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# Training and development practices and its impact on employee performance (Horana Industrial Estate, Sri Lanka)

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### Abstract

The main objective of this study is to investigate the effect of training and development on the performance of the employees in Horana industrial estate, Sri Lanka. This paper is quantitative study in nature. The data have been collected mainly through questionnaire. Training and development measured with the dimensions of formalization, organization involvement, identification of the training needs, training method and training evaluation. A simple random sample of 278 employees drawn from population of 1043 employees who currently employed in companies in Horana industrial estate.

From the statistical analysis it was revealed that training and development practices and performance of the employees in Horana industrial estate is in a satisfactory level. Further it was proven that there is a significant positive correlation between dimensions of training and development and employee performance. Apart from that, stepwise regression analysis denotes that the training method explain the performance of the employees in Horana industrial estate, Sri Lanka at 63.7 percent.

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Keywords: Training and Development; Employee Performance

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## 1. Introduction

Employee is a key element of every organization. The success or failure of the organization highly depends on employee performance (EP). While having the objective of improving EP, organizations implement many strategies. Training and development (T&D) is one such strategy where most of the organizations used. Therefore, organizations are investing huge amount of money on employee development. Furthermore, we all live in a knowledge era and every individual keen on develop or update of their knowledge, skills, and attitudes in order to build a good career path (Gamage & Imbulana, 2013). So the learning works as an intrinsic desire which guide them for better career path (Gamage & Imbulana, 2013). Further Gamage and Imbulana (2013) stated that T&D as a learning activity which leads to acquisition of specific knowledge and skills for the purpose of occupation or task which necessary for the development of both the individual and organization.

As stated by Serasinghe and Opatha (2007) socio economic development of the Sri Lanka is heavily depends on success and the progresses of the success of an organization. And also involvement of high quality manpower in the country is considered as an essential factor for coping with the rapidly changing business environment (Amin et al., 2013). So this has led to expansion in the number of training activities (Amin et al., 2013). Horana Industrial Estate (HIE), which is a major industrial estate govern by Industrial Development Board (IDB), Sri Lanka. HIE located in Kalutara District and there are sixteen (16) registered companies but eleven (11) were in operation (Industrial Development Board, 2017). There are 1043 employees are currently employed in HIE (Industrial Development Board, 2017). From the interviews held with management of the HIE researcher reveal that, management does not consider employee T&D as investment where they considered it as an expenditure, because even though the companies invest huge money on employee T&D it does not generate expected level of EP. Therefore, majority of the companies in HIE not allocate sufficient amount of money on employee T&D.

## 2. Contribution of this Research Study

As stated by Brum (2007) training is the hardest strategy to EP. Further, Muzaffar, Salamat, & Ali (2012) stated that, to increase the EP it is crucial to inspire the employees by means of satisfying the space in between skills necessary and the owned or operated by means of staff through delivering applicable T&D. Not only that, T&D is a most pervasive method for enhancing the performance of individuals (Arthur et al., 2003). The findings of this research study have important implication for both researches and training specialized. By looking at the academic significance of this study it enables researcher to fill the theoretical, empirical and literature gap of T&D practices and its impact on EP. And the same time companies in HIE, Sri Lanka allocate huge amount of money for employee T&D by having the objective of improving the EP while addressing their skill deficiency. Therefore, the practical implication of the study is to assist organization to develop productive T&D mechanism which leads to enhance EP performance. Furthermore, this study important for Sri Lankan economy because companies in HIE, provide greater contribution to the Sri Lankan Gross Domestic Product (GDP) and provide new employment opportunities while contributing to reduction of Sri Lankan unemployment rate.

## 3. Review of Literature

T&D basically deals with the acquisition of understanding, know-how, techniques and practices (Tahir et al., 2014). According to Shaheen, Naqvi and Atif Khan (2013) training is a systematic development of the knowledge, skills and behavior required by employees to do adequately on confirmed task or job Kadiresan et al., (2015) stated that T&D deals with increasing and updating the skills, knowledge, competencies and experiences of an employee. Furthermore, Tahir et al., (2014) emphasizes that training prepare employees to

perform present jobs while development prepares employees for possible future jobs. Furthermore, Obi-Anike and Ekwe (2014) emphasize T&D is the crucial area which comes under human resource management and also it is the fastest growing segment of personnel activities.

According to the previous research findings T&D practices can be measured in terms of formalization (Nikandrou et al., 2008), involvement of organization (Nikandrou et al., 2008), (Huang, 2001) identification of the training needs (Nikandrou et al., 2008), (Arthur et al., 2003) (Absar, Sikder, & Hossain, 2010), training methods (Ghafoor et al., 2011), (Arthur et al., 2003) and training evaluation (Nikandrou et al., 2008), (Arthur, et al., 2003), (Absar, Sikder, & Hossain, 2010).

