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## **Manpower Training and Development for Efficient Central Banking: The CBN Experience**

*by*

**Alhaji Saidu Mohammed\***

### **Introduction**

I am highly delighted to be invited to give a talk on **Manpower Training and Development for Efficient Central Banking: The CBN Experience**. I am particularly happy that this forum will enable me to share knowledge and experience with participating executives who are involved directly or indirectly in the formulation and the implementation of policies in the Bank.

Put differently, the theme of this seminar, asks the question: How do training and manpower development impact on the effectiveness and efficiency of CBN operations? The scope of training and manpower development as a management function is very wide indeed and, while the cost involved is extremely high, very little is known about the pay-offs. Training and manpower development are not an end in themselves. Rather, they provide the necessary opportunity for employees to sharpen their skills and acquire knowledge and experience which they can apply in the execution of their jobs. For example, if you manage by objectives, as you should do, you will have specific goals to accomplish. However, you may not know how to plan effectively, how to organise, how to establish a suitable control system or even what your duties are. These skills and knowledge gaps can be filled by planned training and manpower development activities. If these issues are internalised effectively and efficiently, then the productivity of the programme – training and manpower development – has proved its value.

At the organisational level, too, the so-called organic or healthy body corporate is that organisation which is able to adapt to changes in its external environment through continuous restructuring and renewal of its internal sub-systems. Since the human-resource sub-system is the prime mover of all corporate activities, its planned and purposeful cultivation through training and development, will make all the difference to the capacity of the organisation to innovate, face future challenges with confidence and to not only survive but also maintain that vital competitive edge. Even though the Central Bank of Nigeria is not in competition with any financial institution, its survival and growth needs are not different. Accordingly, training, re-training and continuing development form the bedrock of the Bank's human resource management philosophy.

With this brief introduction, the focus of the rest of the paper will be on the definition of key concepts, evolution of manpower training and development in the Central Bank of Nigeria; the process of formulating and implementing the annual training plan, and how we monitor and evaluate manpower training and development. The paper ends with summary and conclusion.

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### Definition of Key Concepts

Given the diversity of the Bank's activities, varieties of approach to human-resource development are employed to produce a workforce that is more effective in whatever jobs they do. These include training, development and education. The traditional distinction between training and development is that training is aimed at improving current performance while development is aimed at capacity building. Both training and development are achieved by creating conditions in which the necessary attitudes, skills and knowledge can be effectively acquired by a learner who, as a result, becomes more confident in his abilities. It can, therefore, be argued that training should merely be seen as a subsystem of manpower development.

Education is defined by the New Lexicon Webster's Dictionary of the English Language as instruction or training by which people learn to develop and use their mental, moral and physical powers required in all aspects of life rather than a knowledge and skill relating to only a limited field of activity.

There is thus no clear distinction among the three approaches to manpower development and training in terms of outcomes - which may be described as learning or development. However, procedures in the use of the three concepts differ. Training involves attending short courses, workshops, etc. It may also take place on the job without the framework of course structure. These include coaching by the boss, study assignments and other action-learning activities. Development procedures are such things as appraisal, potentials assessment, career development schemes, job rotation/transfer, secondment/attachment etc. While there tends to be emphasis within training and development on making the procedures of some relevance to the job, self-development can in theory take place quite independently of any work-related considerations.

This characteristic is also shared with management education - which is, of course, the point at which the distinction between development and education becomes blurred. Management education is conducted within the walls of the higher institutions of learning. It normally involves the award of degrees and other certificates of educational attainment which, according to different schools of thought, either indicate that the individual has demonstrated an ability to apply certain principles and techniques in solving examination problems, or has acquired specific skills and knowledge and therefore, possesses the potential to perform a given job. While the former lends itself to easy verification, the latter is harder to guarantee in real-world situations. To finally put our discussion in context, we should develop a clear understanding of what constitutes an "Efficient Central Banking". The traditional functions of Central Banks are too well-known to this gathering to warrant detailed elaboration. In the particular case of the Central Bank of Nigeria, however, there are the development banking functions which involve promoting, supervising and collaborating with specialised financial institutions like the NEXIM, NIDB, NBCI, and the NDIC and government agencies like the NERFUND, the National planning commission etc. On the international scene, virtually all the bilateral and multilateral institutions prefer highly formal and structured arrangements whereby the Central Bank of Nigeria is directly involved in their dealings and agreements with the Federal Government. Examples of these institutions are the World Bank and its affiliates, the London and Paris Clubs of Governments and financial institutions, as well as individual governments.

