

The Effects of Training on Performance and Incomes: Econometric Evidence from Finnish Cooperative Banks

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Abstract: In this paper we study the impact of training on the operations of Finnish co-operative banks. Reviews of the extensive literature on training (e.g. Bartel, 2000) reveal that there are very few data sets containing *objective* data on training expenses that allow for systematic evaluation of the effects of training. Hence our collecting new panel data on bank performance, employee incomes and the cost and duration of training from Finnish co-operative banks provide an unusual opportunity to rigorously study the impact of training. We find that training in the co-operative banking group is extensive and an integral part of their human resource management development strategies. In our econometric analysis, we focus on the determinants of training and the impact of training on employee incomes. In addition, by using standard methodologies developed in banking studies we evaluate the impact of employee training on cost efficiency.