

A Role of HR Practice: Impact of Training and Developments of Employee's Commitment to Organization

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Abstract

The role of training in human resource management practice has spur renewed and vigorous debate about the need for training and development. The debate has led academics and management to ponder on some issues germane to the benefits or otherwise of training. Is training an investment in people or cost? If training is required, what are the criterion used to determine who should be trained and when to train? These questions have permeated management circle and those in HRM department. Recent years have seen training terms renamed as training and development or learning and development, a sign of the spate of debate on the issue. Given these flurry, this paper explores the relationship between training and employees' commitment to their organization. The paper was based on a survey of 250 employees and management staff of a financial firm based in the South Western part of Nigeria. Statistical Package for the Social Sciences (SPSS) was used to conduct several forms of analysis. The analysis revealed some evidence that suggest a positive statistical significant relationship between the different levels of training and employees' commitment to organization. A regression analysis was conducted on the data collected. The study revealed a positive statistical significant relationship between the different levels of training and employees' commitment to the organization. The paper concludes that the more the training giving to employees, the higher their level commitment to the organization.

Keywords: Training, Commitment, Performance, Human Resources, Management.

1. INTRODUCTION

The economic downturn is causing much concern about the potential decline in training, learning and development of employees. The conventional knowledge is that most employers cut back on employees training during recession to save production cost. This paper emphasizes the importance of maintaining training, learning and development levels during recession. This is based on two main suppositions; first, training improves employees' commitment to the organization, and second, committed employees are likely to be more productive. In essence, in order for employers to remain competitive and maintain high level of performance, employers are employed not to cut back on employees' training, learning and development needs.

Training has been a subject of debate with various functions and definitions. Some authors define training as the ability of an organization to develop skills and knowledge to do present and future job (Guest, 1997; Guest, Michie, Conway & Sheehan, 2003); training is a content-based activity, normally away from the workplace with an instructor leading and aiming to change individual behavior or attitude (Mullins, 2010); conversely, others sees it as an important

employee motivator (Barret & O'Connell, 2001). Training from a company's perspective adds to human capital and also a means of securing workplace commitment. The theoretical proposition therefore is that training is likely to lead to employees' commitment to the organization.

There is no general agreement as to what can increase an employee's commitment to the organization. Most behavioral learning theorist agreed on this point (see Haleblan, and Finkelstein, 1999; Campbell, and Wasley 1993; Puffer, and Weintrop 1991). Most of the conceptualization of commitment used in most of the American studies reflects more of managerialist and unitarist outlook (Guest, 2000). Other labels such as high commitment (Boxall & Macky, 2009; Guest *et al.*, 2003), lean production (MacDuffie & Kochan, 1995), security employee involvement (Guest *et al.*, 2000; 2003) have been given, even though most of them are focused on effective work management. While these studies have been useful for demonstrating the potential value created through HR practice, they have revealed very little regarding the process through which this value is created (Wright *et al.*, 2003). That is why we may believe that HR practices are driving employees' commitment, but unable rule out the possibilities of the reverse (Wright *et al.*, 2003).

2. HIGH COMMITMENT WORK PRACTICES

Commitment according to Jaw and Liu (2004) is not only a human relation concept but also involves generating human energy and activating human mind. Without commitment, the implementation of new ideas and initiatives will be compromised (see Ramus and Steger 2000 cited in Jaw & Liu, 2004). Human resource system can facilitate the development or organizational competencies through eliciting employees' commitment to the firm (Arthur, 1994; Boxall & Macky, 2009). Hence organizations with a fit business strategy, structure and practices and policy might perform better. Walton (1995) prescribed "commitment" as a distinctive strategy for HRM whose positive effect will be felt.

High commitment work practice according to Guest (2003) is an approach to managing employees, which emphasizes is on the need to develop organizational commitment amongst employees based on the assumption that it will lead to positive outcomes such as low labor turn over, absenteeism, better motivation and improved performance. Several academic researches on human resource management practices suggested that high commitment human resource practices will increase organizational effectiveness by creating a condition whereby employees become highly motivated and involved in the organizational activities aimed at achieving organizational goals (see Arthur, 1994; Abu-Baker, 2010; Boxall & Macky, 2009). Superior performance has been linked with organizations that implement this practices based on the fact that 'commitment approach' as classified by (Walton, 1995) is used, which aims at increasing effectiveness, productivity and rely on conditions that encourages employees to identify with the goals of the organization and also work in order to achieve common goals (Sweetman, 2001). Moreover, recent studies have shown that high commitment practices can work well synergistically and a reflective of a general commitment strategy (Sweetman, 2001).

