Impact of Trainings on Employees Outcome In IT Sector Pakistan

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1

Abstract

Index terms—

1 INTRODUCTION

raining and Development is the framework for helping employees to develop their interpersonal and organizational skills, knowledge, and abilities. The focus of all facets of Human Resource Development is on developing the most superior workforce so that the organization and employees can accomplish their work goals in service to customers. Employee training and development is a strategy to improve individual, team and organizational performance. Employees always want to be valuable and remain competitive in the labor market at all times. This can only be achieved if they remain in contact with new technologies, discovering new ways of business and upcoming challenges faced by the organization or an individual in near future. All this can be done through training and development activities.

Employees always want to develop careerenhancing skills that will lead to motivation and retention. Trained and empowered employee is an asset for an organization and gives them a competitive edge. Training and development program give employee a feeling that organization considers them an essential part of their long term goals. Modern day organizations are facing the uncertainty of events and conditions that are occurring at a pace and the amount of changes experienced usually means that both training and performance are subject to modification on-the-fly. Such a dynamic environment putsexecutives to take decision to equip his workforce that they can cope with these changes. To anticipate these changes, employee training and development can be an effective tool both for employee as well as for an organization.

The Pakistani organizations invest a lot on employee's training and development program without any knowledge that this skill is necessary for employee or not. After completion of training they expect him/her that he/she will bring revolution in their department or in the organization with his involvement in the decision making process. Our belief is that improvement in employee's performance is a central part of training and development; therefore, the focus of an organizational training and development effort should be the alignment of individual goals with the organizational goals which will lead to higher levels of employees' satisfaction and organizational performance. However, to the best of our knowledge the relationship between training, development and employee outcome has not been put to test in Pakistani context especially in the Information Technology sector. In this paper we attempt to explore the relationship with selected data from some of the IT organizations. Our research question is; does training relate to employee's Task Performance and Turnover Intention in Pakistan? Being an exploratory study with limited sample we do not intend to generalize the results to IT sector of Pakistan but the findings may help organizations, included in the sample, in proper identification of training requirements of their IT employees and designing of training programs accordingly.

2 II.

3 OBJECTIVES

The objective of this study is to investigate the relationship between training program and employee outcomes in the form of his/her task performance and turnover intention in the selected IT organizations of Pakistan. Our

45 null hypotheses are; Our conceptual model in Figure 1 on p.9 presents the model for testing these hypotheses.
46 The results are presented in the last section of this paper.

4   III.

5   LITERATURE REVIEW

With rapid advances in technologies and the mode of transportations, the world economies have shrunk to a global village. In order to survive the intense market competition, organizations need competitive advantage over others. Today's managers are aware that one of the assets to compete successfully in constantly evolving global markets is well developed human capital in terms of knowledge and skills, has the flexibility to learn/ adapt new things and the ability to improve upon the existing practices. Therefore, organizations need to develop individuals and teams' intellectual capital through continuing education and training along-with their focus on increasing sales and production.

Today, there is a shift toward informal education and a continuous process of improving performance for which in-house training is regarded an essential element by organizations for the creation and sustenance of human capital.

Research supports the idea that employee training has positive effects on employee outcomes to the ultimately benefit of organizations (references at least 5). In-house training improves the management and technical skills of employees thus enhancing the likelihood of achieving organizational objectives.

In-house trainings and development program for employees may help in reducing those work related stresses that are caused by demands for performing tasks which they are not familiar with or need additional skills for handle these effectively. (Chen et al., 2004). Without training and development programs employees feel less knowledgeable and even if they prefer to stay with the same organization, their productivity would not be up to the required standards. These individuals are unable to functions well not only because of the lack of skills but also due to their outdated knowledge. The gap between the skills required and those possessed by the employees plays an important part in determining the level of job satisfaction and employees turnover intentions, the larger the gap the greater the job dissatisfaction and higher the turnover which is not good for any organization in the long run.

