

Exploratory Research on Organizations' Behavior towards Training Programs: a Case of Pakistan

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Abstract

This study aimed at to investigate the organizations' behavior towards training programs and to examine the impact of employees training on organization performance. This study used non-probabilistic sampling technique, particularly convenience, judgmental and quota sampling techniques were applied. The total sample size for this study was 246 (n=246) respondents. The data was analyzed by using inferential statistics; particularly the One Sample t-test and Simple Linear Regression techniques were implemented. The results of One Sample t-test revealed the negative attitude of banking industry of Pakistan about employees training programs. Specifically respondents believed that, banking industry of Pakistan is not conducting extensive training programs for their employees, very few employees normally go through formal training programs, there is no any formal performance appraisal mechanism to identify the training needs, the cutting age knowledge and skills are not imparted to employees periodically, training needs identified are not realistic, useful and not based on the business strategy of the organizations. Moreover, employees in the banking industry of Pakistan believe that their organizations show resistance to provide training and show the reluctance to invest in the employees training and skills development programs. Furthermore, this study concluded a strong positive impact of the employees training on organization performance.

Keywords: Employees Training, Organization Performance, Organization Behavior, Organization's resistance

1. Introduction

Human Resource Management (HRM) is the process of recruitment, selection, orientation, induction, training, motivating and compensating of employees (Huselid et al, 1995). One of the key functions is employees' development through proper trainings and skills development programs. Training is the central activity in order to have qualified, flexible and well-prepared employees (Bartel, 1994; MacDuffie & Kochan, 1995; Raghuram, 1994). Noe, (2009) stated that training is a planned effort by a company to facilitate employees' learning of job-related capabilities. These competencies included knowledge, skills and behaviors that are important for successful job performance. Training in this connection is considered very useful among all HRM practices for coping with ever increasing expectations of various facets of customers in the banking industry. However, companies have maintained an ambiguous position about investment in the employees' training programs. They generally considered training as vital way to enhance workers' productivity, but in practice, they usually face this challenge with cost suppression, including those costs allocated to the employees' training programs. This ironic situation can be explained by the fact that companies do not understand how investments in the employees training programs can enhance organization performance.

A lot of controversy has been arisen while looking into the literature about the evaluating the impact of employees training on organization performance. Though, there is general agreement about the importance of employees training, but organizations seem to be reluctant to invest in the employees training and development programs. This happened because of not normally measuring the effect of training on organizations' performance and also organizations feared of losing trained employees to competitors before their investment costs become recouped. Therefore, main objectives of this study are to identify the behavior of the Pakistani banking industry towards employees training programs and to test the impact of employees training on organizations' performance.

2. Literature Review

According to Ulrich (1997) developing the best HR practices such as recruiting, training and compensating play a vital role in the success of many firms. Training is considered as one of the most important HR practices which is the central activity in order to have a qualified, flexible and well-prepared employees (Bartel, 1994; MacDuffie & Kochan, 1995; Raghuram, 1994). However, according to the survey of metal work firms in the Wisconsin indicated that managers are reluctant to train their workers because they fear competitor firms would lure their employees away before their investment costs are recouped (MacDuffie & Kochan, 1995). Blinder & Krueger (1991); Bishop, J.H. (1994) found that organizations have a fear of losing trained employees because

their competitors can lessen a company's incentive to train that leads to less investment in the skills which is economically desirable during periods of slow growth and a weak economy, corporations commonly cut programs to maintain a profitability.

Black & Lynch (2001) failed to find a significant effect on productivity from training more workers. Firms which experience lower turnover are more willing to make investments in training to help employees acquire more firm specific human capital (Huselid, 1995). The evidence also indicates that firms which do more training have a better reputation among new applicants as a desirable place to work, indicating that training programs can be a valuable tool to help firms to attract human capital. These studies have not found a reliable measurement of returns on training, but they have revealed very interesting conclusions. As a general rule, training has a positive effect on productivity (Holzer et al., 1993; Bartel, 1994; Black and Lynch, 1996; Barron and Berger, 1999; Klein, H.J. and Weaver, N.A. 2000; Barrett and O'Connell, 2001), quality (Kidder and Rouiller, 1997; Murray and Raffaele, 1997), employees' turnover (Huselid, 1995) and financial results (D'Arcimoles, 1997). The studies on the effects of the combination of human resource practices show that training together with other activities positively affect results and is associated with a productivity increase and a employees turnover decrease (Arthur, 1994; Huselid, 1995; Ichniowski et al., 1997). Note that high training firms report lower levels of both voluntary and involuntary turnover than do their low training counterparts. There seems to be a virtuous cycle between increased training and reduced turnover. The negative correlation between the training and a turnover has been documented in several companies, such as the Marriott Corporation, Florida Power Corporation, IDS Financial Services Inc., and Target (Hequet 1993). Unfortunately, many firms are reluctant to train until some degree of stability is achieved within their workforce, and their hesitation may in turn be reinforced by observed high turnover rates (Lynch 1991).

