

Impact of Training on Performance: An Empirical Investigation from a Developing Country

Mourad Mansour
Department of Management and Marketing,
King Fahd University of Petroleum and Minerals, Saudi Arabia
mmansour@kfupm.edu.sa

Abstract

Companies are under pressure to continuously improve the skills and knowledge of their employees through effective training programs. Knowledgeable and innovative workforce has become a very important source of competitive advantage. Therefore, companies should design, implement, and evaluate the best training programs that help employees increase their productivity. The paper studies the effect of training on employee performance, motivation, and turnover through a self-reported survey of 124 employees in Saudi private companies. It has been found that 65% of respondents attended various training programs in their actual job. The results also show that there is a positive relationship between training and performance of employees, confirming the literature that studied the impact of training on performance.

Introduction

Nurturing a high-quality, knowledgeable and innovative work force has become a very important issue for organizations striving to compete in the global economy (Awang et al., 2010). According to the American Society for Training and Development (ASTD) (2012), U.S. organizations alone spend more than \$150 billion annually on employee training and development. "Training" refers to a systematic approach to learning and development to improve individual, team, and organizational effectiveness (Goldstein and Ford, 2002). Alternatively, development refers to systematic efforts affecting individuals' knowledge or skills for purposes of personal growth or future jobs and/or roles (Aguinis and Kraiger, 2009). In this study, due to the uncertainty whether a specific research study addresses training, development, or both, the term "training" refer to both training and development efforts. The present paper presents the preliminary results of a research about the relationship between training and variables such as performance, motivation, turnover in the Saudi private sector.

Literature Review

The rapid change in technologies and the need for updating the knowledge of their employees and reducing the gap between the skills required and those possessed have made managers aware of the urgent need to invest in employees training and development. It has been largely argued in the literature that training helps employees improve their efficiency in their current job role and helps them to perform to a standard that enable the organization to gain competitive advantage in its market (Huang, 2001; Van der Klink et al., 2002; Spears and Parker,

2002; Winfred et al., 2003; Morin and Renaud, 2004; ChiaburuandTekleab, 2005; Thang and Ghent, 2008; Dumas and Hanchane, 2010; Pineda, 2010; Sultana et al., 2012; Vaddeswaram, 2012). According to McDowall and Saunders (2010), training is a focused and time-framed activity that helps build more interpersonal and organizational skills and change behaviors that will lead to improve individual, team, and organizational performance.

A large number of studies have shown that training has a positive impact on employee's job performance (Chih et al., 2008;Awangm et al., 2010). Today's employee is in great need to update his knowledge if organization would like to get the best performance from him. It is often argued that training must be incorporated into a systematic and formal system if the goals of employees and corporation are to be attained. Acton and Golden (2003) indicated that well-engineered training initiatives lead to increased organizational strength, job-related employee competencies, and job satisfaction.

SahinidisandBouris(2007)examined 134 employees in Greek organizations after they had completed a training program. Their study supports that there is a significant correlation between the employees perceived training effectiveness and their commitment, job satisfaction and motivation. Khan et al. (2011) found a significant relationship between the employees training and their resultant performance in accomplishing different tasks in Pakistan.

Methodology

The study sample comprised of 124 employees of different organizations inSaudi Arabia. The data is collected through a questionnaire consisting of different sections and questions. All questions are close ended questions with the use of a five point Likert scale from 1 (strongly disagree) to 5(strongly agree). The questionnaire was designed by relying on similar research questions that were reviewed and modified and new questions to measure required and specific variables. All questionnaires were distributed and collected online.

Analysis and Results

Reliability analysis

The model has scored .743 Cronbach'sAlpha which means statistically that the model is reliable since the score is above .7 and its items hang together to generate valid results.