Evidences derived from social science researches have shown that there is now a broad agreement amongst commentators that high commitment work practices do improve performance, labor productivity and the quality of service (Boxall & Macky, 2009; Marchington 1994; Pfeffer 1994). Although researchers such as Boxall and Macky (2009) and Purcell, Kinnie, Hutchinson, Rayton and Swart (2003) have argued that the majority of previous studies have looked at high commitment work practices from the employers' perspective, and the over dependence on such perspectives can sometimes be mis-leading and will not present the real impact on organizational performance.

Nevertheless, when employees positively interpret high commitment work practices, it will sequentially increase their commitment to the organization, thereby increasing their individual performances and hence organizational performance will also increase (Purcell *et al.*, 2003; Peccei, 2004). Although a commitment strategy can be tied to all company human resource practices; recruitment, selection, performance evaluation, according to Scholl (2003), it can also be used to develop psychological connections between the company and employee as a means of achieving goals (Arthur, 1994; Scholl, 2003).

3. EMPLOYEES' TRAINING AND DEVELOPMENT EXPLORED

Most training literatures have emphasized the benefits organizational gained from adopting a systematic approach to human resource learning and development. The development of skills underpins organizational business objectives (Keep, 1989). Studies have shown that most organizations devote little attention to the evaluation of training effectiveness (Keep and Rainbird, 2000). Companies can seek to achieve organizational goals through a variety of human resource strategies and approaches and the importance of ensuring employees' commitment and retention following training may lie in the strategic approach that is utilized.

In an attempt to ensure that the employee remains with the company following training, employers may implement a strategy to training that fosters commitment. Training according to Brum (2010), Owen (2006) will increase employees' commitment, which can further counter the numerous direct and indirect costs associated with employees' turnover. Nigerian has been consistently criticized for its low levels of workplace training and development (Fajana, 2002). Identifying why employers are failing to train according to Keep and Rainbird (2000) is an attempt to find the solution to the problem.

Amongst the explanation given were the market failure, lack of information and inadequate individual resources (Lloyd, 2002). Other commentators have argued that the training failure is more systematic and a reflection of Nigerian' economy and organizational culture. Even though the lack of training in Nigerian workplaces has sometimes been blamed on the lack of interest amongst workers, recent studies disprove this assertion. Most fingers are now being pointed at the employers, who are trying everything possible to reduce running cost, especially now that there is a global economic down turn. Although various reports have been given on the positive impact of training on organizational commitment (Boxall & Macky, 2009; Fleetwood & Hesketh, 2006); Guest *et al.*, (2003) argued that for the effect of training to be felt, its values must lie in the part it can play in the integrated HRM strategy, especially when there has been so much investment in high quality and flexibility of the workforce.

4. STATEMENT OF PROBLEM

The study investigates the relationship between training and commitment in a financial service organization in South-Western Nigeria. This paper therefore looks at training as a single practice in the financial service organization and its effect on employees' commitment to their organization, within a supposition that establishments that provide training to their employees are likely perform better than organizations that do not. This argument is based on the premise that some HR practices such as 'Training' may be perceived as a 'gift' from the employers (following Barrett and O'Connell, 2001). The effect of such gift according to Brum (2010) will make employees to exert more effort, become more productive, and have a greater sense of debt to the organization.

Brum further argues that the 'training as a gift' from employers also has the potential to make employees feel like insiders into the organization and are more likely to be more committed and devoted to the company. The idea parallels closely to the concept of reciprocity, that emphasizes that employee will help the organization, because the organization helped to employee (Brum, 2010). Thus, when an organization meets such expectation, employees are most likely to reciprocate.

5. OBJECTIVES FOR THE STUDY

Specifically, the objectives of the study are to:

- 1) Explore the relationship between training and employees' commitment to the organization.
- 2) To determine if an increase in the amount of training employees will have increase their level of commitment to the organization.

Given the position of the existing literature on the relationship between training and commitment, the following hypothesis is developed

Null Hypothesis: There is no statistical significant relationship between training and employees'

commitment to the organization.

Alternative Hypothesis: There is a positive statistical significant relationship between training and employees' commitment to the organization.