Given the ever-growing complexities and uncertainties of the national and global economies, the concept of "Efficient Central Banking" can only be a state of affairs whereby the domestic economy and the international economic relations of a nation are maintained in a synergistic balance.



Against this background, and the need to also meet the individual aspirations of the staff, the Bank has rightly adopted a planned systematic use of education, training and development to equip and encourage its human resources to utilise their talents to the full for the realisation of the goals of Efficient Central Banking.

The rest of this paper will attempt to describe the policy, the procedures and implementation process of the Bank's manpower training and development strategy for achieving the twin objectives of corporate excellence and self-actualisation for the staff.

### **Evolution of Manpower Training and Development in the Bank**

From the establishment of the Bank in 1959 up to August, 1977, training was more or less an ad hoc affair. The training opportunities available were in the form of technical aids and were virtually restricted to the Research Department. Employees were rather encouraged by the Bank to undertake private study on part-time basis. On successful completion of a course of study, a cash reward was given to the employee. Where appropriate, individual employees would be upgraded to reflect the new skills and knowledge acquired.

The Okigbo Financial Review Committee in 1975 recognised the need for the Bank to take the lead in setting up a training unit worthy of emulation. McKinsey International (UK) was to re-echo this proposition in a later report. In October, 1977, the Training School (now The Training Centre) was established.

Another significant development towards planned training was the articulation, in November, 1985, of a training policy with the following objectives:

- (a) To develop/improve key managerial skills of those who have been assigned higher responsibilities;
- (b) To improve the quality of manpower resources of the Bank;
- (c) To provide continuing education to enable the Bank cope with new methods and technological changes that take place from time to time;
- (d) To improve staff capacity for effective decision making, constructive analysis of any given situation, policy formulation, effective communication, supervision, leadership and efficient management of human and material resources of the Bank;
- (e) To improve proficiency on the job;
- (f) To increase staff motivation in the performance of their job and also make them more conversant with the structural and functional changes in the Bank; and
- (g) To ensure qualitative management succession.

In order to achieve the above objectives, the Personnel Department was vested with the responsibility to:

- \* Develop, plan and implement systematic yearly programmes for the training of the various cadres of staff across the Bank; and
- \* Ensure uniform and fair distribution of training opportunities among members of staff.

### **Annual Training Plan**

On annual basis, training activities start with the Training Office sending out circulars to the Heads of Department requesting for their training and manpower development proposals for the coming year. The Training Office on its own part identifies general courses/seminars and workshops considered to be relevant to the operations of the Bank. Manpower Planning Office makes its own contribution by submitting details of training needs gathered from the previous year's annual performance appraisals of staff. These training proposals are discussed with the various departments and ranked in order of importance. The proposals are further appraised against critical policy criteria which include relevance and cost-effectiveness. When approved by the Management, the training plan titled "Scheduled Courses/Seminars" form the basis of training activities.

The approved training plan which emerges is a reconciliation of priority training needs, policies for training and development, and available resources, particularly the budget which varies from year to year depending on Management's funding decision. The various departments are then informed of the courses/seminars and workshops that have been approved for their participation and also requested to nominate participants. The Training Office thereafter recommends for Management's final approval after which places on the courses/seminars are then secured and approved nominees, issued nomination letters.

Every course/workshop or conference involves seeking Management's approval for participation, payment of course fees/allowances and travelling arrangements, where applicable. It is important at this juncture to point out that the Central Bank of Nigeria Training Policy provides for sanctions against any member of staff who, without justifiable cause, fails to attend a course for which he or she is sponsored. The Training Policy guidelines provide inter alia that "Failure to attend any training course will be regarded as misconduct leading to warning and forfeiture of consideration/nomination for further training course/programme for the next five (5) years". In the same vein, Management views as "lack of commitment and a waste of the Bank's resources" any poor performance in examinations conducted at the end of any course organised both inside and outside the Bank. Such poor performance in examination is usually equated with poor performance on the job and is reflected in the annual performance appraisal of such staff. It implies, therefore, that no matter how short the period of the training, the sanction for non-attendance and/or poor performance remains the same.

