

**EXPLORING THE IMPACT OF TRAINING AND DEVELOPMENT ON
PERFORMANCE AND PRODUCTIVITY IN ORGANIZATIONS**

By:

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ABSTRACT

The quality of Human Resource is an asset to any organization and as a result Training has become an issue that has to be faced by every organization. The amount, and quality of training carried out varies enormously from organization to organization due to factors such as the degree of external change, for instance, new markets or new processes, the adaptability of existing workforce and importantly the extent to which the organization supports the idea of internal career development. Most organizations meet their needs for training in an ad hoc and haphazard way while others set about identifying their training needs, then design training activities in a rational manner and finally assess the results of training. This study, therefore, sought to explore the impact of Training and Development in organizations. The research was intended to determine the role and impact of training on employees with emphasis on the lower, middle level staff and the administrators of organization, who were randomly selected. The study assessed the training and development process of organization and whether training has improved employee performance. A questionnaire was designed using structured questions to collect primary data from employees of organization. Most of the employees were of the view that training and development were effective tools for both personal and organizational success. The findings revealed that training practices, methods and activities at organization are not in line with the best practices regarding the planned and systematic nature of the training process as is generally known.

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DECLARATION

I hereby declare that the case study is based on my original work except for quotations and citations that have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other degree at UTeM or other institution.

Signature



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LIST OF ABBREVIATIONS

Abbreviations	Full Forms
HR	Human Resource
HRM	Human Resource Management
SKAC	Skill, Knowledge, Ability, Competencies
T&D	Training and Development
SMART	Specific, Measurable, Achievable, Realistic and Timely

CHAPTER I

INTRODUCTION

1.1 Introduction

The development of human resources continues to be of great importance to the well-being of contemporary organizations. The more organizations seek excellence, the more employees' training and education becomes imminent. In contemporary organization information, dissemination by itself leads to little or no results. It is the ability of the organization to disseminate knowledge that leads to employees' skills and abilities development. What matters is converting technology through people into better organizational performance. One thing which is true about the twenty-first century is that the development of human resources is no longer an option but a must.

According to Cole (2002), in his book *Personnel and Human Resource Management*, training is a learning activity directed towards the acquisition of specific knowledge and skills for the purpose of an occupation or task. The focus of training is the job or task for example, the need to have efficiency and safety in the operation of particular machines or equipment, or the need for an effective sales force to mention but a few.

Training is the planned and systematic modification of behaviour through learning events, activities and programs which results in the participants achieving the levels of knowledge, skills, competencies and abilities (SKAC) to carry out their work effectively (Gordon, 2001). Pheesey (2002) defines training as the systematic process of altering the behaviour and or attitudes of employees in a direction to increase the achievement of organizational goals. This means for any organization to succeed in achieving the objectives of its training program, the design and implementation must be planned and systematic, tailored towards enhancing performance and productivity.

1.2 Background of Study

Human Resources have played a significant role in the economic development in most developed countries such as United States of America, Britain and Japan among others. It can, therefore be concluded that a developing country like Malaysia, with its rich natural resources and the necessary financial support can also experience such economic success if the appropriate attention is given to the development and training of her human resource. It is thus seen that in Malaysia the government is taking adequate steps to ensure that people acquire the necessary knowledge and skills.

The provision of secondary and technical schools, vocational training institutes and colleges, professional and tertiary institutions, as well

as the educational reforms currently taking place in the country, are all geared towards the acquisition of skills and knowledge to ensure effectiveness and efficiency in our workplaces.

With the efforts by the government, it has become necessary for organizations to provide long and systematic training and development programs for its employees. This is because every aspect and activity of an organization involves people. For instance, a manager in an organization will not be successful until he has subordinates beneath him who are well equipped with skills, talent and knowledge.

To manage an organization both large and small requires staffing them with competent personnel. The formal educational system does not adequately teach specific job skills for a position in a particular organization. Few employees have the requisite skills, knowledge, abilities and competencies needed to work. As a result, many require extensive training to acquire the necessary SKAC to be able to make substantive contribution towards the organization's growth, (Barron and Hagerty, 2001).