Demographics

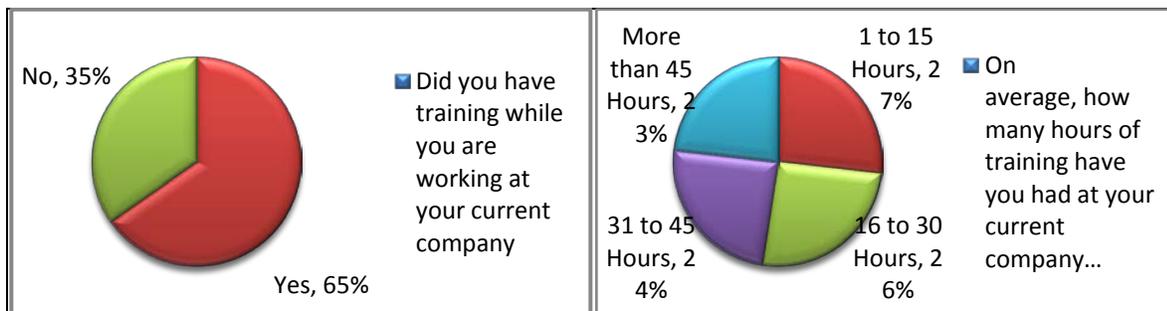
As shown in Table 1, most of the respondents were male with 78%. Saudis represent 92% of the sample. A majority of 93% are less than 35 years old. The respondents have different degree level of education and position levels. Almost half of them work for small and mid-size companies whereas half of the sample mostly has worked for 2 years or less in their current companies. Around 37% have total experience of more than five years.

Table 1: Demographics

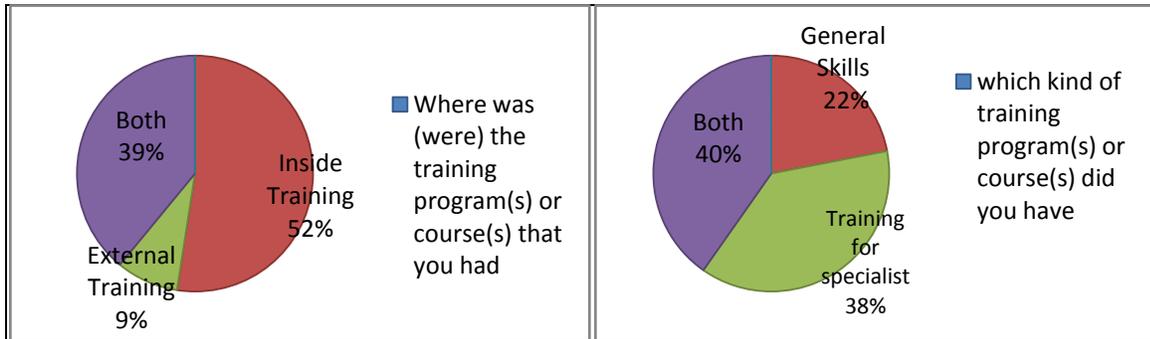
Gender	Count	Percentage	Year(s) in current company	Count	Percentage
Female	27	22%	Less than a year	33	27%
Male	97	78%	1 to 2	25	20%
Nationality	Count	Percentage	2 to 3	19	15%
Saudi	114	92%	3 to 4	8	6%
Non-Saudi	10	8%	More than 4 years	39	31%
Age	Count	Percentage	Company size	Count	Percentage
Less than 25 years	27	22%	Small-Size Company	17	14%
25-30	60	48%	Mid-Size Company	42	34%
30-35	28	23%	Big-Size Company	65	52%
35-40	3	2%	Degree of Education	Count	Percentage
40-45	2	2%	High School	20	16%
More than 45 years	4	3%	Diploma	19	15%
Position Level	Count	Percentage	University / College	81	65%
Clerical Job (Staff)	29	23%	Other	4	3%
supervisor	31	25%	Year(s) of experience	Count	Percentage
Manger	24	19%	Less than a year	24	19%
Director	5	4%	1 to 5	54	44%
Executive Director	6	5%	5 to 10	26	21%
Other	29	23%	10 to 15	11	9%
			More than 15 years	9	7%

