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Evaluating the Impact of Internal Training on the Performance: The Case of Asia Commercial Joint Stock Bank, Vietnam

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Abstract

Internal training is an indispensable strategic tool for enhancing employee performance, particularly in the banking sector. Commercial joint-stock banks, such as Asia Commercial Joint Stock Bank (ACB), continue to increase their annual training budgets with the expectation that this investment will provide a sustainable competitive advantage. The primary objective of this study is to evaluate the impact of internal training programs on the performance of ACB. A survey was conducted with 225 valid questionnaires collected from ACB employees, using a simple random sampling technique. The collected data was analyzed using descriptive statistics to examine the relationship between internal training and operational performance. The research results indicate a strong correlation between investment in internal training, employee performance, and improvements in the bank's operational efficiency. This contributes to the bank's competitive advantage and supports the organization's sustainable development.

Keywords: Internal Training, Vietnam, Asia Commercial Joint Stock Bank, Performance

1. Introduction

In today's increasingly competitive environment, the race for human resources has become a pressing issue for businesses. Many companies have come to recognize that human resources are their most valuable asset—the lifeblood of the organization. No matter how advanced the technology, the quality of service, or how robust the infrastructure of an economic organization, without an efficient workforce, it will be difficult to sustain development and gain a competitive advantage. Thus, effectively utilizing human resources to serve organizational growth and contribute to society is an urgent task for managers, especially human resource managers. To manage human resources effectively, it is crucial to understand people and place them at the center of development. At the same time, it is important to create conditions that allow individuals to fully realize their potential, avoiding resource waste while promoting both individual and organizational development.

Internal staff training is a strategic requirement aimed at equipping employees with new skills, knowledge, and opportunities for professional and career development. The workforce in the banking sector plays a crucial role in ensuring the capacity to perform tasks that meet the organization's goals. This capacity not only involves formal

education but also requires relevant skill training and practical experience (Maton, J, 1969). The knowledge, capabilities, and skills of employees are the factors that allow banks to achieve a competitive advantage over their industry rivals. An effective training system helps employees develop the skills, abilities, and knowledge necessary to achieve the organization's desired outcomes. Internal training programs should encompass a variety of areas to help employees maximize their potential (Salas, Eduardo, et al., 2012). Other commercial banks are also implementing long-term plans focusing on investing in employees to equip them with the capacity to handle tasks under different conditions. Such long-term programs are important factors in improving employee performance, as they not only boost morale but also enhance employee commitment to their work. A good training program ensures that employees discover their talents and feel the organization's care, aligning their personal goals with the bank's objectives and contributing to higher job performance. Employees play a key role in increasing the bank's profitability, and as such, they are the most valuable assets of the organization.

The workforce at a bank is responsible for customer satisfaction and the quality of the products and services that the bank provides. Ineffective training schedules may prevent employees from realizing their full potential due to a lack of necessary skills and knowledge. Research has also shown that investing in internal employee training helps banks retain most of their staff for a longer period by improving their performance and commitment to the organization (Ocen, E., Francis, K., & Angundaru, G, 2017). Training programs not only enhance employee capabilities but also provide competitive advantages for banks, while improving the return on investment. This also contributes to high employee retention rates, a key factor in organizational stability. The need to implement effective internal staff training programs in commercial banks is a fundamental factor in improving operational efficiency. Training is defined as an orderly system aimed at enhancing the knowledge, skills, abilities, and competencies of employees so that they can perform their assigned tasks well. The areas influenced by training programs include competitiveness, job performance, and organizational profitability. Some banks may fail to realize the importance of long-term and diverse training programs, leading to lower profit margins and an increased rate of employee turnover when they cut back on training budgets (Cascio, 1989). This creates a downward cycle in the bank's efficiency and profitability.

For Asia Commercial Joint Stock Bank (ACB), the implementation of training policies to motivate employees, improve the working environment, salary and benefit policies, job placement, and focus on employee development prospects is essential. However, the extent to which these policies impact organizational performance needs further analysis to comprehensively evaluate the effectiveness of internal training for the bank. This will not only help ACB increase its competitive advantage but also ensure the bank's sustainable development in the fiercely competitive banking sector. Therefore, conducting research to assess the outcomes of internal training programs is critical, identifying strengths and areas for improvement, thereby enhancing ACB's operational efficiency and service quality.

