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# Impact of Training and Development on Organizational Performance

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**Abstracts** - Training and Development, On the Job Training, Training Design and Delivery style are four of the most important aspects in organizational studies. The focus of current study is to understand the affect of Training and Development, On the Job Training, Training Design and Delivery style on Organizational performance. The back bone of this study is the secondary data comprised of comprehensive literature review. Four Hypotheses are developed to see the Impact of all the independent variables on the overall Organizational Performance. The Hypotheses show that all these have significant affect on Organizational Performance. These Hypotheses came from the literature review and we have also proved them with the help of literature review. Results show that Training and Development, On the Job Training, Training Design and Delivery style have significant affect on Organizational Performance and all these have positively affect the Organizational Performance. It means it increases the overall organizational performance. We also prove our Hypothesis through empirical data. However, results are strongly based on the literature review.

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# Impact of Training and Development on Organizational Performance

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**Abstract** - Training and Development, On the Job Training, Training Design and Delivery style are four of the most important aspects in organizational studies. The focus of current study is to understand the effect of Training and Development, On the Job Training, Training Design and Delivery style on Organizational performance. The back bone of this study is the secondary data comprised of comprehensive literature review. Four Hypotheses are developed to see the Impact of all the independent variables on the overall Organizational Performance. The Hypotheses show that all these have significant effect on Organizational Performance. These Hypotheses came from the literature review and we have also proved them with the help of literature review. Results show that Training and Development, On the Job Training, Training Design and Delivery style have significant affect on Organizational Performance and all these have positively effect the Organizational Performance. It means it increases the overall organizational performance. We also prove our Hypothesis through empirical data. However, results are strongly based on the literature review. Results show that Training and Development, On the Job Training and Training Design and Delivery style have significant effect on Organizational Performance and all these have positively effect the Organizational Performance.

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## I. INTRODUCTION

Training has the distinct role in the achievement of an organizational goal by incorporating the interests of organization and the workforce (Stone R J. Human Resource Management, 2002). Now a days training is the most important factor in the business world because training increases the efficiency and the effectiveness of both employees and the organization. The employee performance depends on various factors. But the most important factor of employee performance is training. Training is important to enhance the capabilities of employees. The employees who have more on the job experience have better performance because there is an increase in the both skills & competencies because of more on the job experience

(Fakhar Ul Afaq, Anwar Khan). Training also has impact on the return on investment (Richard Chang Associates, INC.). The organizational performance depends on the employee performance because human resource capital of organization plays an important role in the growth and the organizational performance. So to improve the organizational performance and the employee performance, training is given to the employee of the organization. Thus the purpose of this study is to show the impact of training and the design of training on the employee performance.

Training & development increase the employee performance like the researcher said in his research that training & development is an important activity to increase the performance of health sector organization (Iftikhar Ahmad and Siraj-ud-din, 2009). Another researcher said that employee performance is the important factor and the building block which increases the performance of overall organization (Qaiser Abbas and Sara Yaqoob). Employee performance depends on many factors like job satisfaction, knowledge and management but there is relationship between training and performance (Chris Amisano, 2010). This shows that employee performance is important for the performance of the organization and the training & development is beneficial for the employee to improve its performance. Thus the purpose of this study is to show the impact training & development on the employee performance.

The main objective of our study is how the training increase the employee performance. A researcher said that training increase or develop the managerial skills (Robert T. Rosti Jr, Frank shipper, 1998). Despite focusing on efficiency and cost control the spending on training should increase because organization get more efficiency, effectiveness out of the training and development (workforce special report, 2006). This shows that training increase the efficiency and the effectiveness of the organization.

"I think people are talking more about performance and results and consequences. They are not necessarily doing more about it", (Roger Kaufman Florida State University). From this it is clear that training and development is the important factor. So the significance of our study is that the training improves the organization performance. Training is important for the

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employees development and the employee development encourage self-fulfilling skills and abilities of employee, decreased operational costs, limits organizational liabilities and changing goals & objectives (Donald Nickels, M.A., 2009).

