training need assessment and training design & Implementation (r=0.794), training need assessment and training evaluation style (r=0.806), and training design and training evaluation style (r=0.971). Hence, training evaluation style had very high positive (r, greater than 0.8) positive relationship both with training need assessment and training design.

REGRESSION ANALYSIS

The major objective of this study was to determine the effects of the stages of (training need assessment, training design and implementation, and training evaluation style) the training and development process on the employees' job performance in Information Network Security Agency. To serve this purpose, multiple linear regression and ANOVA test of significance was computed on the scores of the participants' responses to the items of the scales that constituted the three stages of the training and development process and the items of the scale that was supposed to measure the participants' job performance in Information Network Security Agency.

The findings revealed that the stages of training need assessment training design

and implementation and the training and development process in Information Network Security Agency had a 42.1% share of determining the variances in predicting the employees' job performance. This prediction capacity was observed to be statistically significant at (F=116.090, df=2, 314, at α=0.000). On the other hand, the training need assessment stage of the training and development process had more effect on the employees' job performance by positively predicting 39.7% of the variances, followed by the training design & implementation stage, which was observed to positively predict 29.1% of the variances. Table 4 below showed the details.

Table. Summary of ANOVA Table and Coefficients for the Effects of the Stages of the Training and Development Process on the Employees' Job Performance

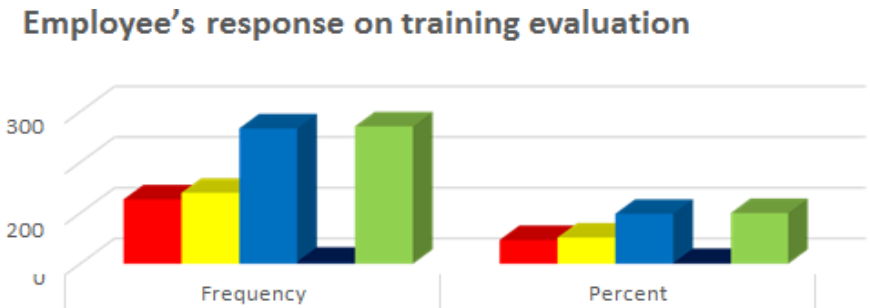
R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.	Effect
0.652[a]	0.425	0.421	4.171	0.000	42.1%

Sum of Squares		Df	Mean Square		F
Regression	4038.959	2	2019.480		116.090
Residual	5462.271	269	17.396		
Total	9501.230	271			

Source: SPSS, 24, 2023

The regression analysis result above shows that, the relationship between customer satisfaction (independent variable) and customer loyalty (dependent variable) is positive and significant (β=0.273, p<0.05). This tells us keeping other variables constant, for every single unit increase in customer satisfaction there would be 0.273-unit increase on customer loyalty in the organization. You can also see the others as well.

As the aim of this paper was to assess the training and development practice of Information Network Security Agency the respondents were asked whether their organization provides training when they joined the company in item no 1 from the total of respondents 245 (90.4%) of the respondents agreed or they get some inductions and training about the organization's environments the remaining 26(9.6%) claims that they didn't get any form of training since they joined the Agency. As item no 2 indicates the majority 256 (94.5%) of the respondents were participated on the Training Program held by INSA and the remaining 15(5.5 %) were not participated in any Training Program.



	Frequency	Percent
Valid YES	127	46.9
Valid NO	140	51.7
Valid Total	267	98.5
Missing System	4	1.5
Total	271	100

Figure 2 Employee's response on training evaluation

Source: Survey Result (2023)

The above graph indicates out of the total respondents the majority 140 (51.7%) of them responded that the organization not evaluate training programs properly. In the opposite, as it is clearly stated in the able 127(46.9%) of the respondents agreed that there is a proper evaluation of training in their organization. and this assured us even if there is the practice of evaluating the training in the Information Network Security Agency it is not conducted properly i.e. the effectiveness of training evaluation in the Agency is not satisfactory. This implies that the training evaluation method is not clear and well understood by the employees.