### **Management of Training and Manpower Development in the Bank**

Management of training and manpower development in the Bank is the sole responsibility of Personnel Department. The Training Office of the Department is responsible for basic training



administration while the Training Centre is in charge of formal training of staff. For administrative convenience, the various courses are classified and treated as either local or overseas.

### 1. LOCAL COURSES are further classified under:

- (a) *Scheduled Courses/Seminars* which include Central Bank of Nigeria Training Centre Courses and courses/seminars outside the Training Centre but run within Nigeria. They are all included in the annual training programme.
- (b) *Unscheduled Courses/Seminars* are local courses relevant to the training needs of the Bank but which could not be included in the annual training plan because information about them was not available when the annual training plan was being prepared.

### 2. OVERSEAS COURSES/SEMINARS are also classified as:

- (a) *Scheduled Overseas Courses/Seminar* which have been incorporated in the current annual training plan, and
- (b) *Unscheduled Overseas Courses/Seminars* which are usually in the form of technical aid.

### 3. SPONSORSHIP/STUDY LEAVE WITH PAY

As stated earlier, the Central Bank of Nigeria has always encouraged self-motivated and self-directed learning by staff. This has given rise to the Bank sponsoring staff on various programmes which are related to the Bank's operations. Under this scheme, qualified members of staff may be sponsored within the country for optional higher degrees which are considered to be relevant to the Bank's work. A staff on the Bank's sponsorship is bonded to serve the Bank on completion of the course, for a period double the duration of his/her course. Conditions for eligibility for sponsorship are:

- \* Staff must have spent a minimum of 10 years in the Bank;
- \* Application must be submitted six months before the programme commences;
- \* The staff must have satisfactory performance appraisal during the two years immediately preceding the programme;
- \* Recommendation of his/her Head of Department;

### 4. STUDY LEAVE WITHOUT PAY

Study leave without pay is granted to staff who have served the Bank for a minimum of five (5) years. The period of study is counted as part of the pensionable service of a beneficiary, provided he/she returns to the Bank's service immediately after completing the programme.

## 5. SABBATICAL LEAVE

Serving Officers of the grades of Department Director and Deputy Director who have put in 10 years or more are qualified to go on sabbatical leave. In the case of Economists, they should preferably use the sabbatical leave for a programme leading to higher degree and in such cases, the duration is at the discretion of the Bank, subject to the exigencies of work.

## 6. PRIVATE EVENING COURSE/PART-TIME STUDY

Staff who wish to remain on the job and at the same time desire to improve themselves through private evening study in higher institutions of learning are granted concession for early closing, provided they notify the Bank before embarking on the programme. For instance, in the current year, 667 staff are undergoing part-time studies at various institutions of higher learning. These figures are made up as follows:

Executive .. ..	1
Senior Staff .. ..	148
Junior Staff .. ..	<u>518</u>
	<u>667</u>

Further breakdown of the figures shows the following trend:

- \* 325 are for Diploma Certificate;
- \* 290 are for B.Sc. Degrees;
- \* 50 are for MBA/M.Sc. Degrees; and
- \* 2 are for Ph.D Degrees.

## 7. TRAINING CENTRE ACTIVITIES

The CBN Training Centre was established in October, 1977 and operated from a rented apartment until 31/1/86, when it moved to its permanent site at the Satelite Town, Lagos.

The complex is made up of 10 classrooms, six blocks of hostel, a canteen and offices for the lecturers. When the centre is in full operation, it has the capacity to accommodate 340 participants while its hostel has accommodation for 224 participants made up of 84 Senior/Executive Staff and 140 Junior Staff. As part of its activities, the Training Centre is expected to organise courses to:

- (i) Induct new staff into their work situation and acquaint them with the functions of the Bank and its various Departments;
- (ii) Train staff in modern banking and management techniques which are regarded as standard courses that cut across various Departments, in order to increase the performance of staff on the job;
- (iii) Broaden the horizon of staff and prepare them for higher responsibilities thereby paving the way for effective management succession;



- (iv) Provide facilities for common training programmes that may be organised for the banking industry in the country; and
- (v) Provide training for some specialised Departments.