Basically, training evaluation has four possible levels: evaluation of trainees' reactions, of learning, of individual behavior, and of organizational results and most of the evaluation still focus primarily on the first two levels, with few studies examining the effects of training on either individual job performance or results for the organization (Bartell 1994; Knoke & Kalleberg, 1994). The study conducted by North-American firm found that higher levels of training are indeed associated with significant benefits which can increase firm performance (Shelton and Alliger, 1993). Despite this fact, very few companies have assessed this fourth level (Plant and Ryan, 1992). It is also concluded that organizations applying the formal training programs achieve an increase in the productivity (Bartell 1994; Knoke & Kalleberg, 1994).

From the literature, it is obvious to identify disagreement of thoughts about the impact of training on organizations performance. Some researchers have a negative perception about impact of training on organizations performance and they argued that employees training has no in any significant impact to improve organization's performance. The other groups of researchers have positive perception about employees training programs. They support their argument by saying that employees training play a vital role in order to improve a organizations performance, employee's commitment, and customer satisfaction. Therefore, main objectives of conducting this study are to investigate organizations' behavior towards employees training program, secondly, to explore the impact of employees training on organization performance.

3. Research Methodology

3.1 Sample Selection

The population for this study is consisted of the first line and a middle management level; particularly, employees working on key positions in the commercial and retail banks of the Pakistan. Moreover, this research used the non-probabilistic sampling approach; specifically, judgmental, convenience and quota sampling techniques were implemented. Total sample size for this study is 246 (n=246) respondents.

3.2 Research Instrument

The research questionnaire consisted of two parts; first part measured the three (3) variables including, organization performance, organization intension to provide training and organization's resistance towards training programs. A scale used by Qureshi M.T. (2006) was adopted to measure behavior of Pakistani banking industry regarding employees training programs. The scale contained six-items ranging from "1" strongly disagree to "5" strongly agree. Farh's (1998) scale was used to measure organization's resistance to provide training to the employees. The scale comprised of two-items, each item was based on a five point likert scale "1" strongly disagree to "5" strongly agree. Moreover, Lee, S. (2006) scale was used to measured organization performance, ranging from "1" strongly disagree to "5" strongly agree. Final, last part of questionnaires consisted of the respondents' demographic information including name of the bank, designation of the

employees, gender, age category, organization status (public, private semi public), job status (permanent or temporary job) and a years of experience.

3.3. Data Collection

The primary data were collected through survey questionnaire from the metropolitan cities of Pakistan including, Islamabad, Karachi, Hyderabad, Sukkur and Khairpur. The data were analyzed by using inferential statistics, mainly; one sample t-test, simple regression analysis, crosstab and descriptive statistics techniques were implemented in this study.

4. Results/Findings

4.1. One Sample T-test for the Organizations' Behavior towards Training

H0: The level of agreement among employees of the Pakistani banking industry that “my organization conducts extensive training programs in all aspects of quality” is equal to 3 (which mean employees in the banking industry of Pakistan don't believe that their organizations are conducting extensive training programs).

H1: The level of agreement among the employees of the banking industry of a Pakistan that “my organization conducts extensive training programs for employees in all aspects of quality” is not equal to 3 (which mean employees in the banking industry of the Pakistan believe that their organizations conduct extensive employees training programs).

H2: The level of agreement among the employees of the banking industry of a Pakistan that “In my organization, employees normally go through formal training programs” is not equal to 3 (which mean employees in the banking industry of Pakistan believe that employees in each jobs are normally go through training programs).

H3: The level of agreement among the employees of the banking industry of a Pakistan that “In my organization, the training needs are identified through a formal performance appraisal mechanism” is not equal to 3 (which mean employees in the banking industry of the Pakistan believe that training needs are identified through a formal performance appraisal mechanism in the organizations).

H4: The level of agreement among the employees of the banking industry of a Pakistan that “my organization implements formal training programs to teach new employees the skills they need to perform jobs” is not equal to 3 (which mean employees in the banking industry of a Pakistan believe that their organizations are arranging a formal training programs to teach new employees the skills they need to perform jobs).