Summary of the Major findings

This study was conducted in the Ethiopian Information Network Security Agency with the general objective of assessing the training and development practice of the organizations. Questionnaire was the main source of data. These questionnaires are distributed for 298 employees of the Agency. Among them, 271 questionnaires were collected and used to analyses the data. An interview was also conducted with the 2 training and development team leaders of the Information Network Security Agency.

Based on the data presented and analyzed in chapter four of the study, the following particular findings were observed:

- The study reveals that there are some respondents who took the training several times while some of them took the training only a couple of times and once and this clearly demonstrates that there is a gap in allocation of employees for training program, as it is indicated in the interview there is a problem from the manager's side that selected trainer's without identification of their skill gaps.
- The study reveals that training needs assessment is not conducted properly.

- INSA mostly uses direct observation of direct supervisors and managers to identify training needs of employees.
- The study result shows that even if Information Network Security Agency employees have a training program in place and give training to the employees several times they failed to give this training at the right time.
- The majority of respondents not get training about the Agency new products and services before the service or products implemented and announced.
- The training materials are available on time of training.
- According to interview held with human resource development team leader's trainers selected by directors and department managers by their subject matter expertise and practical knowledges and also trainees select by supervisor or manager recommendations.

CONCLUSIONS

The aim of this study has been to assess training and development practice of the Information Network Security Agency, in order to assess the existing training practice, the study emphasized on the four points of training includes training needs assessment, timely delivery, trainers and trainee selection, training evaluation and attitude of employees concerning training practice of the Agency. Based on the entire study the following conclusion are drawn

Regarding INSA Training needs assessment it can be conclude that to identify the training needs of employee's uses direct observation of immediate supervisors. In addition, they use questioner to identify the areas of gaps in which training is needed. Three questions were asked to measure the appropriateness of the training needs assessment of the organizations. Based on the results of analysis, training needs assessment methods of the Agency did not identify the gaps properly. The interview made with the team leaders also indicated that even if their training process is started with the identification of training needs, the training need assessment practice of the Agency did not Identified the gaps and conducted properly and this is may be due to the lack of manager's commitment to properly identify the performance gaps that should be filled with trainings.

RECOMMENDATIONS

- Information Network Security Agency should strengthen their data management system towards training management, they should have an up-to-date record of those who attended training from those who haven't taken training so as to reduce the tendency of giving trainings repeatedly to the same employee.
- Assessing training needs is playing a very important role in identifying individuals who need to be trained, designing the program that relates to the

needs of both individuals and the organization, allocating the required time, determining the program objectives and the required skills and determining the required resources for implementing the program. Since the training need identification of the Information Network Security Agency are done using direct observation of managers and questionnaire, managers should be equipped with the proper skills on identifying training needs of employees. Moreover, identification of training needs using the performance appraisal report is reported to be very low and the absence of this practice makes it difficult to differentiate the actual performance gap of employees which will be filled by training therefore the Information Network Security Agency improve their performance assessment system and should be properly linked so that they can identify the exact performance deficiency caused by the absence of skills or knowledge that can be remedied by training.

- In addition, on top of developing their skills managers should be orientated on the purpose of providing trainings to employees Therefore, the organization should conduct formal training and development program rather than simply led by the will of top managers.
- Finally, in order to have an effective training practice the Information Network Security Agency should have to conduct each and every process properly give more emphasize on the identification of employee's skill, knowledge gaps before conducting training and evaluating the behavioral or skill changes that becomes the training. The existence of training programs in place by itself doesn't as sure the effectiveness of the training program unless it is supported by systematic training process. Therefore, since each processes are interrelated they need to be conducted with due care. On time delivery of the training should also be given the necessary attention in order to make the training practice effective and productive.

Conflict of Interests

The authors declare that there's no conflict of interest concerning to the publication of this article

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