Findings

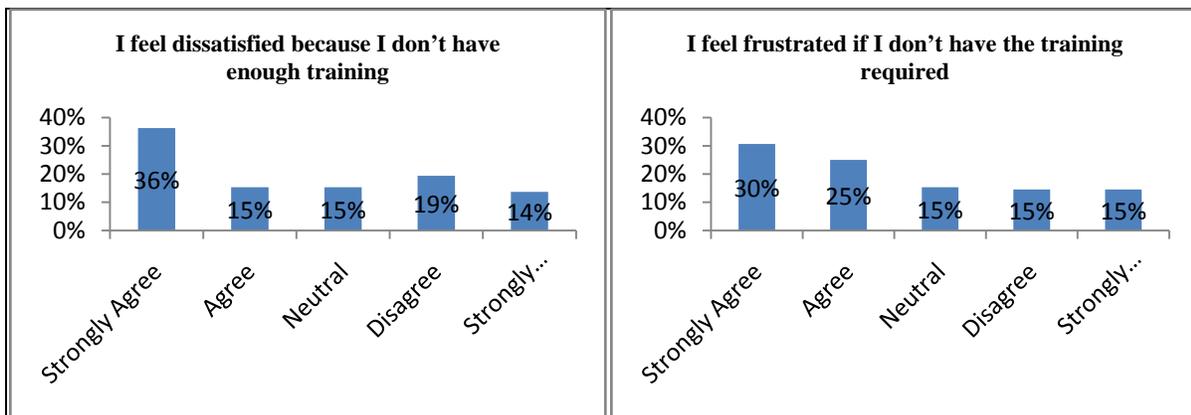
More than one third of the respondents did not get training in their current work. Those who got trained had different amount of training. On average, around 53% attended less than 30 hours yearly.



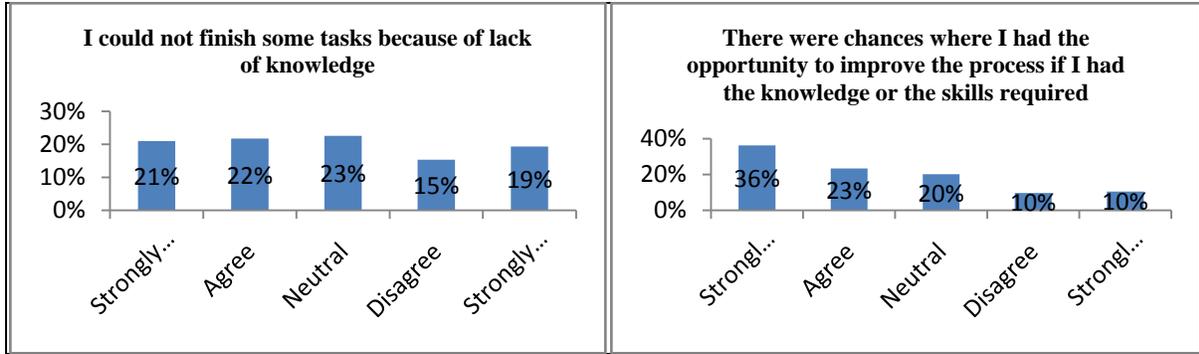
52% of respondents got internal training while 39% had both internal and external training. Around 60% had either general training of soft skills or technical training for specialists, whereas 40% had both.