H5: The level of agreement among the employees of the banking industry of a Pakistan that “In my organization, cutting age knowledge and skills are imparted to the employees periodically” is not equal to 3 (which mean employees in the banking industry of a Pakistan believe that new knowledge and skills are imparted to the employees periodically to work in the teams).

H6: The level of agreement among the employees of the banking industry of Pakistan that “In my organization, training needs identified are realistic, useful and based on the business strategy” is not equal to 3 (which mean employees in the banking industry of a Pakistan believe that training needs identified are realistic, useful and based on the business strategy).

Table.1. One Sample T-test for Organizations' Behavior/Attitude towards Training

Items	T-value	df	P-value	Mean difference	lower	upper	Alternate hypothesis
My organization conducts extensive training programs for its employees in all aspects of quality.	-.699	244	.485	-.078	-.30	.14	Rejected
In my organization employees normally go through training programs every year.	-1.765	244	.079	.192	-.41	.02	Rejected
In my organization, training needs are identified through a formal performance appraisal mechanism.	-.979	244	.109	-.167	-.39	.06	Rejected
My organization implements formal training programs to teach new employees the skills they need to perform jobs.	-.311	244	.756	-.037	-.27	.20	Rejected
In my organization, cutting age knowledge and skills are imparted to employees periodically.	-1.471	244	.143	-.167	-.39	.06	Rejected
In my organization, training needs identified are realistic, useful and based on the business strategy.	-1.786	244	.075	-.176	-.02	.37	Rejected

Table1 shows the results of One Sample T-test for the organizations behavior towards providing training to employees. The results revealed that all the alternative hypotheses related to organizations behavior towards providing training have been rejected. In H1, it was proposed that “my organization conducts extensive training programs for employees in all aspects of quality” $t(244) = -.699, p = .485; CI = -.30 \text{ to } .14$ has been rejected that means employees in banking industry of Pakistan don't think that their organizations are conducting extensive training programs. Similarly, in H2, it was proposed that “In my organization employees normally go through training programs every year” $t(244) = -1.765, p = .079; CI = -.41 \text{ to } .02$, has been again rejected that ultimately indicates that employees in the banking industry of a Pakistan don't think that employees normally go through training programs every year. In H3, it was proposed that “training needs are identified through a formal performance appraisal mechanism in my organization” $t(244) = -.979, p = .109; CI = -.39 \text{ to } .06$ has been rejected that suggests employees in the banking industry of a Pakistan don't think that training needs are identified through a formal performance appraisal mechanism in their organizations.

Moreover, in H4 it was proposed that “my organization implements formal training programs to teach new employees the skills they need to perform jobs” $t(244) = -.311, p = .756; CI = -.27 \text{ to } .20$ has been rejected that indicates employees in banking industry of Pakistan don't think that there are formal training programs arranged by their organizations to teach new employees the skills they need to perform jobs. Furthermore, in H5 it was proposed “In my organization, cutting age knowledge and skills are imparted to employees periodically” $t(244) = -.1471, p = .143; CI = -.39 \text{ to } .06$ has been rejected. It can be concluded that employees in banking industry of Pakistan don't think that new knowledge and skills are imparted to employees periodically to work in teams. Finally, in H6 it was proposed that “In my organization, training needs identified are realistic, useful and based on the business strategy” $t(244) = -1.786, p = .075; CI = -.02 \text{ to } .37$ has been again rejected It can be concluded that employees in banking industry of Pakistan don't think that training needs identified are realistic, useful and based on the business strategy of the organization.

4.2. One Sample T-test for the Organization Resistance towards Training

H0: The level of agreement among the employees of the banking industry of a Pakistan that “my organization resist to provide training programs is equal to 3 (which mean employees in the banking industry of Pakistan don't believe their organizations resist providing training).

H1: The level of agreement among the employees of the banking industry of a Pakistan that “my organization

resist to provide trainings is not equal to 3 (which mean employees in the banking industry of a Pakistan believe that their organization resist to provide training programs).

H2: The level of agreement among the employees of the banking industry of a Pakistan that “my organization is reluctant to invest in the employees training programs is not equal to 3 (which mean employees in the banking industry of Pakistan believe that their organizations are reluctant to invest in the employees training programs).