Formalization means integration of T&D with organization strategic planning function (Nikandrou, Apospori, Panayotopoulou, Stavrou, & Papalexandris, 2008). According to the previous research findings there is a significant relationship between formalization and EP (Nikandrou et al., 2008).

Furthermore, Nikandrou et al., (2008) stated that responsibility should be decentralized to line managers (Nikandrou et al., 2008). And more importantly commitments from the top management towards the implementation of training activities are essential determinant where it determines the success or failure of the training initiatives (Huang, 2001). Furthermore, Nikandrou et al., (2008) stated that involvement of managers as a T&D practice has a significant impact on firm performance. Huang (2001) stated that management support is shown to be strongly related to the training effectiveness and the mean value for the question of “whether the line managers encourage subordinate to participate in training program/” is 3.69.

When comes to the Identification of training needs, it defines as the process of determine training requirement which exists in the organization (Arthur et al., 2003). It is a three step process which consists of organization analysis, task analysis and person analysis (Arthur et al., 2003). According to the Nikandrou et al., (2008) there is a moderate relationship between training need analysis and firm T&D practices. Furthermore, Nikandrou et al., (2008) stated that, the deliverables of the training need analysis are important input for the design, development, implementation and evaluation of the training programs. However, some researches consider training need identification as a time consuming factor (Nikandrou et al., 2008).

Training method is a very important part of T&D (Ghafoor Khan, Ahmad Khan, & Aslam Khan, 2011). As stated by the researchers training method has a significant impact on EP (Ghafoor Khan, Ahmad Khan, & Aslam Khan, 2011). Furthermore, research findings indicate that the delivery style as a part of training method is also impact for training performance (Ghafoor Khan, Ahmad Khan, & Aslam Khan, 2011). Therefore, according to the Huang (2001) success of the training programme mainly depend upon the training method.

Training evaluation define as measure of the skills acquired through training (Nikandrou, Apospori, Panayotopoulou, Stavrou, & Papalexandris, 2008). Training evaluation required to measure three criteria; reaction, learning, behavior and result criteria (Arthur et al., 2003). As per the previous researches T&D practices are sector specified (Tregaskis, Heraty, & Morley, 2001). According to the research findings, effectiveness of training program determines by the features of training evaluation (Arthur et al., 2003). According to the statistics 78 percent of the organizations surveyed used reaction measures, compared with 32 percent, 19 percent, and 7 percent for learning, behavioral, and results, respectively (Arthur et al., 2003). Furthermore, researchers denote that training evaluation is a very important factor to be considered in every organization even it is a private or public sector one (Absar et al., 2010).

According to the Tahir et al., (2014) the main objective of every organization is to improve organizational performance but it can be never possible without reaching required level of employee performance. Therefore, performance management system is vertical for enhancing of organizational performance (Tahir et al, 2014). Further researchers stated that, EP is indispensable for achieving business success (Shaheen, Naqvi & Atif Khan, 2013). Moreover, EP can be defined as behavior of an individual in executing the job related activities assign to that person (Snell, Bohlander & Vohra, 2012). And also performance refers to the accomplishment of something or mere working effectiveness (Tahir et al., 2014). And performance is function of ability, motivation

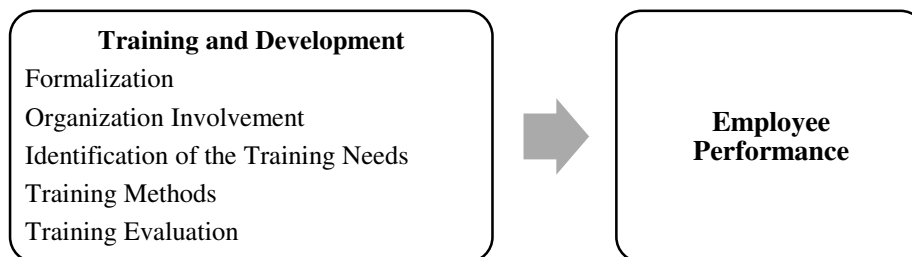
and environment (Snell, Bohlander & Vohra, 2012). However, according to the Opatha (2009, p.449) employee's job performance depends on his/her ability and motivation. It means job performances can be change or changed due to the changes in above mention factors (Snell, Bohlander, & Vohra, 2012).

According to the previous research findings it was proven that, T&D caused 42 percent positive variation in EP (Shaheen, Naqvi & Atif Khan, 2013). Mean time results of the research study reviled that, there is significant difference in the levels of performance before and after training (Shaheen, Naqvi & Atif Khan, 2013). Further researcher stated that, the mean score of the levels of job performance after training (4.22) is higher than before training (3.95) (Shaheen, Naqvi & Atif Khan, 2013). As per the Correlation outcomes indicate that there was significant positive relationship between T&D and EP (sig = .000  $r = .889^{**}$ ) (Iqbal, Ahmad & Javaid, 2013). Therefore, it is clear that the training enhances EP (Rajeswari & Palanichamy, 2014).