2. Literature Review

Several recent studies have indicated that businesses are facing new challenges and uncertainties in the business environment, including managing cultural diversity. This provides a basis for banks to make significant investments in internal staff training to equip them with the necessary skills and knowledge to perform their jobs effectively (Black & Lynch, 1996). Through these programs, employees are better able to handle uncertain situations and make effective decisions, helping banks maintain competitiveness in the industry. Effective training programs bring numerous benefits to banks, including developing and retaining employee competencies, talent retention, and increasing workforce flexibility (Dikshit, A., & Jain, T. K, 2017). Banks with well-structured training systems demonstrate a commitment to their workforce, improving employee morale and providing a competitive advantage by enhancing organizational performance and productivity.

Employee training at banks helps bridge the gap between current performance and management's expectations (De Cenzo & Robbins, 1996). Training includes activities such as participation, mentorship, and collaboration with colleagues to build teamwork and improve both individual and organizational performance. Superior job performance is the result of confidence in one's abilities, and training is a systematic intervention aimed at improving each employee's capabilities at work. This focuses on the skills necessary to achieve the bank's goals.

Banks with strong employee training policies tend to achieve higher organizational effectiveness and retain most of their talented staff (Kurdi, B., & Alshurideh, M, 2020). Conversely, dissatisfied employees are more likely to become disengaged and seek opportunities elsewhere. Therefore, bank management should recognize the importance of internal training and create a conducive working environment to enhance employee performance (Olagunju, M. M, 2014). Training plays a central role in maintaining and enhancing a bank's competitive advantage (Evans & Lindsay, 1999). An effective internal training system benefits both employees and the bank, leading to growth, sustained profitability, improved performance, and increased employee satisfaction. There is a close relationship between human resource management practices and organizational performance (Mehmood, Moazzma, et al., 2017). Employee training is a core factor in enhancing work quality and efficiency.

Recent studies have further emphasized the critical role of internal training in the banking sector. Smith et al. (2020) conducted a study at several commercial banks in the UK, using multivariate regression analysis to evaluate the impact of training programs on employee performance. The results showed a statistically significant positive relationship between participation in training programs and improved employee performance, particularly in communication and problem-solving skills. Similarly, the study by Al-Mahmoud et al. (2021) in Middle Eastern banks, applying an empirical research approach with survey questionnaires, found that investment in continuous training programs helps retain talented employees and increases their commitment to the organization. Moreover, Johnson's (2019) study in US banks, utilizing big data analysis, showed that banks with comprehensive training programs have higher employee retention rates and significantly increased productivity.

In Vietnam, several studies on this topic have also been conducted. For example, Thuy et al. (2019) carried out a study on commercial banks in Da Nang, surveying 200 employees from various branches. The findings revealed that internal training significantly improved employees' adaptability and teamwork spirit. Notably, training programs focusing on soft skills, such as communication and conflict management, enhanced employee performance, contributing to organizational efficiency. Additionally, a study by Tran Anh Tuan and Nguyen Huu Nam (2022) examined the effectiveness of technology training in banks in Ho Chi Minh City. With a sample of 180 employees, the study showed that technology training not only helped employees work more efficiently but also improved their ability to use modern technology in operations, thus optimizing the bank's work processes.

To maintain market competitiveness, building capacity through systematic training is a core factor. Banks need to implement training and development programs to fully leverage the intellectual assets of their workforce (McGhee & Thayer, 1961). According to this theory, training not only enhances individual performance but also helps organizations achieve or maintain competitive advantages. Such a training system includes designing structured programs, measuring and evaluating effectiveness, which optimizes employees' potential while aligning with the strategic goals of the organization. The theory also emphasizes developing core competencies, such as professional skills, critical thinking, and teamwork abilities, ensuring that employees are equipped to meet the rapidly changing demands of the business environment. Several studies have applied this theory in practice and yielded positive results. For instance, Smith et al. (2020) applied the theory of systematic training in their study of banks in the UK, finding that employees who participated in training programs significantly improved their communication and problem-solving skills, leading to enhanced job performance. Similarly, Al-Mahmoud et al. (2021) in the Middle East demonstrated that continuous investment in training not only helps retain employees but also strengthens their commitment to the organization. Johnson (2019) further showed that banks in the United States with well-structured training programs achieved higher employee retention rates and significant productivity gains, proving the effectiveness of applying a strategic training system in the banking sector.

