

# **INTI INTERNATIONAL UNIVERSITY**

## **MASTER OF BUSINESS ADMINISTRATION**

**An empirical analysis on the influence of training and development towards employee performance.**

**Author: Devagaran Sivalingam**

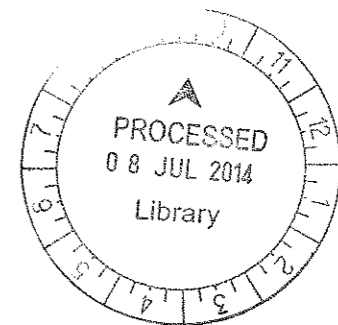
**Student No: I 12000637**

**Supervisor: Dr. Chanthiran Veerasamy**

**Submission Date: 7<sup>th</sup> May 2014**

**Ethics Number: c BUS/PG/CP/00167**

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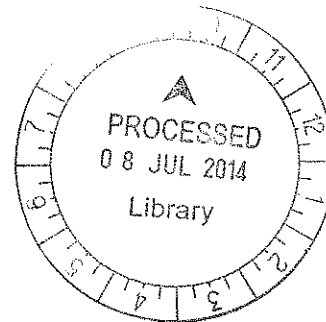
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## **Abstract**

Training and development have emerged into a different level of learning in recent years. Training and development have a significant role in field of Human Resources as it involves developing and maintaining the internal human resources talent pool. There are many other prior research had been done in this field of training and development. Results from those researches showed that training and development activities comprises of few elements such as work commitment, training commitment, training needs assessment and motivation. This research attempts to contribute empirical evidences on the influence of training and development which can influence the employee performance. Questionnaires were distributed to a particular department in a multinational company. The research revealed that Training Needs Assessment, Motivation and Work Commitment are the influencing factors towards training and development which can influence the employee performance. Furthermore, Training Commitment had appeared as the most prevailing factor which the influences training and development which can influence the employee performance. The data gathered from the questionnaire had been tested statistically using SPSS and test such as Descriptive, Pearson Correlation, Regression, Validity and Reliability have been conducted. The study is concluded with discussions and recommendations for the organizations management team, human resource department and for the future researchers as well.

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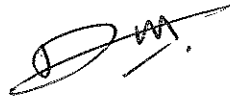
Thank you

## Declaration by Candidate

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

Name: **Devagaran Sivalingam**

Signature:



Date: **7<sup>th</sup> May 2014**

INTI International University (2014)

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# CHAPTER 1

## Introduction

### 1.0 Chapter Overview

In the recent years, most of the important industries have seen a massive growth on the technological and research sector. Employee of an organization will be the one utilizing and controlling the usage of these advancements. Training is an essential need for an employee to perform at his or her best on the work performed. Inefficient training programs will cause the employee to be low determination and not productive which will lead to poor quality of the work performed. This study intends to examine the influence of training on employee's work performance. Apart from that, this research also intends to review the need for training and development which reflects the commitment and performance of the employee. This first chapter explains the scope of the study.

### 1.1 Research Background

Almost more than a century, scholars have studied the field of training and development (Ford, 1997). DeSimone, Werner, and Harris (2006) accepted that training effectiveness is 'relative' but there are very less instrument to measure the success such as productivity and job satisfaction. Apart from that, theories and practices have created several qualitative and quantitative evaluation methods in determining training effectiveness. Training effectiveness goes beyond the conventional evaluation where it identifies what affects learning before, during and

after the training (Ford, 1997; Salas & Cannon-Bowers, 2001). Cromwell & Kolb (2004) suggests that only 15% of the training outcome transfers to the job.

There are also chances for the training programs to fail due to the incompetent trainers (Baldwin & Ford, 1988; Salas & Kosarzycki, 2003; Swanson, 2001; Tannenbaum & Yukl, 1992); though, there are also very capable practitioners who is ready satisfy the need and evaluate the results but often blocked by the management's reluctance to spend time and financial costs on a structured plan. Therefore, training and development activities play an important role in developing employee and setting them to perform as per the company needs.