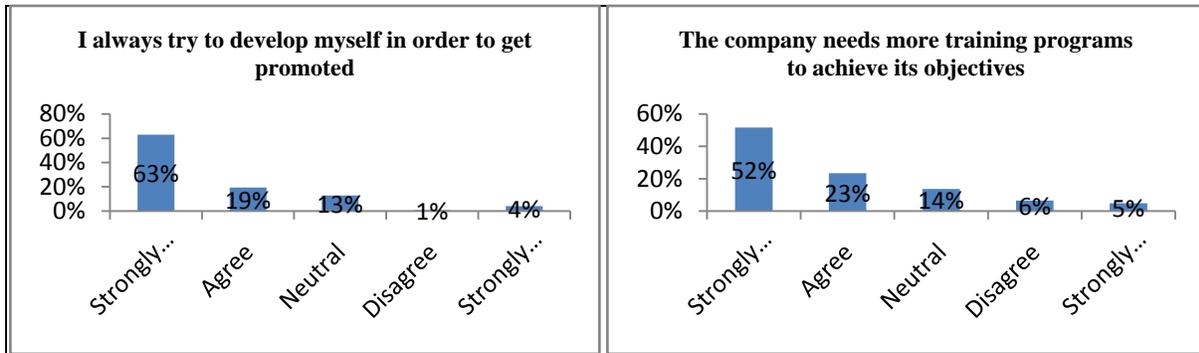
As shown in the next graphs, 51% agree or strongly agree with the statement “**I feel dissatisfied because I don’t have enough training**”. The other half of responds are either neutral or haven’t a problem not getting any training. 55% of respondents will feel frustrated if they don’t have the training required. All this shows the importance placed by employees on having training in their job.



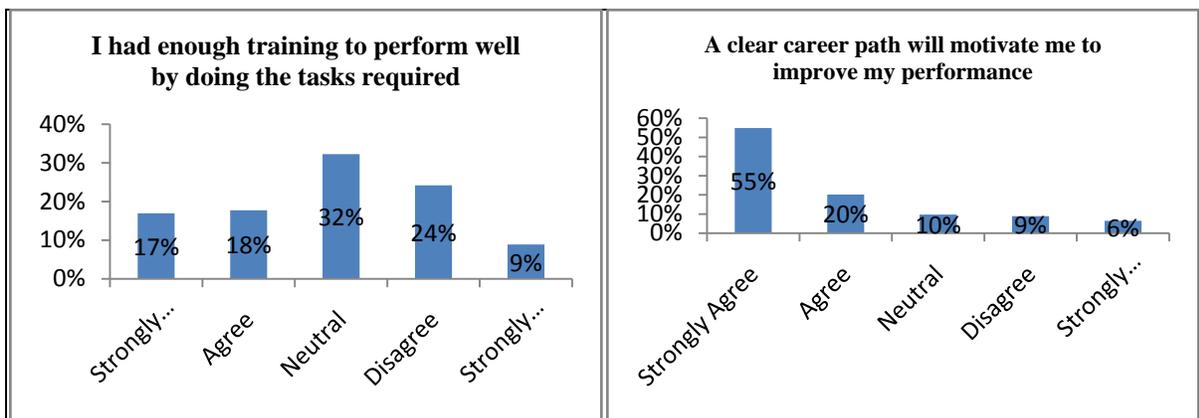
In the following graphs, around 43% of the respondents could not finish some tasks because of lack of knowledge. 59% of respondents strongly agree or agree with the statement “**There were chances where I had the opportunity to improve the process if I had the knowledge or the skills required**”. However, 20% disagree or strongly disagree with the statement, while the other 20% feel neutral.