Table.2. One Sample T-test for Organizations’ Resistance towards Training

Items	T-value	df	P-value	Mean difference	lower	upper	Alternate hypothesis
My organization resists providing training.	10.119	244	.000	.829	.67	.99	Accepted
My organization is reluctant to invest in employees training.	5.233	244	.000	.371	.23	.51	Accepted

Table 2 Shows the results of One Sample T-test for the organizations’ resistance towards providing training, particularly In H1, it was proposed that “my organization resists providing training” $t(244) = 10.119, p = .000$: $CI = .67$ to $.99$) has been accepted that ultimately suggested that employees in the banking industry of a Pakistan really think that their organizations resist to provide training to them.

Similarly, in H2, it was proposed that “my organization is reluctant to invest in the employees training” $t(244) = 5.233, p = .000$: $CI = .23$ to $.51$) has been accepted that eventually indicated that employees in the banking industry of a Pakistan believe that their organizations are very reluctant to invest in the employees training programs.

4.3. Simple Linear Regression Analysis

The simple linear regression was conducted to test the proposed relationship between organization performance and employees training.

H0: There is no significant impact of Employees Training programs and Organizations Performance.

H1: Employees Training programs tend to have a positive impact on Organization Performance.

Table.3. Regression Analysis Statistics

Variables	Standardized β	t-value	P-value
Employees Training	.831	23.255	.000
F-value	540.813		
R Square	.690		
Adjusted R square	.689		

a. Predictors: (Constant), Employees Training

b. Dependent Variable: Organization Performance

Table.3 shows the results of Simple Linear Regression in which the H1 proposed that there is significant positive impact of employee training on organization performance. The R square is .690, indicating that 69% of the variance in the predicting organization performance is explained by a employees training programs. The adjusted R square is 68.9% of a variance. Moreover, measured coefficient is 0.831 with a t -value 23.25, which is significant at $p < 0.000$ level, suggesting a strong positive effect of the employees training on organization’s performance. Furthermore, f-test is 540.813 at p -value of 0.000. Thus, H1 is supported. It is concluded that organizations investing more in the employees training and development programs would have high level of an organization performance (see figure 1).

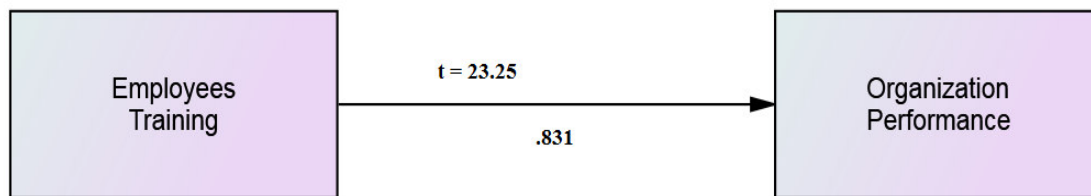


Figure 1: The Estimated Research Model

5. Conclusion and Implications

The basic objectives of this study were to examine the behavior of the Pakistani banking industry about employees training and development programs and test a impact of the employees training and organizations performance. This study revealed surprising results, all the hypotheses related to the organizations behavior about training programs have been rejected which particularly suggested that organizations show the reluctance to provide training programs. These results are in line with the study conducted by Blinder and Krueger (1991); Bishop, J.H. (1994). Moreover, results of study show that very few employees in the banking industry of Pakistan go through formal training programs, which ultimately suggested that organizations are not conducting enough training programs in order to enhance their employees' skills and capabilities. This research further shows that employees in the banking industry of Pakistan don't believe training needs identified by their organizations are realistic, useful and not based on their predefined vision and missions of the organizations. Moreover, employees in the banking industry of a Pakistan believe that their organizations resist providing training to them and believed that organizations are reluctant to invest in the employees' development programs. Moreover, this study tested and confirmed that there is strong positive relationship of the employees training and an organization performance, for instance, organizations investing more in the employees training and a development programs would likely to have a high performance as compare to those organizations which show reluctance to invest in the employees training and development programs.

The managers should use this body of knowledge to realize the importance of an employee's training and development programs; mainly, top management of the banking industry of a Pakistan rethinks and reconsiders the option of investing in the employees training and development programs in order to ensure their organization performance.

6. Limitations and Future Study

The results of the study must be interpreted in the lights of limitations. Firstly, response rate of this study is less than perfect, so this can lead the result in system bias, therefore adequate sample size must be taken to confirm and generalize the results. Secondly, very few questionnaires from each bank was collected, therefore, this small sample size of each bank's employees do not be the representative of a whole population of the employees in the banking industry of a Pakistan. So we cannot generalize the results of this study beyond this sample. Therefore future research should take more data at the individual banks level.

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