With a teaching staff of 15, the Centre currently runs 53 different courses in a year. In its first year of existence, the Training Centre trained 462 members of staff. The figure however rose to 2,328 in 1994, (see Training Centre Statistics 1977-1994 attached).

Considering the phenomenal expansion and complexities of the economy coupled with the additional responsibilities of the Central Bank of Nigeria and the corresponding increase in the staff strength, the prospects for local and overseas training in all facets of the Bank's operations are critical. For example, in 1980, a total of 1,711 members of staff, representing 29.2% of total staff strength were trained with 1,622 attending various courses in Nigeria and 89 in overseas countries. This figure increased to 3,284 in 1994, accounting for 34.31% of total staff strength (see Training Statistics 1980 - 1994 attached). Having regard to the imperatives of Information Technology (IT), computerisation is being vigorously pursued and staff training is bound to increase in that direction.

### **International Aspects of Training and Manpower Development**

The relentless advance of Information Technology has transformed the entire globe into a sprawling economic and financial play field. The Central Bank of Nigeria is per force an active player, either by virtue of its role of custodian of the nation's official foreign reserves, its membership of international financial institutions, or through dealings, on behalf of Government and nation, in bilateral and multilateral economic/financial matters. Hence the Bank has a great need to keep abreast of the rules and master the nuances of domestic and international economic relations which have become increasingly sensitive, one to the other, if not actually symbiotic. This need is met through the following educational, training and manpower development schemes which are financed either wholly internally or jointly with donor agencies.

#### **(i) Secondment/Attachment Programmes with International Organisations**

Most international financial organisations to which Nigeria belongs have arrangements for the secondment or attachment of experts from member nations for the purpose of exposure and training at very high and sophisticated levels. Under this programme, which lasts from two to three years, at a time, representation is by quota. Some of the organisations offering this type of opportunity are the IMF, FAO, ADB and a few other sub-regional organisations like WACH. At the end of the period of secondment/attachment, the staff returns to put his new skills and experience at the Bank's disposal.



## ii. Seminars/Conferences/Workshops

The Bank also sponsors staff in relevant disciplines and operations to international seminars, conferences and workshops where contemporary issues are discussed. Such fora offer limitless opportunities for cross-fertilisation of ideas and often set the agenda for the larger issues of global socio-economic, financial and developmental concerns. Again, participation at some of these meetings may be subsidised by donor agencies while others are financed exclusively by the Bank.

## iii. Joint Study Programmes

The Bank may also commission research projects that very often involve collaboration with local Research Institutes, Universities and Government Agencies. Similarly, the Bank may be invited to participate in projects sponsored by other organisations. Activities of this type bring about a greater understanding of the Bank's business environment and hence a greater capacity to execute the Bank's functions much more efficiently.

## Role of Management in Training and Manpower Development

The nature of the responsibility for training and manpower development and how it is executed vary with the degree of management involvement, the culture and size of an organisation. In the Central Bank of Nigeria, top management performs three major responsibilities, namely:

- It bears much of the burden for creating and sustaining a positive attitude towards human resources development.
- It determines the Bank's policies for training and development and ensures that such policies are supported annually with necessary resources.
- By taking active interest in training and manpower development it provides the necessary environmental commitment which gives the training function much of its corporate vitality.

In addition to the support and commitment of top management to training and manpower development, all managers ought to accept personal responsibility for the training and development of their staff in a number of ways which may include:

### (i) Initiation of Manpower Policy

It should be understood that what often crystallise into a policy are ad-hoc suggestions in the past by men and women like you as to what should be the Bank's long-term direction, objectives and performance criteria within the context of the Bank's strengths, weaknesses, opportunities and threats. As Executives from different departments, and outstations, your inputs by way of observations as was the case in the recent past, are of vital importance to the operations of the Department responsible for the design, implementation and evaluation of manpower training and development programmes in the Bank. Our formal training plans,

particularly in remedying deficiencies in manpower can only be achieved with your co-operation more so that the potential trainees directly work under your supervision. Through your observations, the weaknesses and strengths of the potential trainees are revealed resulting in the design of appropriate training schemes to address the attributes identified.