6. METHODOLOGY

The target population for the study consists of all the employees of Financial Service organization in South-Western Nigeria. A total of 250 respondents, which represents seventy five percent of the total population, returned the questionnaire distributed. The respondents consist of 120 (48%) male employees and 130 (52%) female employees. (See Table 1: Overview of the Respondents in the Appendix). The purposive and stratified sampling technique was used to select the respondents. The hypothesis tested in this paper is based on the comprehensive analysis of the argument that surrounds training and commitment.

6.1 The Model of Analysis

The model of analysis will be based on regression analysis, where

$$Y = b_0 + b_1(X) + b_{ii}(X_{ii}) + b_{iii}(X_{iii}) \dots b_p(X_p)$$

Where (Y) is the dependent variable (commitment) (X, X_{ii}, X_{iii}...X_p) are the independent variables, (b_i, b_{ii}, b_{iii}...b_p) are the coefficient which can also be the slope, (b₀) is the intercept or the constant upon which the independent variables are based on. The research model and equation will be as follows

$$\text{Commitment} = \text{Constant} + \text{Level of Training} \dots \text{equation (1a)}$$

The variable "commitment" was used to measure all the responses to the question 'do you feel committed to the organization'? The responses to the question were recoded and broken down into those that strongly agree, agree, neither agree or disagree, disagree, strongly disagree and the missing value (-999) for no response.

The independent variable "training" was also broken down into different levels of training based on the number of days that employees were trained. The levels of training were *Less than one day training*, for those who had received training for less than one day, *Less than two days training* for those who had received training for 1 to 2 days, *Less than five days training* for those that have received training for 2 to 4 days, *Less than ten days training* for those that had training for 5 to 10 days and finally, *Ten or more days training* is for those who had received more than 10 days training. The levels of training and the proportion of employees that had been trained as the independent variables are expected to affect employees' commitment.

Descriptive	(N=250)	Percent (%)
Gender		
Female	(N=120)	48.0%
Male	(N=130)	52.0%
Age		
21-30	(N=80)	32.0%
31-40	(N=125)	50.0%
41-50	(N=45)	18.0%
Marital Status		
Single	(N=90)	36.0%
Married	(N=140)	56.0%
Widowed	(N=15)	6.0%
Divorced/Separate	(N=5)	2.0%
Academic Qualification		
HND, B.Sc., B.A	(N=121)	48.4%
MBA, M.Sc., M.A.	(N=129)	51.6%
Work Experience		
Less than a year	(N=30)	12.0%
1-5 years	(N=134)	53.6%
6-10 years	(N=76)	30.4%
11-15 years	(N=10)	4.0%
Status of Respondent		
Management staff	(N=68)	27.2%
Senior staff	(N=92)	36.8%
Junior staff	(N=90)	36.0%

TABLE 1: An Overview of the Respondents.

7. RESULTS

The results in the summarized table showed that training is positively and strongly correlated with employees' commitment to the organization. The hypothesis that there is a positive statistical significant relationship between training and employees' commitment to the organization stated in the previous section has therefore been supported. The result of analysis is illustrated in the table below. The table 2 below shows that the employees that had less than one day training has a standard error of (.0245801) and the coefficient is (.0363487). The ($Z = 1.48$) and it is significant at 5%. The other levels of training such as the less 2, less 5, less 10, less 10 and more than 10 days training all had a standard error showing (.0201217, .0242390, .0232076, .0175707), coefficients (.155000, .253328, .3147034, .301899 respectively) and ($Z = 7.7, 12.46, 13.56, 14.42$) respectively and all are significant at 1%. The results showed that the size of coefficients is increasing as the level of training increases. These results suggest that the more training given to employees, the more committed they will be to the organization.

The positive sign indicates the direction of the relationship. That is, the more training given, the more committed an employee will be to the organization. Porter and Tripoli (1997) reported similar results that training signals commitment from the organization to the employees, which will result in employees reciprocating such behavior by demonstrating a stronger affective organizational commitment, which is quite productive and can affect performance. Although the direction of causality cannot be truly established, the results are in line with other

findings (see Black and Lynch 1996; Gallie and White cited in Santos and Stuart 2003). Another empirical evidence and theoretical argument that supports these were also given by Keep (1998), in his study of 3,585 employees in the Employment in Britain Survey; he found that 94% of the employees felt that training is beneficial in terms of achieving qualification, gain promotions, increase earnings and likewise non financial benefits in terms of commitment and job satisfaction. In a more recent study, Owens (2006) also reported a significant relationship between training and organizational outcomes. He found that employee's in training programs increases the levels of commitment. All these aforementioned research affirmed the hypotheses that training has a positive impact on employees' commitment and turnover.