## II. LITERATURE REVIEW

Human resource is the very important and the backbone of every organization and it is also the main resource of the organization. So organizations invest huge amount on the human resource capital because the performance of human resource will ultimately increase the performance of the organization. Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita, 2000). As the Mwita (2000) explains that performance is the key element to achieve the goals of the organization so to performance increase the effectiveness and efficiency of the organization which is helpful for the achievement of the organizational goals. But the question arises that how an employee can work more effectively and efficiently to increase the growth and the productivity of an organization (Kaiser Abbas and Sara Yaqoob). There are many factors which improve the work of the employee such as flexible scheduling, training etc.

It is very necessary for the organization to design the training very carefully (Michael Armstrong, 2000). The design of the training should be according to the needs of the employees (Ginsberg, 1997). Those organizations which develop a good training design according to the need of the employees as well as to the organization always get good results (Partlow, 1996; Tihanyi *et al.*, 2000; Boudreau *et al.*, 2001). It seems that Training design plays a very vital role in the employee as well as organizational performance. A bad training design is nothing but the loss of time and money (Tsaur and Lin, 2004).

On the job training helps employees to get the knowledge of their job in a better way (Deming, 1982).

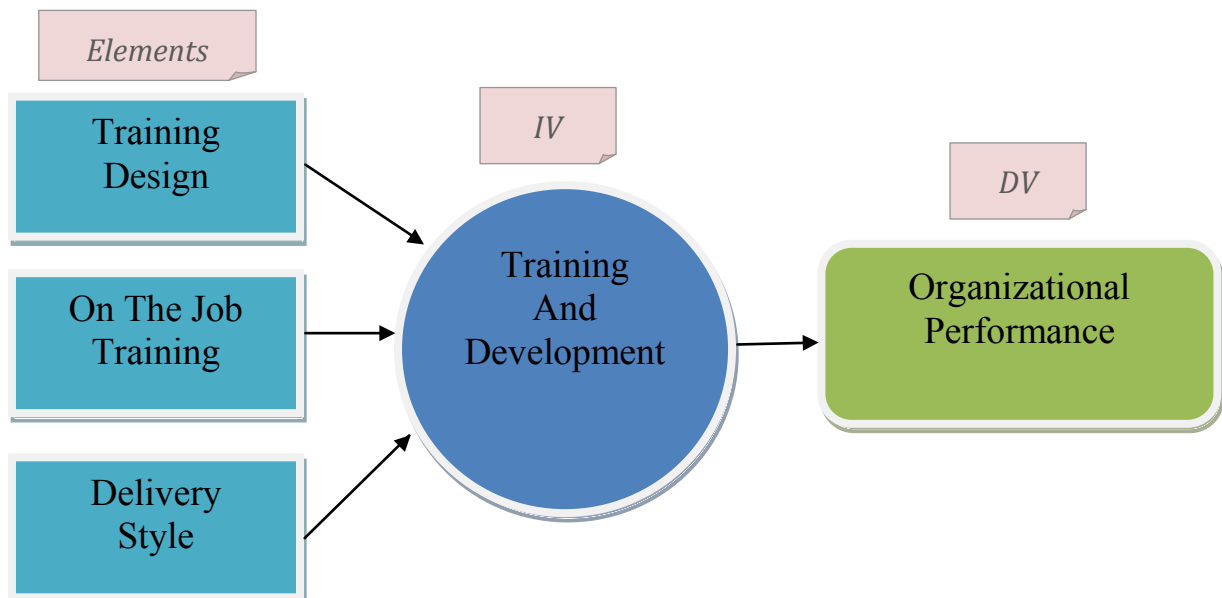
People learn from their practical experience much better as compared to bookish knowledge. On the job training reduces cost and saves time (Flynn *et al.*, 1995; Kaynak, 2003; Heras, 2006). It is better for the organizations to give their employees on the job training because it is cost effective and time saving (Ruth Taylor *et al.*, 2004). It is good for organization to give their employees on the job training so that their employees learn in a practical way (Tom Baum *et al.*, 2007).