## (ii) Training Subordinates on the Job

The on-the-job aspect of training rests squarely on the shoulders of line Managers. Having observed individual weaknesses, it is expected that if counselling would remove the observed weaknesses, then such a tactic could be employed, and if its is training, an internal on-the-job training could be arranged using the "pairing" system or the so-called "sitting Next to Nelly" approach.

## (iii) Motivating your Staff

As executives of the Bank, it is expected that your contributions to manpower training and development would include establishing job objectives, identifying training needs in your environment and motivating your subordinates to reach the pinnacle of their intellectual and skill capacity. I had earlier on in this paper, discussed the Bank's training policy. With this at the back of your mind, how do you react to the following reasons that are frequently given for proposing a staff for training?

- (1) It is his/her turn to go;
- (2) This person is a high-flier and the course offers a significant opportunity for development;
- (3) This person has been performing poorly, and this course represents a last chance;
- (4) This person has been working very hard recently, and therefore deserves a holiday as a reward.

## MONITORING AND EVALUATION OF TRAINING AND MANPOWER DEVELOPMENT

While it is generally accepted that there is a strong case for evaluating training so that the effectiveness of the investment in it can be appraised, the attendant problems are complex. One of the key problems is that the benefits of training are usually intangible and therefore difficult to measure. Hence the cost-effectiveness of training is not immediately obvious to everyone. In such circumstances, those of us charged with training administration are hard put to persuade people to accept the fact that training, like other human resource development schemes, belongs in the realm of Organisation Development, (OD) whose dividends are characterised by medium to long-term gestation. For the same reason, we also urge non-practitioners to understand that the benefits of training are traditionally measured in qualitative terms especially in a service industry like banking. Thus, improved quality of service, industrial peace and positive behavioural changes in the staff can be attributed directly to training. On the other hand, the impact of training lends itself



to immediate quantitative evaluation in a manufacturing setting where lower rates of industrial accidents, rejects or re-works etc are direct benefits of training.

In spite of the general difficulty in quantifying the benefits of investment in training and manpower development, effort is always made to answer the question which is usually asked by management when the training budget is presented to it for approval: Is the Bank getting value for its huge investment in training and manpower development? Evaluation of training, therefore, seeks:

- \* To ensure efficient use of resources to achieve Central Bank of Nigeria Training objectives;
- \* To measure deviation from planned performance, and
- \* To provide information upon which corrective action can be taken.

Evaluation of training in the Bank is done at four levels. We observe training impact at the reaction level as evidenced by trainer - trainees interaction, interest shown and opinions and attitudes formed.

Evaluation is also done at the learning level. This takes place at the end of the course when participants are required to appraise the course or to submit comprehensive reports to the Training Office within two weeks of completing the courses.

Evaluation also takes place at the intermediate level. This is when trainees are evaluated in their job environment. The Training Office, in collaboration with the Training Centre, visits the trainees in their job environments within six months of completing the course in order to assess the effect of training on their job performance. During such visits, the Supervisors of the trainees are interviewed regarding the trainees' performance after the course.

Finally, evaluation is done at the ultimate outcome level. This is an assessment of the effects of the trainee's job behaviour on the efficiency of his department.

## SUMMARY AND CONCLUSIONS

The Bank adopts the systems approach to training and manpower development. This approach is based on a simple four-stage model expressed as follows:

- Identify and specify the training and manpower development needs of the organisation;
- Identify/design appropriate training and manpower development programmes;
- Implement the programmes; and finally
- Evaluate them.

The outcome of evaluation is used as input for further training and manpower development programmes. The training and manpower development function, therefore, consists essentially of planning, executing, monitoring and evaluation of programmes. Internally, training and manpower development are not only closely linked with other personnel functions but also need the support and cooperation of all departments in the Bank. Externally, close interaction is necessary

with other training institutions. It is clear that sustained good management does not just happen and, as Tom Peters and Bob Waterman have noted, training and manpower development are highly related to organisation excellence.

On the national level, when one considers the fact that the CBN has a critical mass of personnel from which both the Federal and State Governments, and, indeed, the banking industry constantly draw their skilled manpower, it is not difficult to appreciate the impact of our training and manpower development efforts.

Thank you for listening.