Training techniques are divided into two main groups: behavioral techniques or on-the-job training (including job orientation, instructional training, apprenticeships, internships and assistantships, job rotation, and coaching) and cognitive techniques or off-the-job training (such as courses, technology training, practice, and simulations). These techniques have a significant impact on employee performance and organizational competitiveness. From this, we propose two hypotheses:

H1: Behavioral training techniques positively impact employee performance and organizational effectiveness.

H2: Cognitive training techniques positively influence optimal employee performance organizational effectiveness.

3. Methodology

This study will focus on the effectiveness of internal training on employee performance specifically and the overall enhancement of organizational performance. As gathered from the reviewed literature above, we propose the following model described in Figure 1.

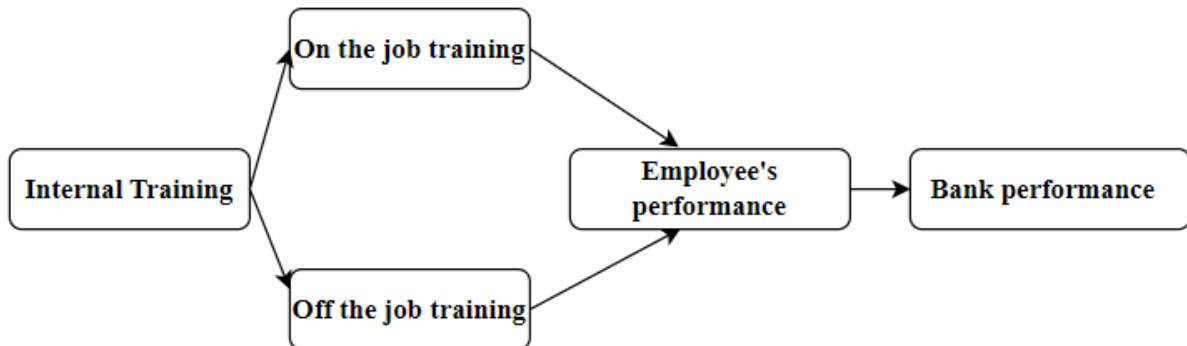


Figure 1: Proposed Research Model

The data for this study was collected through a clearly structured questionnaire, prepared and distributed to employees at Asia Commercial Joint Stock Bank (ACB) branches in Hanoi and Ho Chi Minh City. These locations were selected as they house a large workforce, ensuring high representativeness for the bank. The effectiveness of the internal training program was measured using a tool consisting of 16 items, divided into two sections: A and B. Section A included 6 items collecting basic participant information such as age, gender, marital status, educational level, job position, and work experience. Section B comprised 10 items related to factors evaluating the effectiveness of the training program. The questionnaire used a 5-point Likert scale (5-Strongly agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly disagree) to assess the participants' level of agreement with the given statements. Descriptive analysis methods were employed to analyze the collected data. A total of 250 questionnaires were distributed to selected ACB branches, and after verification, 225 questionnaires (90%) were valid for use, while 25 questionnaires (10%) were discarded due to incomplete responses or failure to return. This study aims to contribute to the existing body of research on the effectiveness of internal employee training in enhancing organizational performance and the bank's competitive advantage.

4. Result and discussion

The demographic characteristics of the respondents show that 117 (52.5%) of the sample were male, while 108 (47.5%) were female, implying that there were more male respondents than female. Meanwhile, 177 (79.4%) of the respondents belonged to the economically active population group. Furthermore, 103 (46.3%) of the respondents were married, while 117 (52.5%) were single, and 5 (2%) were either divorced or separated, although the reasons for their current marital status could not be conclusively determined at the time. Regarding years of work experience, 99 (43.5%) of the respondents had worked for 1 to 9 years, while 88 (39.5%) had been employed for 10 to 19 years, and 38 (17%) had been in service for 20 years or more.