If employees are to experience flexibility and effectiveness on the job, they need to acquire and develop knowledge and skills, and if they are to believe that they are valued by the organization they work for, then they need to see visible signs of management's commitment to their training and career needs. Training and development are the processes of investing in people so that they are equipped to perform. These processes are part of an overall human resource management approach that hopefully will result in people being motivated to perform. (Barron and Hagerty, 2001).

1.3 Problem Statement

Training has become an issue that has to be faced by every organization. However, the amount, quality and quantity of training carried out vary enormously from organization to organization. According to Cole (2002), factors influencing the quantity and quality of training and development activities include; the degree of change in the external environment, the degree of internal change, the availability of suitable skills within the existing work-force and the extent to which management see training as a motivating factor in work.

It is a well known fact that training enhances skills, knowledge, ability and competencies and ultimately worker performance and productivity in organizations (G.A Cole, 2002). Many organizations in Malaysia and indeed the public sector engage in training and development of staff and have departments, units and sectors in charge of training and development.

How the training and development practice are develop is determined the gain of the high level of performance in an organization. This study is to assess the role of training on the human resource and how this affects organization performance.

1.4 Objective

In a rapidly changing global marketplace, characterized by increased technological advancement, organizations demand a more flexible and competent workforce to be adaptive and to remain competitive. Thus, the demand for a well qualified workforce becomes a strategic objective. In turn, an organization's human resource training and development (T&D) system is a key mechanism in ensuring the knowledge, skills and attitudes necessary to achieve organizational goals and create competitive advantage.

The intensification of global competition and the relative success of economies that give an emphasis to investing in training have resulted in the recognition of the importance of training in recent years. Indeed, at the turn of the twenty-first century HR managers reported that one of the main challenges they faced involved issues of T&D (Stavrou *et. al.*, 2004).

The objectives of this study are to:-

1. Identify the major purposes of training and development, as well as the key internal and external influences on training.
2. Outline and explain the training and development practices and processes including the assessment of training needs, an outline of training methods, and the processes of monitoring and evaluating the plan.

3. Find out whether training and development have positive effect on the performance of workers and organizations.

1.5 Hypothesis of the Study

Based on the research problem outlined and the related questions posed, the following arguments were formulated to guide the study:

1. Majority organization has, over the past 10 years (1999-2008), been involved in training and development activities.
2. The purpose of the training and development activities at organization is to achieve individual and organizational performance.
3. Training and development activities at organization are however unplanned and unsystematic.
4. Training and development activities at organization have largely failed to positively impact worker performance and productivity.

1.6 Expected Outcome

The best result that training alone can ever accomplish is an increase in capability, the ability to perform. A good managerial skills course, for example, can increase the managers' skills and knowledge related to key supervisory tasks, such as coaching, or resolving conflict. But this is capability only, not yet value or results. The value from this training comes

when capability is transformed into improved job performance, when the newly trainer supervisor effectively uses the new skills in important situations. Training that is well learned, but never used, or poorly used, produces no value for the business that invested in the training. This issue is, in a nutshell, the challenge for increasing the return on training investments.

The settlement level of powerful training & development techniques and materials are not positively connected to the organization performance. Continuously, the performance in the organization through training and development not yet increases and drives to better economy and quality of life.

1.7 Definition of Key Terms

1.7.1 Training

In simple terms, training and development refers to the imparting of specific skills, abilities and knowledge to an employee. A formal definition of training & development is any attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge. The need for training & development is determined by the employee's performance deficiency.

1.7.2 Development

Development refers to those learning opportunities designed to help employees grow. Development is not primarily skill-oriented. Instead, it provides general knowledge and attitudes which will be helpful to employees in higher positions. Efforts towards development often depend on personal drive and ambition. Development activities, such as those supplied by management developmental programs, are generally voluntary.

1.7.3 Organization

A social unit of people, systematically structured and managed to meet a need or to pursue collective goals on a continuing basis. All organizations have a management structure that determines relationships between functions and positions, and subdivides and delegates roles, responsibilities, and authority to carry out defined tasks. Organizations are open systems in that they affect and are affected by the environment beyond their boundaries.

1.7.4 Performance

For the purpose of this study, the performance refers to the accomplishment of a given task measured against preset known standards of

accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfilment of an obligation, in a manner that releases the performer from all liabilities under the contract.