Delivery style is a very important part of Training and Development (Carlos A. Primo Braga, 1995). Employees are very conscious about the delivery style (Michael Armstrong, 2000). If someone is not delivering the training in an impressive style and he is not capturing the attention of the audience it means he is wasting the time (Mark A. Griffin *et al.*, 2000). It is very necessary for a trainer to engage its audience during the training session (Phillip Seamen *et al.*, 2005). Delivery style means so much in the Training and Development.

It is very difficult for an employee to perform well at the job place without any pre-training (Thomas N. Garavan, 1997). Trained employees perform well as compared to untrained employees (Partlow, 1996; Tihanyi *et al.*, 2000; Boudreau *et al.*, 2001). It is very necessary for any organization to give its employees training to get overall goals of the organization in a better way (Flynn *et al.*, 1995; Kaynak, 2003; Heras, 2006). Training and development increase the overall performance of the organization (Shepard, Jon *et al.*, 2003). Although it is costly to give training to the employees but in the long run it gives back more than it took (Flynn *et al.*, 1995; Kaynak, 2003; Heras, 2006). Every organization should develop its employees according to the need of that time so that they could compete with their competitors (Carlos A. Primo Braga, 1995).

## III. THEORETICAL FRAMEWORK

To implement the study following dependent and independent variables are shown in the theoretical



framework. The training & development is the independent variable and organizational performance is the dependent variable. These two variables have been chosen to see the relationship between these variables i.e. to see the impact of Training & development on the organizational Performance. The theoretical framework can also be seen from the following diagram.

#### IV. HYPOTHESIS DEVELOPMENT

Hypothesis development is very important because acceptance and the rejection of hypothesis show the significance of the study. On the basis of literature review and above theoretical framework we came to develop following hypothesis.

In the training & development organizational performance is also effected by the training design. Therefore our first hypothesis is:

**H<sub>1</sub>:** Training design has significant effect on the organizational performance.

To increase the knowledge and skills in the job training is given to the employees therefore our second hypothesis is:

**H<sub>2</sub>:** On the job training has significant effect on the organizational performance.

During training & development the delivery style of the person who is giving the training also effects the organizational performance so our third hypothesis is:

**H<sub>3</sub>:** Delivery style has significant effect on the organizational performance.

By combining the above mentioned hypothesis our fourth hypothesis is:

**H<sub>4</sub>:** Training & development has significant effect on the organizational performance.

#### V. METHODOLOGY

The study sample comprised of 100 employees of different organizations of Islamabad, capital of Pakistan. The sample is mixed like both male and female. The data is collected through a questionnaire consists of 15 questions. All questions are close ended questions with the use of a five point Likert scale consisted of strongly disagree, disagree, neutral, agree and strongly agree. All questionnaires were distributed and collected by hand from the offices of the organizations in the office timings.

Ninety five questionnaires were collected after one week. 95 of them gave the response to our questionnaire. After checking them 79 were found correct and the response rate was 83%. These 79 questionnaires were included in the study. The analysis of the questionnaire was undertaken using Statistical Package for Social Sciences (SPSS). All mean and medians were calculated using SPSS. Descriptive statistics was used to determine the independent

variables and to conclude the results on the basis of secondary and primary data. Most of the results consist of secondary data.

#### VI. DISCUSSION

It is very necessary for the organization to design the training very carefully (Michael Armstrong, 2000). The design of the training should be according to the needs of the employees (Ginsberg, 1997). Those organizations which develop a good training design according to the need of the employees as well as to the organization always get good results (Partlow, 1996; Tihanyi *et al.*, 2000; Boudreau *et al.*, 2001). It seems that Training design plays a very vital role in the employee as well as organizational performance. A bad training design is nothing but the loss of time and money (Tsaor and Lin, 2004). All these results prove our first Hypothesis which is **H<sub>1</sub>:** Training design has significant effect on the organizational performance. And it has a positive effect on the organizational performance. It improves the organizational performance. As we see in the table that most of the means are in between the bracket of 4-5 and 3-4, it means that most of our respondents think that Training Design has significant effect on the organizational performance. This also proves our first hypothesis which is; **H<sub>1</sub>:** Training design has significant effect on the organizational performance. If we see the z-test value it lies in the critical region. It means the data and the results are significant of our first hypothesis.