Table 1: Descriptive statistics of respondents on the effectiveness of behavioral training techniques

	N	Mean	Std.Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std.Error	Statistic	Std.Error
Introduction and Orientation	225	4.2167	.81161	-1.515	.165	3.721	.325
Mentoring	225	4.1056	.92748	-.917	.165	.344	.325
Coaching	225	3.9298	.92848	-.725	.165	.082	.325

Apprenticeship	225	4.1838	.82770	-.8454	.165	.428	.325
Job Rotation	225	3.9796	1.06285	-1.015	.165	.397	.325
Valid N	225						

Skewness and kurtosis are important as they indicate the extent to which variables deviate from a normal distribution. Kline (1998) suggested that skewness above 3.0 and kurtosis above 10 indicate severe deviations from normality. Based on this criterion, no variables pose issues regarding normality. However, from Table 1, it can be concluded that several factors influence the effectiveness of employee training programs at the bank, with varying levels of impact. Firstly, *introduction and orientation* are considered one of the key factors in the effectiveness of the training program. This is the stage where new employees are introduced to the bank's core values, organizational culture, and expectations. The survey results show an mean of 4.2167, indicating that proper introduction and orientation help employees quickly understand their roles, responsibilities, and job requirements, thereby improving their work performance. Next, *mentoring* is another significant factor affecting training effectiveness. With an mean of 4.1056, mentoring plays a crucial role in transferring experience, guiding, and developing employee skills, helping them quickly adapt to the work environment and achieve improvements in individual performance.

Additionally, *coaching* is considered a strategic training method, with an mean of 3.9298, showing that it helps the bank achieve the best results from employees. Coaching often focuses on developing specific skills and monitoring employees' progress in a personalized manner, allowing them to achieve advancement in their work. *Apprenticeship and job rotation* are also two training methods that positively impact employee performance. Apprenticeship, with an mean of 4.1838, allows employees to learn directly from experienced individuals, while job rotation, with an mean of 3.9796, helps employees acquire multiple skills and knowledge from different departments, enhancing their adaptability and diversifying their capabilities. From the above analysis, it is evident that factors such as introduction and orientation, mentoring, coaching, apprenticeship, and job rotation all play vital roles in improving training effectiveness, thereby contributing to better employee performance and enhancing the bank's overall operational efficiency.

Table 2: Descriptive statistics of respondents on the effectiveness of cognitive training techniques

	N	Mean	Std.Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std.Error	Statistic	Std.Error
Professional Courses/Training	225	4.3139	.83835	-1.248	.165	1.107	.325
Lectures	225	3.7399	1.17197	-.548	.165	-.967	.325
Role Playing	225	3.8206	1.07908	-.742	.165	-.235	.325
Technology Training	225	4.5785	.61250	-1.641	.165	3.624	.325
Games and Simulations	225	3.9552	1.13412	-.884	.165	-.311	.325
Valid N (listwise)	225						

According to Table 2, the majority of survey participants indicated that *Professional Courses/Training* positively impact the improvement of employees' skills and capabilities, with an mean of 4.3139. This suggests that in-depth courses or structured training programs help employees enhance their professional knowledge and perform their jobs more effectively. Additionally, *Technology Training* was rated as the most effective off-the-job training technique, with the highest mean of 4.5785, indicating that the application of technology in training equips employees with essential technical skills to gain a competitive advantage in a technologically evolving work environment. However, other techniques such as *Lectures*, *Role Playing*, and *Games and Simulations* were also found to expand employees' reasoning abilities and foster their creativity, with mean scores of 3.7399, 3.8206, and 3.9552, respectively. While these techniques may not have as strong an impact as technology training, they still contribute significantly to the development of employees' soft skills and creative thinking. Therefore, it can be

concluded that cognitive training techniques have a substantial influence on optimal performance and employee creativity.