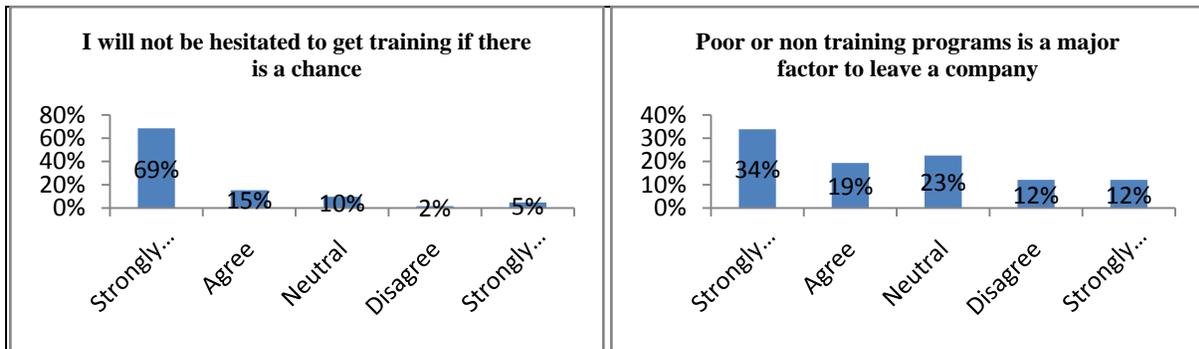
The majority of 82% always try to develop themselves in order to get promoted. Respondents, who think that their companies need more training programs to achieve their objectives, count for around 75%.



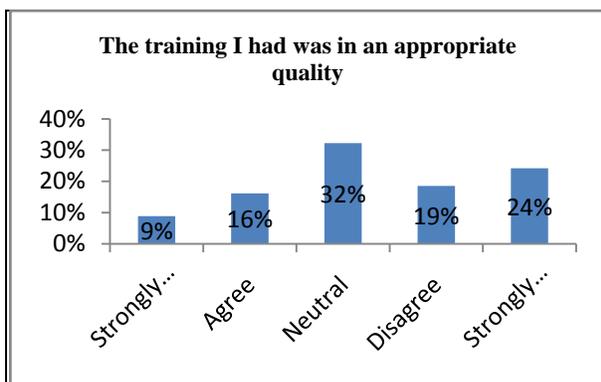
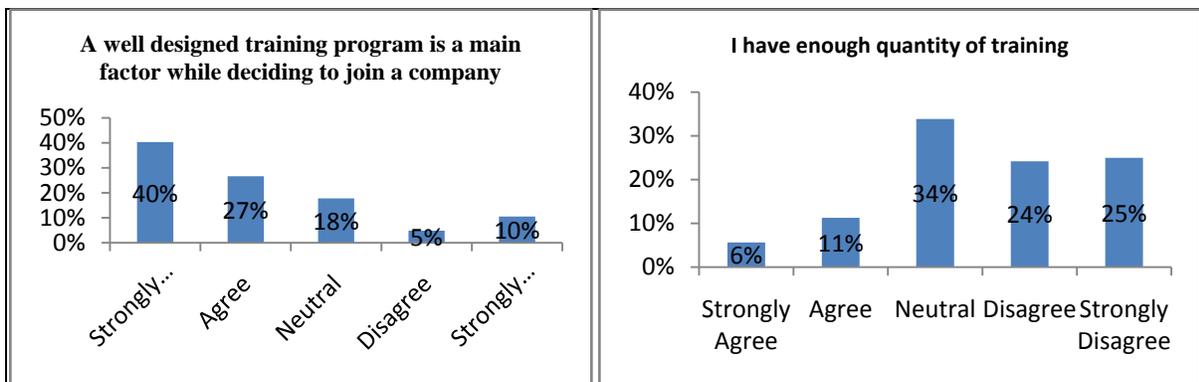
Almost 35% agree or strongly agree with the statement **“I had enough training to perform well by doing the tasks required”** while 33% do not. However, 32% have no clear opinion. Respondents who think that a clear career path will motivate me to improve their performance are 75% while 15% do not think so.



A majority of 84% will not be hesitated to get training if there is a chance. However, 7% will be. Respondents who agree or strongly agree with the statement **“poor or non training programs is a major factor to leave a company”** are 53%. On the other side, 24% disagree or strongly disagree with the statement.



