

The Relationship between Training and Development on Performance of State Owned Corporations

Robert Ng'ang'a

Kenya School of Government
P.O. Box 402-60100 Embu, Kenya

Jane W. Weru, Dr. Iravo M. A., Dr. Maurice Sakwa

Kenyatta University of Agriculture and Technology P.O. Box 62000-00200
Nairobi, Kenya

DOI: 10.6007/IJARBSS/v3-i9/190 URL: <http://dx.doi.org/10.6007/IJARBSS/v3-i9/190>

Abstract

The purpose of the study was to investigate the relationship between Training and Development (T&D) as a Human Resource Practice and the organizational performance (OP) of the Kenyan state corporations. The study hypothesized that; there was a positive relationship between T&D and OP and therefore the need to investigate how specific the two variables relate.

The study adopted an Explanatory research design. The target population was 232 HRM from which a sample of 142 respondents was selected. The research tool was a questionnaire which constituted structured or closed ended items, unstructured or open ended items and likert items.

A pilot study was conducted to help establish the reliability and validity of the research tool. Quantitative and qualitative data was generated was analyzed using SPSS. Qualitative data was operationalized by arranging the data according to emerging themes or patterns with assigned numbers to make them measurable. As far as quantitative data is concerned, Correlation coefficients will be calculated for initial exploration of the relationships between variables. This helped to measure the size and direction of the relationship between the independent and dependent variables.

The findings established a positive correlation between training and development and Organizational Performance and therefore recommended to the authorities of the Corporations studied to give main focus to T&D function to enhance OP.

Key Words: Training and Development, HRM practices, Organizational Performance, State Corporations

Introduction

The constant pressure to maintain superiority in the marketplace prompts the need to constantly upgrade employee skills and knowledge and to improve positive work-related

attitudes (Tannenbaum *et.al* 1991). The method most commonly used to attain these goals is training and development. According to Armstrong (2006) and Haunstein (1998) the objective of training and development, as asserted by is to develop the skills and competences of employees to improve their performance; to help people grow within the organization in order for the organization to meet its future HR needs. According to Drummond (2000) training involves the use of formal and informal processes to impart knowledge and help people acquire the skills necessary for them to perform their jobs satisfactorily, while development prepares employees for other positions in the organization and increases their ability to move into jobs that may not yet exist. Development therefore is about preparing for change in the form of new jobs, new responsibilities, or new requirements. Therefore, training and development is a necessary effort of a company to improve quality and to meet the challenges of global competition and social change.

Arago'N-Sa'Nchez *et.al* (2003) observes that there is no all-embracing concept that brings together the processes of education, learning, T&D. However, it must be clear that they are inextricably linked. They share many common principles, e.g., learning theories, assessment and evaluation, and design of programs, and so there is the need for synthesis. Lundy *et al* further reiterate that each individual matures over a lifetime and that development is the process, which can enable employees to reach a personal full potential. Development is therefore, for the most part, long term in focus. Education contributes to each individual's development by facilitating the attainment of mental powers, character and socialization, as well as specific knowledge and skills.

Providing formal and informal training experiences, such as basic skills training, on-the-job experience, coaching, mentoring and management development can further influence employees' development and hence, their performance. Training, when well done, will reflect in productivity, that is, productivity will increase, there will be reduction in accidents on the job and in the end profits of the organization would be maximized; the ultimate goal of every employer. Dessler (2003) and Mondy (2008) sums up how T&D influences corporate performance by arguing that developing human capital through continuing training may increase the productive output from each employee either through improvement in skill level or through improvement in morale and job satisfaction.

Past researchers have found evidence on the impact of training on productivity and where employees and employers were able to share the benefits from training (Conti, 2005; Dearden, 2006; Ballot, Gerard, Fakhfakh, and Taymaz, 2006). On the other hand, Lynch and Black (1995) whose research focused on the generality of training to OP revealed that only off-the job (general) training improves on the performance whereas on the job training does not. This is further concurred by Barrett and O'Connell (2001) that general training has positive impact on firm performance whereas firm-specific training does not. On the other hand, Nankervis, Compton and McCarthy (1999) were of the opinion that effective training would not only equip employee with most of the knowledge and skills needed to accomplish jobs, it would also help to achieve overall organization objectives by contributing to the satisfaction and productivity of employee. Therefore, one can conclude that training provide adequate criteria to an individual

to perform better in a given task and subsequently contributes to the firm performance. Consequently, the hypothesis of this study is that; there is a positive relationship between employee development and organizational performance.

Statement of the Problem

State Corporations in Kenya in particular have become important instruments in nation-building to carry out entrepreneurial functions associated with economic and social development. They are created to undertake commercial activities of the State as it is generally formed so that they can provide greater operational flexibility than is normally possible through the traditional departmental form. Thus, they are required to generate their own funds, operate profitably and be able to pay at least 30% of profit as dividend to government annually. Therefore, though state-owned, most State Corporations are autonomous and are not supposed to be on government subvention.