In order to increase work force retentions one of the most effective strategies is to motivate employees by narrowing the gap mentioned above through provision of relevant training. Gary Becker (1993) divides the training into two categories; general training and specific training. The former leads to skill development which can be utilized in any organization; for example an educational degree obtained by an employee (reimbursement or not by a company) is an example of general training as the skills acquired may be utilized by any organization; hence, organizations hesitate to invest in general training. A specific training, however, is a job specific (and may be organization specific) training and is focused on developing those skills which reduce the gap between required and possessed capabilities of an employee. Research shows that the more specific the training less likely is the turnover as the particular skill acquired is valuable in relation to his/her specific job role for the current organization.

One cannot deny that trained employees are an asset for an organization. At the same time, it is also a fact that the cost of the training in modern technologies is very high and has considerable influence on the organization's budget. Training cost has two components; direct and indirect. Direct costs include expenses related expenses on trainers, training material, location, equipments etc while indirect costs relate to the time spent by an employee while his/her skills were being updated. That is also one of the reasons why organizations are cautious in making investments in the form of training for their employees. Once the training is complete organizations expect to recover their direct costs through increase in the productivity of the trained employee as a benefit to the organization. At the same time, as employees are typically paid according to their level of competence and organizations that do not pay good wages stand to lose such competent employees; a well trained employee translates his/ her efficiency into higher wages either with in the same organization or in another organization (Burm 2005). The former is good news for organizations the latter is not.

Organizations usually feel threatened by increased marketability of their trained employees. Employees, on their part, also try to narrow the requiredpossessed skill (s) gap by searching for training and development programs to improve their efficiency which also increases their marketability and opens up more job options (sometimes at the company's expense). The absence of in-house training programs may lead employees to try and manage on their own expenses and not leaving it at the disposal of their employers. In any case a trained employee can be a valuable asset for the parent organization if he/she decides to stay after completing his/ her training or a huge loss if he/she moves to another organization. Jeffery's **??**1994) suggests that in order to ensure the retention of employees after offering training and to achieve the goal of training, organizations should implement commitment strategy. Through the use of commitment strategy employers attempt to develop psychological connections between themselves and their employees. Burm (2005) recommends tying commitment strategy to human resource practices like recruitment, selection, performance evaluation, training, compensation or any other combination as commitment is a combination of investment, reciprocity, social identity and lack of alternatives Jeffery (1994) compared the results of commitment strategy and control strategy in his empirical study of a mini-mill. According to his findings the commitment strategy had been significantly beneficial than

control strategy with reference to increasing productivity and business advantage both being the ultimate goal of an organization. His conclusions suggest that organizations that foster the philosophy of commitment have low turnover intensions as committed employees tend to stay longer with the company. This observation is also supported by Steer (1977) who suggests that committed employees Global Journal of Management and Business Research Volume XII Issue VI Version I 22 associate strongly with their work and intend to remain with the company. He concludes that commitment is significantly and inversely related to employee turnover and is directly proportional to the workforce stability and the productivity of an organization.

We conclude our literature review with Patrik Owens work (2006) who studied training and employee organizational outcomes and found a positive correlation between commitment and turnover; employees with higher level of commitment also had higher levels of turnover. The results of independent ttest showed that trained employees had a mean turnover of 31.15 with organizational commitment mean of 83.54 as compared to 28.94 and 75.87 respectively for the untrained employees.

From the above review of literature we can assume that training and development Program have significant direct and indirect impact on both employees' intentions to stay and their performance. However, Fetihi (2010), when exploring factors which impact turnover intentions of IT sector employees in Turkey, did not include training among these factors. While we agree with Brum (2005) that training program is a major force in determining employee outcome we are also aware of the two key differences between them; a) Brum (2005) has considered general training while Fetihi (2010) is referring to specific training and b) Brum (2005) has not limited his discussion to any specific sector whereas Fetihi (2010) is specifically concerned with IT sector only. For our study we are combining elements of both Brum's and Fetihi's work to explore the relationship between specific training and employees' intentions to stay/ their performance in IT organizations. We have defined training for our study as; "an approach to build the forces of individual's performance at work" (Source?). From research evidence we are aware that there are many factors that affect employees outcomes like training duration, specificity, relevance, payment options and location as well as wages, productivity, satisfaction, motivation and absenteeism; for this study we are limiting ourselves to the relationship of training with employee outcomes in terms of performance and turnover intensions.