Equation : Y(commitment) = function* bi (Training)				
Number of observations		=	250	
Variables	Coef.	Std. Err.	z	P> z
Less than 1day training	.036348	.0245801	1.48	0.139*
Less than 2days training	.155000	.0201217	7.70	0.000***
Less than 5days training	.253328	.0242390	12.46	0.000***
Less than10days training	.314703	.0232076	13.56	0.000***
More than10days training	.301899	.0175707	14.42	0.000***
*** indicates that the coefficient is statistically significant at the 5% level				

TABLE 2: Table showing the Relationship between Training and Commitment.

8. DISCUSSION

Commitment within the workplace typically results from the interaction and the relationship that an employee has with an organization (Scholl, 2003). The statistical analyses have shown that the more training given to employees', the stronger employees' commitment to the organization. When an organization provides training to employees, the chances of better performance is enhanced. The research supports the existing literature that training is likely not only to increase and improve employees' knowledge and skill, rather, it is also a means of achieving higher organizational commitment and performance. It is suggested that training should be implemented as part of the larger organizational development strategies aimed at getting a committed workforce. This is because employees interpret training as an indicative of commitment from the organization to them, and which they may reciprocate through their committed to the organization. The major finding is that businesses that were operating below their expected labor productivity levels prior to providing and implementing new employees' training, learning and development programs that resulted in significantly larger increases in labor productivity growth should understand the significance of training programmes to employees' productivity and organizational objectives. This higher rate of productivity growth is sufficient to bring these businesses up to the labor productivity levels of comparable businesses.

Based on the findings, this paper suggests that by adopting and increasing employees' training, organizations are likely not only to support the growth and development of their employees, but conversely, creating and facilitating increased organizational output. In the main, this is likely to lead to the actualization of organizational objectives and ensure competitive advantage over its competitors.

Given the above, we can conclude that training will not only improve the technical and non-technical skills of the employees, but it can be used to get employees committed to the organization. The effect of training in this situation is positive and beneficial to the financial service organization. Employers should therefore invest more in training, learning and development of their employees in order to ensure better performance. The human resource management practitioners should integrate employee training, learning and development into HRM practices aimed at getting a committed workforce and also practices aimed at increasing organizational performance (Fleetwood & Hesketh, 2006; Huselid 1996).

Furthermore, access to training according to Brum (2010) can also play a significant role into the level of commitment that is established. That is, employees are likely to place greater value on training programs that are more frequent and highly respected by colleagues, supervisors, and managers. Bartlett (2001) argues that organizations that are able to create an environment where training is supported and valued by employees will be able to achieve greater commitment outcomes such as low employees' turnover.

Furthermore, the policy-makers should also put in place policies that will be tailored at organizations that are yet to put into place employees' training and development programmes in their management strategies. Creating awareness of its importance will go along way in ensuring management's commitment to employees training, learning and development. There is also the need to enlighten the general public on the sine qua non and overall effect of training on employees' commitment to the organization.

9. LIMITATIONS OF THE STUDY

This research has adopted a one-sided approach of the effect of training, learning and development on employee attitude in terms of commitment. Training from another perspective can be expensive and cost-effective. Although this result suggests that it is beneficial to both employees and employers, it did lay much emphasis on the fact that training can increase the operational cost of running an organization which can reduce the gross profit for those establishments that are large and those that train most of their employees. The cost implications can be either monetary in terms of money spent on training or non monetary or intangible in terms of times spent while been trained or while giving out training. Furthermore, establishments that train might also be at a higher risk of losing their most efficient and better-trained employees to other organizations that are ready to offer them more pay in terms of their well-developed skills.

10. CONCLUSIONS

The main purpose of this paper is to investigate the relationship between training, learning and development to commitment. The result using a regression model showed that, the more training given to employees, the more committed they will be to the organization. This result is consistent with other research and findings on the relationship between training and employees' commitment to the organization. The underlying philosophy therefore is the need for management to acknowledge and openly accept that training is one of the commitment-based strategies that can be utilized to enhance organizational performance. In conclusion, training is a tool that can assist in building a more committed and productive workforce and can lead to greater commitment and less employee turnover. Based on these findings, effective training program can lead to greater employee commitment and a more stable workforce.

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