## **1.2 Problem Definition**

Most of the organization has their own training and development agenda for their employees. The problem arises when the organization starts to evaluate the effectiveness of a certain training program that has taken place. Feiden (2003) quoted in a 'New York Daily News' that investigation reveals the outcome of a training program where U.S Postal Service wasted millions of dollars on 'bizarre bonding and team-building exercises and played goofy games' which have nothing to do with enhancing the postal efficiencies. Employee work commitment is one of the major contributions to a successful training outcome yet it has been neglected by the management. Apart from that, training commitment is an effort from the employee to learn and practice the knowledge learned. Training needs assessment is another way to get the feedback from the employees. Sometimes, employees tend to take training needs assessment activity as an unimportant activity. Lastly, employee motivation to attend training programs in order to perform well is also an important factor. The management at times do ignore the level of motivation that the employee is at the current state. Therefore, these are problems that the

researcher would like to address and identify what are the factors influencing the training and development activities which influence employee performance as well.

### **1.3 Background of MNC under study**

This study is conducted in a subsidiary of Multi National Company based in Kuala Lumpur. The subsidiary company is a shared service center where the company provides world-class operational excellence through centralized services in IT, Finance, HR, Customer Services, Order-to-Delivery and Contracts and Procurement for the parent company's operations worldwide. There are about 2000 employees in this organization but this study will take place in a specific department which has about 200 employees.

### **1.5 Research Questions**

1. What are the factors contributing towards the influence of training and development on employee performance?
2. What is the most dominant factor of training and development influence on employee performance?

#### **1.4 Research Objectives**

1. To evaluate the relationship between work commitment and training which can influence employee work performance.
2. To calculate to what extent there is a relationship between training commitment which can influence employee work performance.
3. To measure the relationship between training needs assessment this can influence employee work performance.
4. To check the level of relationship between work motivation which can influence employee work performance.

#### **1.6 Assumptions**

1. The employee of the selected department is aware of the research activity.
2. Each respondents input is unconnected and therefore there is no influence by one another.
3. Respondents know that their peer also participating in this study

#### **1.7 Limitations**

1. The limited choice of population in the selected organization may not be the representative of the entire shared services industry.

2. The limitation of the total number of participants due to their time and work constraint.

### 1.8 Significance of the Research

**For Management Team/Organizations:** The findings of this study will enable the organization to understand whether their training programs are giving a success or failure. The management team can plan and execute more feasible training programs rather than spending money in a nonproductive training.

**For Human Resource Department:** The result of this study will give the HR Department a full spectrum on what are the elements that are important before planning for a training program. They can adapt this into any other training events which involve the entire population of the company.

**For researchers:** The findings of the study will provide a platform for the future researchers to refer when they are conducting a research on training effectiveness.

### 1.9 Structure of Thesis

**Chapter 1** of this thesis provides an overview of the research and the background of the study. This chapter gives an outline of the research objectives, assumptions, limitations and research questions. The chapter also will provide some detail of the research organization and the background of the company.

**Chapter 2**

Chapter 2 analyse the literature which is related to the training field and as well as the elements of the independent variables. The variables that will be discussed in details is training commitment, training needs assessment, training evaluation and motivation. The previous studies will be cited and discussed further to get a clear picture on the research.

**Chapter 3**

This chapter will consist of the research methodology that this study adapted. The details such as sample population, size, statistical analysis methods and the measuring instrument will be discussed as well.

**Chapter 4**

The chapter illustrates the data analysis of the statistical tests which performed. The results and findings are presented accordingly.

**Chapter 5**

This chapter provides the conclusion of the study and followed by the recommendations based on the research results. The recommendations are directed towards the organizations management and Human Resources Department.



## **CHAPTER 2**

### **Literature Review**

#### **2.0 Chapter Overview**

There is studies show that training is an important factor for a sustainable competitive advantage in this century as training provides specific sets of skills or help employee to develop their performance by correcting the deficiencies (Poh, 2001). Training also will enable employee to learn and develop (Richey, 2000) and can change their job behaviour to be more positive (Garvin et al., 2008). Blandy et al. (2000) states that uncertainty will cause an increase on the training investment. Organizations in develop countries will implement a great amount of training programs (Campbell, 1971, p. 573) where they believe that it will improve the knowledge and contributes to company performance (Dimovski et al., 2008).

#### **2.1 Understanding Employee and Organizational Performance**

This is one of the most important factors that will be measured in this study. In the context of this study, performance can be divided into 2 segments which are employee performance and organizations performance. Both segments are interdependent between each other where in order for the company to succeed, the employee must perform up the expectation of the work nature. A study has indicated that training and development have a relationship with a firm's performance (US Department of Labor, 1993).