However, the scale of government involvement in the economy through State Corporations has not been matched by a performance commensurate with these expectations. The government has gone beyond the initial investment capital provided as a launching grant to bail out loss making Parastatals. Thus, the State Corporations has been net drain on the exchequer. This being the case, the study aimed to establish the contribution of the training and development function to the OP.

The choice of the agricultural sector was informed by the fact that sector is a major contributor to GDP and employment creation in the economy. Despite the sector registering a slower growth of 1.5 per cent in 2011 compared to a growth of 6.4 per cent in 2010, the sector has contributed about 30 per cent of the Gross Domestic Product (GDP), more than 60 per cent of the total export earnings and about 45 per cent of government revenue, while providing for most of the country's food requirements. Deloitte's Economic Outlook (2011).

Specific Objectives of the Study

The specific objective of the study was to find out the relationship between training and development and organizational performance. It was from this objective that the study hypothesized that; there is a positive relationship between training and development and organizational performance.

Significance and Justification of the Study

Training and development is about managing and empowering people, the vital assets of any business or firm. HR professionals act as a strategic partner with senior managers and leaders by aligning Training and development strategies and practices among others with overall organizational strategies that contribute to an organization's smooth operations. Therefore, Understanding HR practices and particularly Training and development enable managers to help employees perform better in the work and keep them motivated. This in turn will strengthen individual and OP and further the organization's ability to meet its goals according to performance objectives and standards despite internal and external challenges to the organization. The beneficiaries of the findings of the study will include:

The Investors

State corporations are investments or business ventures just like any other. The study focused on state corporations due to the fact that they have more elaborate and developed HR functions. However, the knowledge generated by the study will help investors from both public and private institutions on the importance of HRM. They will be able to understand how HR has been managed in the public institutions over time and the best way to manage them to ensure their effective utilization hence making their ventures profitable.

Policy Makers

The finding of the study will provide insights into the trends and direction HRM has taken in the 21st Century. This will influence the kind of business policies concerning HR that will be made formulated to ensure that they are in line with the market trends. Such policies will also influence the attainment of Millennium Development Goals (MDGs) and Vision 2030.

The Publics

The publics of the state corporations will also benefit from the findings of study. These publics include the communities, customers, suppliers, trade unions and government officers among others.

Researchers and Scholars

The findings of the study will be of great benefit to researchers and scholars. Its findings, may lay a theoretical framework for future empirical study on HRM practices and OP. This study may be a source of inspiration to other scholars in developing a practical approach of operationalizing HRM practices and OP.

The Scope of the Study

It is commonly accepted that the HRM function of any organization plays a crucial role in the attainment of its goal. Quite a number of practices are undertaken in the HRM function to ensure the organization attracts and retains competent employees who in turn create an important source of competitive advantage for a firm. The study was conducted to establish the relationship between Training and development as HRM function performance of the State Corporations in Kenya. There were 146 state corporations. However the study was conducted in the state corporations in the agricultural sector. The target respondents were HR Managers in the State Corporations.

Limitations of the Study

The bureaucratic nature of Government institutions was the main limitation of the study. Some of the information to make the study successful was not readily available and it took time for it to be availed. The respondents and other officers had to take time to consult may be in fear of contradicting the Official Secrets Act and revealing classified information. To overcome this limitation, the researcher assured them the confidentiality of the information provided and only to be used for the study purpose. The researcher also underwent necessary security

clearance as required, to access the information and adhere to other protection methods as stipulated.

Conceptual Framework

The study conceptualized that Training and Development had a positive effect on Organizational Performance under the influence effect of Organizational Challenges as a Moderating Variable. This relationship is illustrated in figure 1

Independent Variable

Dependent Variable



Figure 1: Conceptual Framework

Methodology

The study adopted explanatory research design. An explanatory design is a process of collecting data in order to test the hypothesis on the nature of certain relationships with an aim to differentiate between, and measure, the relative influence of the factors and explain the cause and effect relationship between them. It frequently includes descriptive elements but goes beyond this to identify and explore the causes lying behind the effects and the nature of the relationships between the two. Therefore, explanatory research attempts to investigate the causes of particular phenomena, not simply to describe them. Hypothesis testing provides an understanding of the relationships that exist between variables (Sekaran 2003 and Kothari 2004).