Around 67% agree or strongly agree that a well designed training program is a main factor while deciding to join a company. 15% of the respondents disagree or strongly disagree. Only 17% of the respondents say that they have enough quantity of training while a majority of about 50% says that they do not. Also, only 25% think that the training they had was in an appropriate quality. On the other side, 43% of the respondents disagree or strongly disagree with the statement that says “**the training I had was in an appropriate quality**”.



Regression Analysis

- **Relationship between training and Performance**

The study assumes positive significant relationship between performance as dependent variable being measured by 4 related items and the quality and quantity of training as independent variable. The model is significant which indicates positive relationship between the two variables. Alpha value is $< .05$. Looking at R square adjusted it is clear that 37.1% of the variance in the performance is explained by the predictors quality and quantity of training.

- **Relationship between training and Turnover**

By the same analysis we can test the relationship between turnover and training assuming positive relationship to occur. However, as per the statistics it shows that the relationship isn't significant with Alpha of $.894 > 0.05$. This score indicates almost no relationship between turnover and training.

- **Relationship between training and satisfaction**

The same model can show a significant relationship between quality and quantity of training as predictors and satisfaction as dependent variable. The Alpha shows a value < 0.05 which indicates significant relationship where is 24% of the variance in the performance is explained by the predictors.

- **Relationship between training and demographics variables**

To test any relationship between demographics and variables we will use the one way ANOVA analysis.

Gender and Amount of Training

Assuming that all employees in Saudi Arabia receives the same amount of training despite their gender that one way ANOVA analysis support this assumption with significance level above 0.05 of alpha which indicate a non-significant relationship.

Training Quant.					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.122	1	1.122	.828	.365
Within Groups	158.609	117	1.356		
Total	159.731	118			

Nationality and Amount of Training

The assumption is that the amount of training is equal of all employees from different nationalities. The analysis supports that where Alpha didn't prove any significant relationship between the two variables.

ANOVA

Training Quant.					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.098	2	2.549	1.912	.152
Within Groups	154.633	116	1.333		
Total	159.731	118			

Being Trained and Being Dissatisfied

We assume that training is essential for satisfaction and the group that didn't receive any sort of training is more dissatisfied than the group being trained. Not surprisingly, the study shows that there is significant relationship between the training and dissatisfaction as Alpha value is < .05 as per the table below.

ANOVA

Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	44.029	1	44.029	23.527	.000
Within Groups	218.962	117	1.871		
Total	262.992	118			

Discussion and Conclusions

According to the literature, training and development has a significant relationship with performance. The preliminary results of this study approved this significant relationship. It was also proved that there is significant relationship between training and satisfaction. However, the study shows that the relationship between training and turnover is not significant. This is may be due to the fact there are other factors such as compensations, work environment and stress that may have an effect on turnover too.

Recommendations

Training is very important for any organization to compete within this challenging and changing world. Training is basically directly related to employee but its ultimate effect goes to organization because the end user is the organization itself. Although there are some disadvantages like it is costly to give training to the employees, but the advantages of training is much more than its disadvantages. It is recommended that all organizations should provide training to their employees. It is also recommended that companies move to other training models by using e-learning and enhancing the self development. It was shown that most of the respondents had inside training and the majority of them will not hesitate to get training if there is a chance. Organizations should take an advantage and move to other sources of training.