The results in Table 3 show that both behavioral and cognitive training techniques have a positive impact on several aspects of employees. Specifically, they help *Enhance Employee Capabilities*, with an mean of 4.4270, indicating that these training programs not only improve professional competence but also develop the general skills necessary for the job. Additionally, training also *Increases Employee Job Performance*, with an mean of 4.4519, demonstrating that trained employees work more effectively and meet job requirements more efficiently. Furthermore, these techniques *Promote Innovation and Creativity to Achieve Competitive Advantage* (Mean = 4.3856), showing that when equipped with new skills, employees not only perform well but also contribute to innovation, creating new value for the organization. Finally, these training programs play a crucial role in *Developing Employee Skills and Knowledge*, with an mean of 4.4351, ensuring that employees continue to learn and grow through effective training programs.

Table 3: Descriptive statistics of participants on the impact of behavioral and cognitive training techniques on performance

	N	Mean	Std.Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std.Error	Statistic	Std.Error
Enhancing Employee Capabilities	225	4.4270	.78331	-1.906	.165	5.249	.325
Increasing Employee Job Performance	225	4.4519	.72107	-1.684	.165	4.316	.325
Promoting Innovation and Creativity to Achieve Competitive Advantage	225	4.3856	.77933	-1.486	.165	2.900	.325
Developing Employee Skills and Knowledge	225	4.4351	.67386	-.964	.165	.494	.325
Improving Organizational Effectiveness	225	4.1211	1.06908	-1.248	.165	.959	.325
Valid N (listwise)	225						

Thus, it can be seen that, in the modern and complex business environment, internal employee training is one of the most reliable resources for creating a competitive advantage to cope with the rapidly changing and highly competitive business world. Internal training benefits not only employees but also the organization as a whole. This study will help organizations understand the importance of internal training. It will also assist organizations in identifying the key factors to consider during the training process and how to implement an effective training program for employees. This helps organizations recognize that employee training is essential for them to perform their assigned tasks more effectively. Above all, it must be emphasized that without training, there is no development. Therefore, for an organization to survive, training must be seen by management as “a means to achieve goals.”

5. Conclusion

Internal employee training is an essential factor for the sustainable growth and survival of ACB. In the context of the banking sector, which is facing rapid technological changes and increasing customer demands, investment in internal training forms the foundation for ACB to maintain flexibility and growth. Training not only helps

employees perform their tasks more effectively but also enhances their adaptability to the constant changes in the business and technological environment. This enables the bank to sustain its competitive edge, improve job performance, and foster creativity and problem-solving skills, thereby contributing to the overall growth of the organization.

The research results have examined and confirmed the relationship between training and performance, showing that investment in internal training has a positive impact on employee job performance and the bank's operational efficiency. Designing and implementing training programs in a timely and appropriate manner is crucial to maximizing the potential of the workforce. Specifically, well-trained employees will be better equipped to solve problems efficiently, demonstrate creativity, and take on greater responsibility in their work. This not only enhances individual productivity but also contributes to improved organizational effectiveness and increased customer satisfaction with the bank's service quality.

ACB's leadership needs to develop a long-term training strategy, creating a favorable learning environment and implementing policies that encourage employees to engage in continuous learning and development. Focusing on training both technical skills and soft skills, such as communication, time management, and especially creativity, will ensure that employees not only excel in their current roles but also adapt and innovate when faced with new challenges. To achieve optimal results, the bank must ensure that training programs are tailored to the needs of different employee groups and that specific outcomes are measured. Additionally, understanding and addressing the individual training needs of each employee is crucial to ensuring that everyone has the opportunity to grow and contribute to the bank's shared goals. When employees feel that the bank values their personal development, they will be more motivated to contribute and remain loyal to the organization. Leadership should also provide opportunities for employees to apply their newly acquired knowledge and skills to real work situations, allowing them to see the value and impact of their learning efforts.

In conclusion, internal training is not only a strategy to enhance employee capacity but also a critical tool for ACB to maintain and develop its competitive advantage in the banking industry. Employees should also proactively seek ways to improve their personal skills, foster creativity and innovation to add more value to the organization, and together build a stronger and more sustainable ACB. An organization with a well-trained, passionate, and creative workforce is the key to achieving long-term growth and maintaining its leadership position in the market.

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