Population and Sample Size

There were 224 HR officers (Head of HR, HR section heads and their respective supervisors) in the 29 state corporations under the agricultural sector. Out of which a sample of 142 respondents were selected. The following formula was used to get the sample size of the study:

$$n = \frac{X^2 * N * P * (1-P)}{(ME^2 * (N-1)) + (X^2 * P * (1-P))}$$

Where :

n = sample size

X² = Chi – square for the specified confidence level at 1 degree of freedom

N = Population Size

P = population proportion (.50 in this table)

ME = desired Margin of Error (expressed as a proportion)

Source: Krejcie and Morgan (1970)

Substitution:

$$n = (1.96^2 \times 224 \times 0.5 \times 0.5) \div (0.05^2 \times 223 \times 1.96^2 \times 0.5 \times 0.5)$$

$$n = 141.70$$

Therefore, the sample size of the study was 142 respondents. This translates to 63% of the study population and has sufficiently surpassed the minimum threshold sample size of 10% suggested by Gay (2005), 30% considered acceptable by Stanley and Gregory (2001); Kothari, (2004); and Kerlinger (2000) and a sample size of 30 for a small population as proposed by Mugenda and Mugenda (2008). The sample size was equally divided among the 29 State Corporations where the study was to be undertaken. This means that 5 respondents were randomly selected from each one of them to respond to the study questionnaire.

Data Collection, Processing and Analysis

Data was collected by use of questionnaire which generated both quantitative and qualitative data. According to Cooper and Schindler (2003), analysis of data is a process of inspecting, cleaning, transforming, and modeling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. Returned questionnaires were sorted to ensure their completeness and accuracy. Thereafter, quantitative responses were coded for analysis using Statistical Package for Social Sciences (SPSS).

Qualitative data was operationalized by arranging the data according to emerging themes or patterns with assigned numbers to make them measurable. Factor analysis formed the basis of analysis

As far as quantitative data is concerned, Correlation coefficient was calculated for initial exploration of the relationships between variables. Correlation is used to measure the size and direction of the relationship between two variables (Tabachnick and Fidell 2001). In this study, a correlation analysis was carried out to measure the inter-relationship between independent (training and development) and dependent (organisational performance) variables. Chi-square analysis is a goodness of fit test based on the frequency of occurrence and used in determining how well the data obtained from the study matches the expected data. Therefore, Chi-square was used to compare observed data with data the study expected to obtain according to hypothesis (Sekaran 2003; Kothari 2004).

On completion of the correlation analysis, a regression analysis will be conducted in order to further evaluate and understand the relationships between the dependent and independent variables of the study, and to test the hypotheses of the study.

Findings and Discussions

Response Rate

From the 142 questionnaires distributed, 134 were returned fully completed. This translates to a response rate of 94.37%. Babbie (1998) and Mugenda and Mugenda (2003) asserts that more than 70% response rate is very good, 60% rate is considered good and 50% is adequate. Based on the recommendations by the two scholars, the study concluded that the response rate of 94.37% for this research was “very good” and therefore a good basis of this study report.

Sample Characteristics

Preliminary information was sort on the characteristics of the sample. The questions aimed to elicit responses which showed the parameters of the respondents and the organization they work for. The data gathered on respondents included: their gender, academic qualification, and period worked in the organization. For the organization, the preliminary information gathered was on: number of employees, number of departments, performance indicators in use, how general performance is rated, and finally, the relationship between human resource (HR) practices and performance and the degree of the relationship.

Gender Distribution of the Respondents

From the respondents, it was found out that 40.3% were male while 59.7% were women. The gender distribution is shown on table 4.1. The findings suggested that there were more women than men in the HR section of the Kenyan state corporations. This corroborates with findings of Forbes (2011) where they found that 70% of HR managers were women. This suggested their soft skills had led to their predominance in the HR department. The gap in gender representation was relatively small and therefore the study concluded that there is gender balance in the Corporations that were investigated. The fair gender distribution in the study can be attributed to gender mainstreaming campaigns by various Institutions which advocates for gender equity or equality in the workplace. Since a number of responses in this study relied on the perceptual measures of the respondents, the findings accommodated the opinions and views from both genders.

Table 1 Gender Distribution of the Respondents

Gender	Frequency	Percentage
Male	54	40.3
Female	80	59.7
Total	134	100.0

A further analysis was conducted to establish the respondents’ opinion on the degree to which independent variables affect organizational performance on the basis of gender. The findings indicate that up to 85.8% of the female respondents compared to 77.1% male respondents believed that the independent variable affect the dependent variable. The findings are shown in table 2

Table 2: Respondents' Opinions on the degree to which Independent Variable Affect Organizational Performance on the Basis of Gender

Independent Variable	Gender	Frequency Ratings on Responses in Percentage				
		Very Low	Low	Moderate	High	Very High
T&D	Male	12.7	14.2	24.6	30.6	17.9
	Female	6	8.2	21.6	30.6	33.6

Respondents Academic Qualifications

The respondents' academic qualifications were found to vary from tertiary trainings undertaken immediately after finishing primary school to degree level (including bachelors, masters and PhD). From the findings, 13.4% had Kenya Certificate of Secondary Education (KCSE); 44.8% had certificate or diploma level; 26.9% had a degree (either bachelors or masters level - only 1 respondent had PhD level); while 14.9% had undertaken tertiary courses after their primary school level. The findings were an indication that the respondents had technical expertise required to handle tasks and responsibilities assigned to them. The findings are reflected on table 3.