IV.

6 THEORETICAL FRAME WORK

In the light of our readings and personal observations we believe that specific training for employees are related to high level of commitment of staff and will have positive relationship with retention of employees. The following model depicts this relationship which we have further explored statistically in the proceeding pages.

7 RESEARCH METHODOLOGY a) Research Design

The objective of our research is to find out if training is related to employees' outcome in selected IT organizations in Pakistan. The focus of our research is on exploring the nature of relationship in Pakistan where this relationship, to the best of our knowledge has not been tested. Therefore we have applied exploratory research design b) Sample and Sampling strategy All organizations of Pakistan having an established IT department constitute our study population. However, due to time constraint it was not possible for us to obtain the complete listing of these organizations and the staff employed. We this decided to uses convenience sampling method for collecting data and asked our friends and acquaintances to identify few organizations that met our basic criterion of having an established IT department. They provided us with names of organizations and contact persons. Through these contact persons we sent questionnaires to the employees of these organizations. However, many of these were reluctant to fill out questionnaires despite our assurances of confidentiality and anonymity of their responses. Due to time and cost constraint only 200 questionnaires were sent to different organizations in Islamabad, Karachi and Lahore. Out of these 124 responses were received but 117 questionnaires were used for analysis and hypothesis testing because of being complete in all respects. With reference to our sample we would like to add that Islamabad, Karachi and Lahore being major cities of Pakistan and having the geographical spread the sample offers fair representation of the IT sector of Pakistan however, due to the limitations of convenience sampling we may not be able to generalize our finding to the whole IT sector of Pakistan. Turnover Intention (TI):Turnover intention, defined simply as the ambiguity, conflict, work overload and less pay (FethiCalisir, 2010).

8 VII. INSTRUMENT

A questionnaire was developed to explore the objective of the research keeping in view the understanding of the people. Initially it was tested and then float to get the results. Primary data was collected by using questionnaire and then translated into numeric data through coding and analysis was made using SPSS and AMOS. In order to check the validity and reliability of questionnaire, Cronbach's Alpha test was conducted which showed the values of 0.75, 0.64 and 0.72 for Training Programs, Task Performance and Turnover Intention respectively. All the values are within the acceptable range.

9 VIII.

10 ANALYSIS & FINDINGS

Since model uses two dependent variables, hence regression technique of SPSS is not suitable to study the model as a whole. AMOS however gives the flexibility to study such models. This model therefore uses AMOS 17 to check the association among Turnover Intension and Task performance with independent variable Training Program. Moreover being exploratory study the significance level for p-value was set at 10%, which according to (Burns, Gillet, Rubinstein, & Gentry, 1990) should be acceptable.

11 IX.

12 RESULTS

13 a) AMOS Estimates and analysis

According to the estimates and analysis of AMOS, the summary shows degree of freedom to 1, probability level to 0.033 and chi-square to 4.562 which is significant and concludes that default model significantly fits the data.

14 RMR, GFI

GFI (Goodness of Fit index) stands at 94.7 per cent, depicting a good default model.

15 Baseline Comparisons

The small value of CFI, 0.349 indicates some problems with default model.

16 HOELTER

Hoelter results show that default model fit the data at 0.05 level of confidence.

X.