z - Test:		
	Variable 1	Variable 2
Mean	4.253164557	4.278481013
Observations	79	79
Hypothesized Mean Difference	0	
z	-0.205412008	
P(Z ≤ z) one-tail	0.41862512	
z Critical one-tail	1.644853627	
P(Z ≤ z) two-tail	0.83725024	
z Critical two-tail	1.959963985	

Descriptive Statistics				
	N	Mean	Std. Deviation	Variance
Training Design	79	4.2532	.79208	.627
Training Design	79	4.2785	.71498	.511
Training Design	79	3.8734	1.18069	1.394
Training Design	79	3.6203	1.14694	1.315
Training Design	79	3.1139	1.39585	1.948
On The Job Training	79	4.1519	1.18850	1.413
On The Job Training	79	4.1392	1.16282	1.352
On The Job Training	79	3.6709	1.09453	1.198
Delivery Style	79	3.8987	.95535	.913
Delivery Style	79	4.2025	1.29476	1.676
Delivery Style	79	2.7975	1.27480	1.625
Delivery Style	79	4.2278	.79983	.640
Training & Development	79	4.4430	.67457	.455
Training & Development	79	4.5316	.50219	.252
Training & Development	79	4.4557	.50122	.251
Valid N (listwise)	79			

z-Test:		
	Variable 1	Variable 2
Mean	4.151898734	4.139240506
Observations	79	79
Hypothesized Mean Difference	0	
z	0.066067436	
P(Z<=z) one-tail	0.473662068	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	0.947324136	
z Critical two-tail	1.959963985	

On the job training helps employees to get the knowledge of their job in a better way (Deming, 1982). People learn from their practical experience much better as compare to bookish knowledge. On the job training reduces cost and saves time (Flynn *et al.*, 1995; Kaynak, 2003; Heras, 2006). It is better for the organizations to give their employees on the job training because it is cost effective and time saving (Ruth Taylor *et al.*, 2004). It is good for organization to give their employees on the job training so that their employees learnt in a practical way (Tom Baum *et al.*, 2007). All these results prove our second Hypothesis which is  $H_2$ : On the job training has significant effect on the organizational performance. And

it has a positive effect on the organizational performance. It improves the organizational performance. As we see in the table that most of the means are in between the bracket of 4-5 and 3-4, it means that most of our respondents think that On the Job Training has significant affect on the organizational performance. This also proves our second hypothesis which is;  $H_2$ : O the job training has significant effect on the organizational performance. And it has a positive effect on the organizational performance. It improves the organizational performance. . If we see the z-test value it lies in the critical region. It means the data and the results are significant of our second hypothesis.

z-Test:		
	Variable 1	Variable 2
Mean	4.202531646	2.797468354
Observations	79	79
Hypothesized Mean Difference	0	
z	6.684927778	
P(Z<=z) one-tail	1.1552E-11	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	2.3104E-11	
z Critical two-tail	1.959963985	



Delivery style is a very important part of Training and Development (Carlos A. Primo Braga, 1995). Employees are very conscious about the delivery style (Michael Armstrong, 2000). If someone is not delivering the training in an impressive style and he is not capturing the attention of the audience it means he is wasting the time (Mark A. Griffin et al., 2000). It is very necessary for a trainer to engage its audience during the training session (Phillip seamen et al., 2005). Delivery style means so much in the Training and Development. All these results prove our third Hypothesis which is  $H_3$ : Delivery style has significant effect on the organizational performance. And it has a positive effect on the

organizational performance. It improves the organizational performance. As we see the results some of the respondents disagree with the term that Delivery style has a significant effect on organizational performance. But most of the respondents lie between the brackets of 4-5. So if we consider the majority. The majority of our respondents say that delivery style is very important in the training. And it has a positive effect on the organizational performance. It improves the organizational performance. . If we see the z-test value it lies in the critical region. It means the data and the results are significant of our third hypothesis.