Table 3 Academic Qualifications of the Respondents

Academic Qualifications	Frequency	Percentage
KCSE	18	13.4
Certificate/Diploma	60	44.8
Degree	36	26.9
Others	20	14.9
Total	134	100.0

Years Worked in the Organization

This question sought the period the respondents have worked for their organization. From the findings, 52.2% of the respondents had worked in those organizations for over 16 years; 19.4% between 11 to 15 years; 12.7% between 6 to 10 years and 15.7% below 5 years. This is tabulated on table 4. The findings on years worked in the organization suggested that there was a high level of staff retention. This is in line with Tahir (2010) findings that attributed the high staff retention rate to job security guaranteed in the public sector. This gives confidence to the information sought on this research, as they know the human resource management practices in place and the performance of Kenyan state corporations in the Agricultural Sector.

Table 4: Number of Years Worked in the Organization

Number of Years	Frequency	Percentage
Up to 5 years	21	15.7
Between 6-10 years	17	12.7
Between 11-15 years	26	19.4
Over 16 years	70	52.2
Total	134	100.0

A further analysis to establish the respondents' opinions on the degree to which independent variable affect organizational performance on the basis of years worked. The study established highest relationship among those in "Between 6-10 years" category at 27.5% followed by respondents at "16 years and above" category at 25.7%, "between 11-15 years" and "up to 5 years" in that order. All the categories recorded an approval of over 20% suggesting that T&D is a key strategy as far as OP is concerned. Therefore, conducting trainings properly helps to achieve organizational objectives by increasing organizational and employees productivity. This analysis is summarized in table 5

Table 5 Respondents Opinions on the degree to which Independent Variable Affect Organizational Performance on the Basis of Years Worked

Independent Variable	Years Worked and Responses in Percentage			
	Up to 5 years	Btn 6-10 years	Btn 11-15 years	16 years and above
T&D	22.2	27.5	24.6	25.7

4.3.2.3 Performance Indicators Used to Determine Performance in an Organization

Performance indicators used to determine performance in the state corporation was generally found to be the perceived public image. This is reflected on table 6 where 51.5% used perceived public image as an indicator of performance; 23.9% used quantity or quality of products of the organization; 20.1% used the revenue generated; 1.5% used the profit generated and 3% used other methods to determine performance of the organization. Being state corporations, perception of public image reflects the services levels to the public. The higher the service level, the higher the perception and vice versa.

Table 6 Performance Indicator Used to Determine Performance

Performance Indicator	Frequency	Valid Percent
Profit generated	2	1.5
Revenue generated	27	20.1
Perceived public image	69	51.5
Quantity/quality of products	32	23.9
Others	4	3.0
Total	134	100.0

4.4.1 Organizational Performance

The main objective of this research was to establish the relationship between Training and development and performance of the institutions in the public sector. Organizational performance was researched on as the dependent variable. The questions related to it were based on revenue generation, profit, corporate image, employee acquisition and retention, and customer acquisition and retention.

Table 7 shows how respondents perceived the above themes as measures of organizational performance. Views of 67.4% of the respondents on revenue generated as a measure of organizational performance ranged between “moderate extents” to “very large extent”. The component of revenue generated is very important to state owned corporations since, though state-owned, most of these Corporations are not on government subvention. Thus, they are required to generate their own funds, operate profitably and be able to pay at least 30% of profit as dividend to government annually. This is a fact noted by Gary (2008). He argued that State corporations are permitted to generate surplus revenues which are retained by the respective corporation organization for its self-preservation, expansion, or plans that uses surplus revenues to achieve its goals rather than distributing them as profit or dividends. Therefore, revenue generated is not perceived from a profit perspective, but as a means to enable the corporations fulfill their respective mandate. This can explain why profit as a measure of organizational performance scored 56.8% in the same range which is relatively low. Corporate image was found to be a good measure of organizational performance since 85.1% said it ranged between “moderate” to “very large extent”. In many government, Parastatals and private organizations whether seeking profit or not in their operations, corporate image plays a very important role. These findings are in line with the observations made by Rensburg and Cant (2003). According to them, a positive public image contribute to the development, the sustainability and a good functioning of the organisations as it help in identifying, establishing and extending the organisation’s sphere of influence and in monitoring, controlling and establishing its Corporate identity and corporate image which plays an important part in attracting, retaining and managing customers’ expectations. Therefore, being public and non-profit making entities, the state corporations under the study, must ensure a positive public relations since this is a major determinant of how the current and potential customers and

employees perceive them and whether they are going to do business with them or not. In the long run, the kind of corporate image portrayed by an organization will end up influencing the employees and customers customer acquisition and retention and their subsequent performance and attainment of targets. This may explain the respective high scores of 88%, 82.7% and 81% in the related measures of organizational performance.