References

1. Acton, T. and Golden, W., (2003), "Training the Knowledge Worker: A Descriptive Study of Training Practices in Irish Software Companies", *Journal of European Industrial Training*, Vol. 27, Issue 2/3/4, pp: 137-146.
2. Aguinis, H. and Kraiger, K., (2009), "Benefits of Training and Development for Individuals and Teams, Organizations, and Society", *Annual Review of Psychology*, Vol. 60, pp: 451-474.
3. American Society for Training and Development (ASTD), (2012), Available at <http://www.astd.org/Publications/Magazines/TD/TD-Archive/2012/11/ASTD-2012-State-of-the-Industry-Report>
4. Awang, A., Ismail, R. and Noor, Z.M., (2010), "Training Impact on Employees Job Performance: A Self Evaluation", *Ekonomika Istrazivanja*, Vol. 23, Issue 4, pp: 78-90.
5. Chiaburu, D. and Tekleab, A. (2005), "Individual and Contextual influences on Multiple Dimensions of Training and Effectiveness", *Journal of European Industrial Training*, Vol. 29, Issue 8, pp: 604-626
6. Chih, J., Lee, H. and Liu, C., (2008), "Relationship between Trainee Attitudes and Dimensions of Training Satisfaction: An Empirical Study with Training Institute Employees", *International Journal of Management*, Vol. 25, Issue 3, pp: 756-765.
7. Dumas, A. and Hanchane, S., (2010), "How does Job-training Increase Firm Performance? The Case of Morocco", *International Journal of Manpower*, Vol. 31, Issue 5, pp: 585-602.
8. Goldstein, I.L. and Ford, J.K., (2002), *Training in Organizations*. Belmont, CA: Wadsworth, 4th edition.
9. Huang, T-C., (2001), "The Relation of Training Practices and Organizational Performance in Small and Medium Size Enterprises", *Education & Training*, Vol. 43, Issue 8/9, pp: 437-444.
10. Khan, R.A.G., Khan, F.A., and Khan, M.A., (2011), "Impact of Training and development on Organizational Performance", *Global Journal of Management and Business Research*, Vol. 10, Issue 7, pp: 62-68.
11. McDowall, A. and Saunders, M., (2010), "UK Managers Conceptions of Employee Training and Development", *Journal European Industrial Training*, Vol. 34, Issue 7, pp: 609-630.
12. Morin, L. and Renaud, S., (2004), "Participation in Corporate University Training: Its Effect on Individual Job Performance", *Canadian Journal of Administrative Sciences*, Vol. 21, Issue 4, pp: 295-306.
13. Pineda, P., (2010), "Evaluation of Training in Organizations: a Proposal for an Integrated Model", *Journal of European Industrial Training*, Vol. 34, Issue 7, pp: 673-693.
14. Sahinidis, A.G. and Bouris, J., (2007), "Employee Perceived Training Effectiveness Relationship to Employee Attitudes", *Journal of European Industrial Training*, Vol. 32, Issue 1, pp: 63-76.
15. Spears, M. and Parker, D.F., (2002), "A Probit Analysis of the Impact of Training on Performance Appraisal Satisfaction", *American Business Review*, Vol. 20, Issue 2, pp: 12-16.

16. Sultana, A., Irum, S., Ahmed, K., and Mehmood, N., (2012), "Impact of Training on Employee Performance: a Study of Telecommunication Sector in Pakistan, *Interdisciplinary Journal of Contemporary Research in Business*, Vol. 4, Issue 6, pp: 646-661.
17. Thang, N.N., and Ghent, D.B., (2008), "Training, Organizational Strategy and Firm Performance", *The Business Review, Cambridge*, Vol. 11, Issue 2, pp: 176-183.
18. Vaddeswaram, G., (2012), "Training & Development – A Jump Starter for Employee Performance and Organizational Effectiveness", *International Journal of Social Science and Interdisciplinary Research*, Vol. 1, Issue 7, pp: 202-207.
19. Van der Klink, M.R. and Streumer, J.N., (2002), "Effectiveness of on-the-job Training", *Journal of European Industrial Training*, Vol. 26, Issue 2, pp: 196-199.
20. Winfred, A. Jr., Winston, B. Jr., Edens, P.S., and Bell, S.T., (2003), "Effectiveness of Training in Organizations: a Meta-Analysis of Design and Evaluation Features", *Journal of Applied Psychology*, Vol. 88, Issue, 2, pp: 234-245.

Acknowledgements

The author would like to express his thanks and appreciation for the support provided by KFUPM in the preparation of this paper.