1.8 Organization of the Remaining Chapters

This project is divided into five chapters. The first chapter provides an overview of the background of the study, the problem statement, objectives of the study, significance of the study and lastly, expected outcome of the study. Chapter two reviews the concept of training and development, the resource-based view theory and the literature on training practices and firm performance relationships. Chapter three describes the research methodology and design employed in gathering and analyzing the data. Chapter four reports the findings of the study. The profiles of the respondent, goodness of measures, descriptive statistics and the result of testing are presented. Chapter five presents the discussion and recapitulation of the whole study, provides interpretation and conclusions related to the research hypotheses, and discusses the implications of these results for future research.

CHAPTER II

LITERATURE REVIEW

2.1 Overview of Training

One major area of the Human Resource Management function of particular relevance to the effective use of human resources is training and development. Few people these days would argue against the importance of training as a major influence on the success of an organization. Employees are a crucial, but expensive resource.

In order to sustain economic growth and effective performance, it is important to optimize the contribution of employees to the aims and goals of the organizations. The importance of training as a central role of management has long been recognized by leading writers.

Training is necessary to ensure an adequate supply of staff that are technically and socially competent and capable of career development into specialist departments or management positions. There is therefore a continual need for the process of staff development, and training fulfils an important part of this process. Training should be viewed therefore as an integral part of the process of total quality management.

2.2 Human Resource and Training

For any enterprise to function effectively, it must have money, materials, supplies, equipment, ideas about the services or products to offer those who might use its outputs and finally people, which is the human resource, to run the enterprise. Human Resource Management has emerged as a major function in most organizations and is the focus for a wide-ranging debate concerning the nature of the contemporary employment relationships. Managing human resources is one of the key elements in the coordination and management of work organizations.

Beardwell and Holden (2000) argue that the recognition of the importance of training in recent years has been heavily influenced by the intensification of competition and the relative success of organizations where investment in employee development is considerably emphasized. They add that technological developments and organizational change have gradually led some employers to the realization that success relies on the skills and abilities of their employees, and this means considerable and continuous investment in training and development.

2.3 Training

Nowadays few people would argue against the important of training as a major influence on the success of an organization. Training and

development is one of major area of Human Resource Management function of particular relevance to the effective of human resources. Employees are one of the expensive resources (Irene, 2009).

It has become necessary for organizations to provide long and systematic training and development programs for its employees. This is because every aspect and activity of an organization involves people. For instance, a manager in an organization will not be successful until he has subordinates beneath him who are well equipped with skills, talent and knowledge. According to Irene (2009), data collected, presented and analyzed indicated that the purpose of training and development activities are to enhance the skills, knowledge, abilities and competencies of employees and thereby achieve improved individual and organizational performance.

Training is perceived as one of the most effective ways to improve management skill, increase productivity and change corporate culture. As such, Jenepher (2005) study's was to evaluate the impact of training program on the participants in terms of learning, behavioural change and achievement of core competencies. He conclude his study by Clearly the training having a positive impact on the development and reinforcement of skills, the establishment and maintenance of networks, and the opportunity for senior managers to meet, discuss and solve mutual challenges. These outcomes are critical both for the professional development of the directors, as they work to achieve their core competencies.

In terms of training, most Malaysian firms perceive that it is costly to train employees beyond the basic skills required to perform their contractual scope of work. This has led the Malaysian government to intervene and promote training and development for the workforce. Among the steps taken by the Malaysian government are establishing industrial training institutes that offer skills training program at basic, intermediate and advanced levels for job entry level (Intan *et al.*, 2011). Based on the results, they can conclude that the effectiveness of implementing training program in a company does indeed have a major impact towards a firm's performance. Their finding shows that training have an impact of nearly 50 percent on firm performance. Thus, this form of analysis could help organizations to realize and be more aware of the importance of training and the need to integrate and align human resource into the firm's strategic plan. Firms in Malaysia should also emphasize strategic effectiveness, as most firms in Malaysia practice a moderate number of HR practices in their companies.

While according to the researches (Martyn and John, 2006), raining is an event. It is an event initiated and managed by the organisation with a specific purpose in mind. Learning is a process, which lies in the domain of the individual learner. Only learners can learn. From the point of view of an employing organisation or indeed society as a whole, individual learning can produce undesirable as well as desirable outcomes. In organisations people may learn to "pad" or "fiddle" their expenses and in communities young people may learn to hot-wire cars.