Financial rewards recorded a score of 59.2% as a measure of organizational performance among the respondents at the range between “moderate extent” and “very large extent”. This is quite low compared other variables under investigation. However, the findings are in line with previous research findings by Becker and Huselid (1998); Bae and Lawer (2000) and Hoskisson *et al.*, (2000). They found that emphasis on quality-improvement teams and commitment-building programs is creating a renaissance for financial incentive of pay-for-performance plans. Financial incentives constitute less than 5% of the U.S. worker's compensation. Organizations adopt alternative reward systems to increase domestic and international competition. The competitive reasons for the growing emphasis on performance-based compensation are companies cutting costs, restructuring, and boosting performance.

Innovation and knowledge transfer had scores of 85.5% and 88% respectively. The two components are attributed to the high service levels and customer satisfaction which ultimately leads to higher organizational performance. They also, as noted by Kane (2000) help organizations cope with revolutionary trends in modern business environment characterized by rapid environmental change, globalization, innovations to provide competitive products and services, changing customer and investor demands. It is expected that innovation and knowledge transfer will in the long run help firms reduce costs, enhancing quality, and differentiating their products and services (Armstrong 2010).

Table 7 Measures of Organizational Performance

Measures of Organizational Performance	Not at all	Small Extent	Moderate Extent	Large Extent	Very Large Extent
Revenue generation	16.7%	15.9%	32.5%	25.4%	9.5%
Profit	24.8%	18.4%	24.8%	20.8%	11.2%
Corporate Image	3.9%	11.0%	26.8%	28.3%	30.0%
Employee acquisition and retention	4.8%	7.2%	33.6%	35.2%	19.2%
Customer acquisition and retention	5.5%	11.8%	26.0%	32.3%	24.4%
Performance targets	5.6%	13.5%	27.0%	30.2%	23.8%
Financial and other rewards	22.4%	18.4%	31.2%	21.6%	6.4%

Innovation	4.8%	9.7%	27.4%	34.7%	23.4%
Knowledge transfer	1.6%	10.4%	28.0%	38.4%	21.6%

4.4.1.1 Factor Analysis on Organizational Performance

Factor analysis was carried out before inferential analysis of the results on organizational performance as the dependent variable to describe variability among the observed and check for any correlated variables with the aim of reducing data that was found redundant. From the nine items analyzed as shown on Table 8, all the items scored at least 0.3 which is the minimum requirement for inclusion of variables into the final model (Hair et al., 2010, Kothari, 2004). From the recommendation of Hair *et al.* (2010) and Kothari (2004) any item not scoring above 0.3 should be dropped from the model and not further analyzed. Consequently, no item was declared redundant and thus none was dropped from the model and not further analyzed.

Table 8 Factor Analysis on Organizational Performance

Measures of Organizational Performance	Component
	1
1. Revenue generation	.735
2. Profit	.669
3. Corporate Image	.720
4. Employee acquisition and retention	.723
5. Customer acquisition and retention	.677
6. Knowledge transfer	.581
7. Innovation	.559
8. Financial and other rewards	.375
9. Performance targets	.488

4.4.1.2 Normality Test on Organizational Performance

Normality test was carried out to ascertain that the linear regression model which was to be tested was normal to ensure best linear unbiased estimators were achieved. The linear regression model had a dependent variable, organizational performance, depending on the independent variables - recruitment and selection, PA, compensation management, and training and development is normally distributed. Quantile-quantile plot (Q-Q plot) was used to test normality of the data. As shown on Figure 2 the points plotted falls approximately on a straight line, indicating normality with a very high positive correlation.