#### 4. Methodology

Researcher follow quantitative approach and this study relied upon the survey method. Primary data gathered using the questionnaire. The population of the study was employees in HIE, Sri Lanka. The total population size is 1043. Simple random sampling method used as a sampling technique to select 278 (Krejcie and Morgan Table 1970) employees in HIE, Sri Lanka. Data were analyzed using descriptive statistic method. Also, correlation analysis and the stepwise multiple regression methods were used to test the objectives of the study. Data collected from primary sources were analyzed using computer based statistical data analysis package, SPSS (version 22.0.).

Figure 1. Conceptual framework



Relevant schematic diagram is shown in figure 1. T&D stand as independent variable and EP stand as dependent variable. T&D consist with formalization (Nikandrou et al., 2008), involvement of organization (Nikandrou et al., 2008), (Huang, 2001) identification of the training needs (Nikandrou et al., 2008), (Arthur, Bennett, Edens, & Bell, 2003) (Absar, Sikder, & Hossain, 2010), training methods (Ghafoor et al., 2011), (Arthur, Bennett, Edens & Bell, 2003) and training evaluation (Nikandrou, Apospori, Panayotopoulou, Stavrou, & Papalexandris, 2008), (Arthur, Bennett, Edens & Bell, 2003), (Absar, Sikder & Hossain, 2010).

#### 5. Findings

Researcher distributed questionnaire among 278 employees who employed in HIE Sri Lanka and all the respondents were submitted their questionnaires. So the respondent rate is 100 percent. The data collected on

personal characteristics of respondents were presented and analyzed as; job category, age, gender and education. As per the collected data 42.4 percent were falls in to the category of machine operators, 30.6 percent were labors and 10.1 percent supervisors. Apart from that 5.8, 2.9 and 8.3 percent were in category of office assistant, manager and others respectively (Table 1).

Table 1. Job category

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Labor	85	30.6	30.6	30.6
	Machine Operator	118	42.4	42.4	73.0
	Supervisor	28	10.1	10.1	83.1
	Office Assistant	16	5.8	5.8	88.8
	Manager	8	2.9	2.9	91.7
	Others	23	8.3	8.3	100.0
	Total	278	100.0	100.0	

Source: Survey data

As shown in table 2 out of 278 respondents, 44.2 percent were in age between 18-30 years, 41.4 percent were in age between 30-45 years, 10.8 percent in 45-55 years 2.9 percent over 55 years and 0.7 percent were in below 18 years.

Table 2. Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 18 Years	2	.7	.7	.7
	18-30 Years	123	44.2	44.2	45.0
	30-45 Years	115	41.4	41.4	86.3
	45-55 Years	30	10.8	10.8	97.1
	Over 55 Years	8	2.9	2.9	100.0
	Total	278	100.0	100.0	

Source: Survey Data

Table 3 represents the gender distribution of respondents. From the data driven from analysis it seems that 59.4 percent were female employees and 40.6 percent were male employees.

Table 3. Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	113	40.6	40.6	40.6
	Female	165	59.4	59.4	100.0
	Total	278	100.0	100.0	

Source: Survey Data

As per the data presented in table 4, 39.2 percent employees were only learned up to ordinary level (O/L) and

16.2 percent obtain O/L qualification. Further 21.6 percent reach the diploma level and 18 percent learn up to advanced level (A/L). When comes to the reliability analysis, it was examined with cronbach's alpha test. The test was carried out using 50 responses. The result of cronbach's alpha test is given in the table 5. According to the data presented, reliability analysis shows the positive satisfaction level towards the data reliability.

Table 4. Education qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Up to O/L	109	39.2	39.2	39.2
	O/L	45	16.2	16.2	55.4
	Up to A/L	50	18.0	18.0	73.4
	A/L	6	2.2	2.2	75.5
	Diploma	60	21.6	21.6	97.1
	Degree	8	2.9	2.9	100.0
	Total	278	100.0	100.0	

Source: Survey Data

Table 5. Reliability analysis

	Variable	Cronbach's Alpha	N of items
Training and Development	Formalization	0.766	04
	Organization Involvement	0.792	02
	Identification of the Training Needs	0.828	06
	Training Methods	0.879	12
	Training Evaluation	0.839	04
Employee Performance		0.941	27

Source: Survey Data

Table 6 represents a summary of descriptive statistics of the dependent and independent variables used in the study. By looking at the mean value and the standard deviation of the variables it seems that organization involvement is in a higher position compared with other four variables of T&D; formalization, identification of the training needs, training method, training evaluation. Therefore, researcher can conclude that current T&D practices are in a satisfactory level. Further from the results driven from analysis it seems that performance of the employees in HIE are in an average level.