<b>z-Test:</b>		
	<i>Variable 1</i>	<i>Variable 2</i>
<b>Mean</b>	4.53164557	4.455696203
<b>Observations</b>	79	79
<b>Hypothesized Mean Difference</b>	0	
<b>z</b>	0.933440973	
<b>P(Z&lt;=z) one-tail</b>	0.175296167	
<b>z Critical one-tail</b>	1.644853627	
<b>P(Z&lt;=z) two-tail</b>	0.350592333	
<b>z Critical two-tail</b>	1.959963985	

It is very difficult for an employee to perform well at the job place without any pre-training (Thomas N. Garavan, 1997). Trained employees perform well as compared to untrained employees (Partlow, 1996; Tihanyi *et al.*, 2000; Boudreau *et al.*, 2001). It is very necessary for any organization to give its employees training to get overall goals of the organization in a better way (Flynn *et al.*, 1995; Kaynak, 2003; Heras, 2006). Training and development increase the overall performance of the organization (Shepard, Jon *et al.*, 2003). Although it is costly to give training to the employees but in the long run it give back more than it took (Flynn *et al.*, 1995; Kaynak, 2003; Heras, 2006). Every organization should develop its employees according to the need of that time so that they could compete with their competitors (Carlos A. Primo Braga, 1995). All these results prove our fourth Hypothesis which is  $H_4$ : Training & development has significant effect on the organizational performance. And it has a positive effect on the organizational performance. It improves the organizational performance. As we see in the table that most of the means are in between the bracket of 4-5, it means that most of our respondents think that Training and Development has significant affect on the organizational performance. This also proves our fourth hypothesis which is;  $H_4$ : Training & development has significant effect on the organizational performance. . If we see the z-test value it lies in the critical region. It means the data and the results are significant of our fourth hypothesis.

## VII. MANAGERIAL IMPLICATIONS

Training and development is very important for an organization to compete with this challenging and changing world. Training and development is basically directly related to employee but its ultimate effect goes to organization because the end user is organization itself. This study will help organization to understand the importance of Training and Development. It will also help organization to understand which factors are important to keep in mind during the training and how a good training can be deliver to their employees. It will help them to understand that it is very necessary for them to give training to their employees so that they could perform the assign task in a better way.

## VIII. RECOMMENDATIONS

In this research we review a lot of materials related to the variables used in this research and at the end we also proved our hypotheses. In the light of all this research and all the material which is being used to conduct this research and all the literature review we came to the decision that there should be Training and Development in every organization. Although we have review some disadvantages like it is costly to give training to the employees, but the advantages of Training are much more than its disadvantages which are briefly discussed in this study. We recommend that all organizations should provide Training their

employees. We already have discussed that Training and Development have advantages not only for employee but the ultimate benefit is for the organization itself. If the performance of the employee is not good it will affect the whole organization.

## IX. CONCLUSION

Training and Development has positive effect on Organizational Performance. Discussion of all the results proves the hypotheses; **H<sub>1</sub>**: Training design has significant effect on the organizational performance, **H<sub>2</sub>**: On the job training has significant effect on the organizational performance, **H<sub>3</sub>**: Delivery style has significant effect on the organizational performance and **H<sub>4</sub>**: Training & development has significant effect on the organizational performance. All these have positive effects on the Organizational Performance. It improves the Organizational Performance. On the Job Training is very effective and it also saves time and cost. Training and Development, On the Job Training, Training Design and Delivery style have significant effect on Organizational Performance and all these have positively affect the Organizational Performance. It means it increases the overall organizational performance.

## X. FUTURE STUDY

Primary data is not collected; the study only depends on secondary data. Study can be conduct on different departments of the organizations that which department needs more training and development. Study focus on gender can also provide different results and one can conduct a study on different types training and development programs.

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