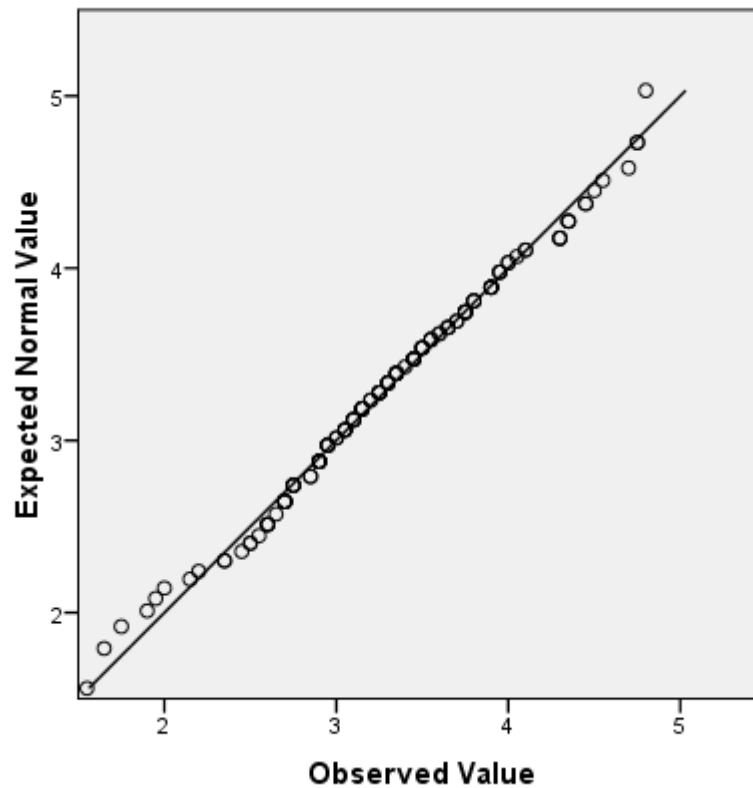


Figure 2 Q-Q plot of Organizational Performance Variable

Training and Development

The study sought to find out whether T&D had an effect on organizational performance. T&D as an independent variable was investigated. Preliminary questions were if the T&D department existed in an organization and the indicators of need for training. Majority of the organization, 87.9% indicated it was in place while 12.1% indicated it did not exist. The indicators of need for training are 61.7% Performance Appraisal reports as outlined on table 9. This contradicts the earlier findings that Performance Appraisal was not used to indicate training needs. Employees' grievances indicate training need by 23.3%, absenteeism, tardiness and turnover indicted 6.7%, accidents and others 4.2% each.

Table 9 Indicators of Training Needs

Indicator of Need for Training	Percentage
PA reports	61.7
Employees grievances	23.3
Absenteeism, tardiness and turnover	6.7
Accidents	4.2
Others	4.2
Total	100

Other issues under T&D were investigated in relation to the organizational performance as shown in table 10. On the issue of existence of T&D policy, 65.6% of the respondents either agreed or strongly agreed that it was in place. Another 51.2% of the respondents either agreed or strongly agreed that training needs identified were realistic and were based on organizational training needs. This is good for respective corporations since 80.3% of the respondents said training and had a strong influence on organizational performance. However, quite a number of respondents ranging from 59.4% to 71.8% either strongly disagreed, disagreed or were neutral on adherence to T&D policy, sharing of knowledge gained during T&D process, attendance to regular training programs, whether training programs aim to train employees new skills and if T&D enhances teamwork. This findings are in line with Chang and Chen (2002)'s findings who in his study in Taiwanese high technology firms, established that T&D significantly affected productivity. Other Researchers Chiu *et al.* (2002); Tepstra and Rozell, (1993) established that T&D has positive association with firms' performance.

Table 10 Training and Development

T&D issues	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
There is T&D policy in place	8.0	12.0	14.4	46.4	19.2
T&D policy is strictly adhered to	17.9	22.0	29.3	21.1	9.8
Employees are given opportunities to share knowledge gained during T&D process	8.0	26.4	25.6	33.6	6.4
Employees undergo regular training programs	12.2	28.5	18.7	26.0	14.6
Training needs are identified through a formal process	12.7	27.8	21.4	28.6	9.5
Training programs aim to train employees new skills	8.8	21.6	24.0	31.2	14.4
T&D enhances teamwork	10.5	32.3	29.0	18.5	9.7
Training needs identified are realistic based on organizational needs	7.3	22.0	19.5	36.6	14.6
T&D has strong influence on organizational performance	0.8	7.4	11.5	25.4	54.9

4.4.5.1 Factor Analysis on Training and Development

Factor analysis was carried out before inferential analysis of the results on T&D as an independent variable to describe variability among the observed and check for any correlated variables with the aim of reducing data that was found redundant. From the nine items analyzed as shown on Table 11, all items scored more than 0.3 which is the minimum requirement for inclusion of variables into the final model. Consequently, all the items were retained in the model and were further analyzed.

Table 11 Factor Analysis on Training and Development

	Component
	1
To what extent do agree you there is a T&D policy in place?	.581
To what extent do agree you that T&D policy is strictly adhered to?	.702
To what extent do agree you that employees are given an opportunity to transfer/sharing knowledge gained during training?	.792
To what extent do you agree that the organisation conducts extensive regular training programs for its employees in all aspects of work?	.659
To what extent do agree you that training needs are identified through a formal PA mechanism?	.760
To what extent do you agree that there are formal training programs to teach new employees the skills they need to perform their jobs?	.653
To what extent do agree you that new knowledge and skills are impacted to employees periodically to work in teams?	.800
To what extent do you agree that you that training needs identified are realistic, useful and based on business strategy of the organisation?	.613
To what extent do agree you that T&D has a strong influence on organisation performance?	.430

Reliability test was carried out on the nine items and the Cronbach’s Coefficient Alpha was 0.845. Cooper & Schindler (2008) assert that a Cronbach’s alpha coefficient of 0.7 is adequate for a newly developed tool. Therefore based on their recommendations the variable has adequate internal consistency and is reliable for the study and its results can be used to generalize on population characteristics.