Table 6 Descriptive statistics

	N	Mean	Std. Deviation
Formalization	278	4.12	.467
Organizational Involvement	278	4.19	.525
Identification of the Training Needs	278	4.07	.468
Training Methods	278	3.95	.447
Training Evaluation	278	4.17	.511
Employee Performance	278	3.89	.440
Valid N (listwise)	278		

Source: Survey Data

Table 7 examines strength of correlation between formalization, organization involvement, identification of the training needs, training method, training evaluation and EP are significantly different from zero. The hypothesis is listed as  $p=0$  versus  $p \neq 0$  (correlation between two variables are significant from zero)

Table 7. Correlation matrix of the variable

		Formalization	Organization Involvement	Identification of the Training Needs	Training Methods	Training Evaluation
		n				
Employee Performance	Pearson Correlation	0.538**	0.466**	0.548**	0.798**	0.468**
	Sig.(2-tailed)	0.000	0.000	0.000	0.000	0.000
	N	278	278	278	278	278

Source: Survey Data

The above table indicates that the correlation between variables of T&D and EP are significantly different from zero as the corresponding probability values are 0.000. Furthermore, it can be seen all most all values of correlation are positive. Moreover, as per the results presented in table 7, Pearson's correlation coefficient there is a moderately strong positive correlation between formalization, identification of the training needs, training methods and EP ( $p < 0.05$ ). Further there is a moderately weak positive correlation between organization involvement, training evaluation and EP ( $p < 0.05$ ).

Table 8. Parameter estimation of model

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.786	.142		5.542	.000
	Training Methods	.786	.036	.798	22.023	.000
R Square = 63.7percent and Adjusted R Square = 63.6per cent						
a. Dependent Variable: Employee Performance						

Source: Survey Data

The stepwise multiple regression was conducted to evaluate whether all five variables of T&D; formalization, organization involvement, identification of the training needs, training method, training evaluation were necessary to determine the performance of the employees in HIE, Sri Lanka. The output attained of SPSS is described below in detail. The stepwise regression had been used one step before finalize the model. Probability level of entry and removal were taken as respectively.

The training method was identified as most influence variable (Table 8). In fact, it has the highest correlation with performance of the employees in HIE, Sri Lanka.

In this model both training method and constant term are significantly different from zero as all corresponding probability values are 0.000 (Table 8). The table 8 explains that EP variable is regressed with training method assuming each one influenced linearity on EP. Training method is significant different from zero at 1 per cent level in model. It can be concluded that performance of the employees is explained only 63.7 per cent of the variability of the response variable. Further it is clear that the difference between R<sup>2</sup> and adjusted R<sup>2</sup> is very small. The ANOVA table for the fitted model is shown in table 9. As data presented in table 9, the P-value for the F test statistic is less than 0.001, providing strong evidence against the null hypothesis of that at least one

of the parameters are equal to zero ( $F=34.125$ ,  $p=0.000$ ).

Table 9. Analysis of variance in for the fitted model

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.125	1	34.125	485.031	.000 <sup>b</sup>
	Residual	19.418	276	.070		
	Total	53.543	277			
a. Dependent Variable: Employee Performance						
b. Predictors: (Constant), Training Methods						

Source: Survey Data

Therefore, the results of the regression models denote that the independent variables of training method explain the performance of the employees in HIE, Sri Lanka at 63.7 percent.

## 6. Conclusion

As per the demographic features of sample, researcher can generalize the population as, majority of the employees in HIE are machine operators where most of them are performing entry level jobs. Further, more than 80 percent were young employees where majority of them are in below 45 years. And the same time 59.4 percent employees are female where 40.6 percent are male. It seems that employees in HIE are more female than male. By looking at their education, it indicates that most of them are obtain entry level qualification. The first objective of the study is to investigate the current T&D practices in HIE, Sri Lanka. As per the results driven from analysis researcher identified that the current T&D practices are in satisfactory level. Secondly researcher investigate the current level of EP in HIE, Sri Lanka. From the results it was reviled that EP are in moderate level. Third objective is to examine how T&D practices are impact on performance of the employees in HIE, Sri Lanka. As per the results of correlation analysis it seems that there is a positive relationship between all five variables of T&D; formalization, identification of the training needs, training method, training evaluation. Further results of the stepwise regression analysis reviled that 63.7 percent of the variance of EP explained by the training method. So the results revile that among five variables of T&D; formalization, organization involvement, identification of the training needs, and training evaluation, training method is a significant contributor where it was having a strong positive correlation with EP. Hence training specialist needs to put their maximum attention towards the training method.

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