17 FINDINGS

Commitment within the workplace typically results from the interaction and the relationship that an employee has with an organization. Stretching objectives provides assurance to employees, encouraging employees to have a "voice" and compensation policies are a few of the strategies that organization must incorporate into a commitment based approach. Training is one of the several human resource practices that can have a considerable impact on employee commitment. As stated throughout this paper training that seeks to improve employee investment, increase reciprocity, helps the employee identify with the organization and serves to limit alternative employment options will enhance the employee's commitment to the organization. The result of this will be an organization that is better able to retain its workforce. (Owens, 2006) Study on the relationship between training and organizational outcomes found that just be true. The Owens study hypothesized that employee's in training will report higher level of commitment and will be less likely to consider turnover. The research affirmed the hypothesis that training has a positive impact on commitment and turnover cognition. Many other scholars and practitioners in addition to Owens have had similar research findings.

Scholars and practitioners also agree that although training can positively impact on commitment, simply providing training to the employees is not enough. The benefits of the training will be achieved only to the extent that the employees accept it and contribute to it. As a result, an organization needs to seriously determine what it is looking to achieve within the training program as well as the impact it will have on employee effort, commitment and turnover. Within this context, training becomes more effective in enhancing commitment when it is used in conjunction with other commitment based human resource policies and strategies.

Training that coincides with other commitment generating human resource policies is typically associated with a greater level of employee retention. Many scholars have found that regardless of whether organizations pay entirely for general or purely specific training, when other commitment policies are in place there tends to be a downward impact on turnover intention. Employee commitment can enhance by bundle commitment policies such as linking training to employee appraisal and compensation plans.

The

18 CONCLUSION

This study has examined the impact of training program on task performance and intention to quit job among IT Professionals in Pakistan. A total of 117 questionnaires were collected from three IT aware Organizations having more than 200 different branches across the country. In the proposed research model, two hypotheses were defined and AMOS Ver. 17 was used to test the model. The structural model fitted well to the data in which all the model fit indices fell within acceptable limits with some exceptions. Intention to quit job is explained by organizational commitment. Similar to our findings (Calisir, 2010) Organizations need to strategically determine who is going to pay for the training. Payment made by the employee or by the organization may lead to two

different outcomes. Organizations need to be aware of the consequences of each approach. General training which is transferable to other organizations would likely be paid for by the employee. Company specific training on the other hand would likely be paid for by the company as the skills acquired are non-portable. For organizations, that are able to invest in purely specific training, the specificity of the skills develop may result in limiting alternative employment options for employees. This will serve to enhance and increase employee commitment. As a result, companies may be more open to paying for this type of specific training as they are able to recoup their investment.

Training is a tool that can assist organizations in building a more committed and productive workforce. By helping to establish employee investment and by limiting alternative employment options, an effective training program can lead to greater commitment and less employee turnover. The result is an organization that is more productive and professional.

Although training can play a major role in making committed employees, organization need to look at additional workforce strategies and practices that can enhance commitment. Training alone may offer many benefits but a much better impact will be found when using a strategy to human resources that entails many different organizational commitment practices and policies. Organizations needs to strategically and methodically develop human resource practices that are designed to fully achieve commitment.

Based on the principles identified throughout this paper, an effective training program is one such organizational practice that can lead to greater employee commitment and more stable workforce. Further this study can be extended to different industries, thus facilitating a comparison among different industries with respect to training. [1] [2] [3] [4]

Figure 1: H01:

Model Default model Saturated model Independence model .101 RMR .083 .000 1.000 GFI .947 .917 Model NFI Delta1 RFI rho1 Delta2 AGFI PGFI .682 .158 .833 .458 IFI TLI rho2 Default model .462 -.615 .523 -.952 Saturated model 1.000 1.000 1.000 CFI .349 Independence model .000 .000 .000 .000 .000 Model HOELTER .05 HOELTER .01 Default model 44 76 Independence model that received "realistic notices and accurate training information prior to training reported better outcomes than those that did not receive any information regarding the training program. The participants that were provided pre-training information viewed that training as more relevant and entered into the training with accurate expectations. In addition the employees that viewed training as the most relevant to their current jobs were able to attain more positive commitment outcomes and had less of intent to quit. In order to use training as a mechanism to build commitment, organizations need to ensure that training are relevant, are communicated effectively and are able to meet the expectations of the employee participating. 48 in turnover. One study found that training participants XI.

Figure 2:

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