4.4.5.2 Correlation Coefficients on T&D and Organizational Performance

Based on the findings in table 12, the correlation coefficient (ρ) between Organizational Performance and T&D was found to be 0.389 at $P = 0.00$. This implies that there was a positive correlation between Organizational Performance and T&D.

Table 12 Correlation Coefficient on T&D

		ORGANIZATIONAL PERFORMANCE	TRAINING AND DEVELOPMENT
ORGANIZATIONAL PERFORMANCE	Pearson	1	.389**
	Correlation		
	Sig. (2-tailed)		.000
	N	134	134
T&D	Pearson	.389**	1
	Correlation		
	Sig. (2-tailed)	.000	
	N	134	134

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

Training and development is considered to be the most common HR practice (Tzafir, 2006). T&D refers to any effort to improve current of future employees' skills, abilities, and knowledge (Aswathappa, 2008). Thang and Buyens (2008) through reviewing 66 studies conducted in different parts of the world opined that T&D leads to superior knowledge, skills, abilities, attitudes, and behaviour of employees that eventually enhance organizational performance. Hoque (1994) unearthed that T&D had positive impact on organizational effectiveness in Bangladeshi context.

Results of Hypotheses Tests

The study hypothesized that T&D positively influenced OP. Since, p at 0.006 is < 0.05 , the regression results supported this hypothesis (note: $t=2.773$; $p=0.006$). Thus given these findings the hypothesis of the study was accepted.

CONCLUSIONS AND RECOMMENDATIONS

The Relationship between Training and Development and Organizational Performance

The study sought to find the kind of relationship that existed between training and development and organizational performance. Majority of the organization, 87.9% indicated training and development department was in place. The indicators of need for training are 61.7% performance appraisal reports.

The Pearson Correlation coefficient (ρ) between T&D and OP, it was found to be 0.389 at $p = 0.000$. This indicated that the strength of linear relationship was significant since p at 0.00 is less than 0.05. Regression analysis Results of Training and Development suggested that the model equation $y = \beta_4 X_4 + \varepsilon$ explained 14.5% as the measure by the goodness of fit. This means that Training and Development explained 14.5% of the variation in organizational performance. The findings on Training and development revealed its strategic positioning since it directly promoted organizational business goals and objectives, and thereby enhancing organizational performance. The environment in which most organizations operate today is continuously

changing, and the rate of change is increasing. Almost most organizations are now involving in tremendous increase in international business and foreign assignments. Training and developing the workforce offer an interesting case of change for any organization in light of uncertain and rapidly changing environment. Many researches argue that training and development programs increase the organizations' performance and effectiveness. Toward a better understanding of the effects of training and development in the workplace, this research points out the importance of training and development the workforce, determines the major types of training and development programs, discusses the relationship between training and the overall organizational performance, and offers some guidelines for HR managers to design effective training and development

As training is considered a strategic investment, therefore the line managers should adopt a focused approach towards TNA and remain fully involved in making policy decisions for training, being in line with HR. They must accept their responsibility in this area as front liners when compared with HR managers because they are also accountable to their reports for the training and development, being immediate employee-contacts. It also illustrates that HR department cannot be devolved of the responsibility of training and development, rather it remains committed since deliberated and formal approach to training and development will contribute positively towards organizational performance. Training is necessitated due to rapid advances/changes in technology, developing core competencies, steering downsizing and re-engineering and covering gaps in formal education which all being issues of immediate nature, fall in Line manager's domain.

References

1. Arago'N-Sa'Nchez, A., Barba-Arago'N, I. and Sanz-Valle, R. (2003) "*Effects of Training on Business Results*", *International Journal of Human Resource Management*, 14, pp. 956–80
2. Armstrong, M. (2006) *Strategic Human Resource Management: A Guide to Action*. Kogan Page, London
3. Aswathappa, K. (2008), *Human Resource Management: Text and Cases*, Tata McGraw-Hill Publishing Company Limited, Delhi.
4. Babbie, Earl R. (1998). *The Practice of social research*. *Wadsworth Pub. Co. (Belmont, CA)*
5. Bae, J., and Lawler, J.J. 2000. "Organizational Performance and HRM strategies in Korea: Impact on Firm Performance in an Emerging Economy", *Academy of Management Journal*, 43, 3, pp. 502–517.
6. Ballot, Gérard, Fakhfakh, F., and Taymaz, E. (2006). *Who benefits from training and R and D the firm or the workers?* *British Journal of Industrial Relations*, 44, 473-495.
7. Barrett, A., and O'Connell, P. J. (2001), *Does training generally work? The returns to in-company training*. *Industrial and Labor Relations Review*, 54, 647-662.
8. Becker, B.M., P.P. Huselid, & M. Spratt, (1997). HR as a source of shareholder value: Research and recommendations. *Human Resources Management Journal*, 311, 1-8.
9. Dearden, Lorraine, Reed, H., and van Reenen, J. (2005). The Impact of Training on Productivity and Wages: Evidence from British Panel Data. *Oxford Bulletin of Economics and Statistics* 68, 4, 397-421.

10. Dessler, G. (2003) *Human Resource Management* 9th e.d Upper Saddle River, N.J.: Prentice Hall,
11. Chang, P.L., & Chen, W.L. (2002). The effect of human resource practices on firm performance: empirical evidence from high-tech firms in Taiwan. *International Journal of Management*, 19(4), 622.
12. Chiu, R.K., Luk, V.W.M. and Tang, T.L. 2002. "Retaining and Motivating Employees: Compensation Preferences in Hong Kong and China", *Personnel Review*, 31, pp. 402–31.
13. Conti, G. (2005). *Training, Productivity and Wages in Italy*; Labour Economics, 12, 557-576.
14. Drummond, H. (2000). *Effective Management: A hand book for manager*. Kogan Page.
15. Cooper, D. R. and Schindler, P. S. (2003) *Business Research Methods* Boston: McGraw-Hill/Irwin
16. Gay, L. R. (2005) *Educational Research: Competencies for Analysis and Applications* (8 th Edition), London
17. Hair, J.F., Anderson, R.E., Tatham, R.L., & Black, W.C. (2010). *Multivariate Data Analysis*, Pearson Education, Upper Saddle River, NJ
18. Haunstein, N.M.H. (1998) Training Raters to Increase the Accuracy of Appraisals and the Usefulness of Feedback. in Smither, J.W. (Eds.), *Performance Appraisal: State of the Art in Practice*, Jossey-Bass. San Francisco
19. Haque, M. M., and Azim, M. T. (2008), Affective commitment and its antecedents: An empirical study in the context of Bangladesh. Paper presented at the 7th International Conference on Ethics and Quality of Work-life for Sustainable Development, Bangkok, Thailand
20. Hoskisson, R.E., Eden, L., Lau, C.M., and Wright, M.2000. "Strategy in Emerging Economies", *Academy of Management Journal*, 43(3), pp. 249–267.
21. Kane, R. (2000). 'Downsizing, TQM, reengineering, learning organisations and HRM strategy.' In *Asia Pacific Journal of Management*, v38, n1, pp. 26-48.
22. Kerlinger, F.N. & H.B. Lee, (2000, 4th Ed). *Foundations of behavioral research*. Wadsworth.
23. Kothari, C. K. (2011) *Research Methodology: Methods and Techniques (2nd Revised Edition)* New Age International Publishers, New Delhi
24. Lynch, L. M., and Black, S. E. (1995). Beyond the incidence of training: Evidence from a national employers' survey. NBER working paper 5231
25. Mir, M. N. A., Nimalathanan, B. Munshi M. A. Kader J. (2010) impact of HR Practices on Organizational Performance in Bangladesh IJBIT/Volume 3/Issue 2/April - September 10
26. Mondy, R. W. (2008) *Human Resource Management* (10th Edn) Pearson Prentice Hall, New Jersey
27. Mugenda, O. M. and Abel G. Mugenda, A. G. (2008) *Research Methods: Quantitative and Qualitative Approaches*: Nairobi, African Centre for Technology Studies
28. Nankervis, A. R., Compton, R. L., and McCarthy, T. E.(1999). *Strategic Human Resource Management*,(3rd Ed.), Nelson ITP, Melbourne.
29. Sekaran, U. (2003) [Research Methods for Business: A Skill-Building Approach: Wiley Series in Management](#)
30. Tabachnick, B.G. and Fidell, L.S. (2001). *Using Multivariate Statistics*. (4th edition), New York: Harper Collins College Publishers.

31. Tahir, M., Capps, C. J., Khan, R. Hung, D. K. M. (2010) Impact of Human Resource Management Practices on Organizational Performance: A Mediating Role of Employee Performance Department of Management Sciences Mohammad Ali Jinnah University Islamabad
32. Tannenbaum, S., J. Mathieu, E. Salas and J. Cannon- Bowers. (1991). Meeting trainee's expectations: the influence of training fulfillment on the development of commitment, self-efficacy, and motivation, *J. App. Psychol.* 76(6): 759-769.
33. Terpstra, D.E. & E.J. Rozell, (1993). The relationship of staffing practices to organizational level measures of performance, *Personnel Psychology*, 46, 27-48.
34. Thang, N. N., and Buyens, D. (2008), What We Know about Relationship between Training and Firm Performance: A Review of Literature. Paper Presented at The 7th International Conference on Ethics And Quality of Work-Life for Sustainable Development, Bangkok, Thailand.
35. Tzafirir, S. S. (2006), A Universalistic Perspective for Explaining the Relationship between HRM Practices and Firm Performance At Different Points In Time: *Journal of Managerial Psychology*, Vol. 21, No.2, pp. 109-130.