Training and Development and Organizational Performance: The Moderating Effect of Organizational Commitment

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Abstract
The purpose of this study was to find out the impact of training and development on organizational performance and to find out the moderating effect of organizational commitment on the relationship between training and development and organizational performance. This study was carried out in three companies namely Kenya Power, KenGen and Mumias Sugar Company. Descriptive survey design was adopted in the study. The study population was all the 5866 employees in the three companies. The findings of the study were that training and development had a significant effect on organizational performance. The study further showed that affective commitment, continuance commitment and normative commitment moderated the relationship between training and development and organizational performance.

Key words- employee performance, organizational commitment and training and development.

1. Introduction
Training and development is crucial for the survival of any organization in the competitive world. Employees give an organization competitive advantage. Organizations must therefore invest in the training and development of its employees if they are to remain relevant and productive. There are long term and short term benefits accruing from investing in human capital (Nda & Fard, 2013). Training and development is important for effective performance of employees, improvement of their ability to adapt to the changing and challenging business environment and technology and increase employees’ knowledge to develop creative and problem solving skills (Falola, Osibanjo & Ojo, 2014).

2. Objectives
The objectives of the study were: to examine the impact of training and development of employees on organizational performance in listed state corporations in the Nairobi stock exchange and to find out the moderating effect of organizational commitment on the relationship between training and development and organizational performance.

3. Literature review
Training and development
According to Bernadin and Russell (2013), training refers to any attempt to improve employee performance on a currently held job or one related to it. This usually means changes in specific knowledge, skills, attitudes and behaviors. Dessler (2017) defines training as the process of teaching new or current employees the basic skills they need to perform the job. According to Abiodun (2010), training is a systematic development of the knowledge, skills and attitudes required by employees to perform adequately on a given task. Employee’s training and development is seen as the most important formation of any competent management. Training is the practice of equipping employees with skills, knowledge and abilities, with the aim of building organizational capabilities and organizational performance (Armstrong, 2009).
Development refers to learning opportunities designed to help employees grow. Such opportunities do not have to be limited to improving employees’ performance on their current jobs. Development has long term focus to help employees prepare for future work demands while training focuses on the immediate period to help fix any current deficits in employee’s skills (Bernadin & Russell, 2013).

Training programmes increase the firm specificity of employee skills, which, in turn, increase employee productivity and reduces job dissatisfaction that results in employee turnover (Huselid, 2010). Secondly, training and developing internal personnel reduces the cost and risk of selecting, hiring and internalizing people from external labor markets, which again increases employee productivity and reduces turnover. Training and development requires a certain degree of reciprocity. A company that trains and develops systematically its employees ensures that their market value develops more favorably than in other firms. This increases employees’ productivity, commitment and lowers turnover. Companies may also assist their employees in career planning. In doing so, companies encourage employees to take more responsibility for their own development, including the development of skills viewed as significant in the company (Doyle, 2009).

Barringer et al. (2005) compared rapid – growth and slow-growth firms and found that rapid – growth firms depend heavily on the abilities and efforts of their employees to maintain their growth oriented strategies. The fast – growth firms used training programs to achieve their objectives and emphasized employee development to a significantly greater extent than slow-growth counterparts. Therefore, training and employee development practices are more common in rapid – growth firms than slow growth ones.

Training and capacity building is central to sustaining economic growth and development because human capital is the greatest asset of any organization. Capacity building entails investment in human capital, institutions and practices necessary to enhance human skills, overhaul institutions and improve procedures and systems (Sanusi, 2002). Employee training and their development have outmost importance for the sake of improving the productivity, which leads towards gaining competitive advantage (Quartey, 2012). The training and development of the employees has direct contributions in the high achievements of the organization which shows better performance. Training increased the organizational performance as predicted by many researches (Peteraf, 2003; Niazi, 2011).

The resource based view theory supports that any training designed for the organization is based on the creation of values and enhancing the capabilities for the continued organizational performance (Barney, 2007). Training is very important in achieving the goal of the organization as it increases the efficiency and effectiveness of employees and adds value in the organizational performance. The performance of employees depends on different factors but training is most important because it enhances capabilities, skills and competencies of the employees. Training-related changes should result in improved job performance and other positive changes that serve as antecedents of job performance (Kraiger, 2002).

Several studies conducted in European countries have documented the impact of training on organizational performance. Arag´on-Sánchez et al. (2003) investigated the relationship between training and organizational performance by distributing a survey to 457 small and medium-size businesses in the United Kingdom, the Netherlands, Portugal, Finland, and Spain. Results indicated that some types of training activities, including on-the-job training and training inside the organization using in-house trainers, were positively related to most dimensions of effectiveness and profitability.

Imran and Tanveer (2015) in a Pakistanian study found that there is a strong relationship between training and development and employee performance. Training and development prepare the employees to contribute more to the organization. Hence, training and development has a positive impact on employee performance in the banks of Pakistan. In another Pakistanian study, Tahir, Yousafzai, Jan and Hashim (2014) carried out a study on the impact of training and development on employee performance and productivity. Findings of the study indicated that employees considered training and development as a main factor of employees’ performance and productivity and were in favor of it. This study revealed that banks’
administrations interested in their productivity and efficiency is left with no other option than to adopt training and development.

Falola, Osibanjo and Ojo (2014) conducted a study in the Nigerian banking industry. The results of the study indicated that training and development affects employees’ performance and organizational effectiveness. Consequently, efforts must be made to ensure that employees’ skills and knowledge are fully utilized through adequate and timely training design and implementation.

Muhibat and Tiamiyu (2016) carried out a study based on the effect of training and staff development on the organizational performance of Islamic financial institutions in Nigeria. Studies showed that organizations that have experienced employees and well trained employees are able to meet their targets and at the same time achieve their visions and mission statements. It was also proven that training improves employees’ performance on one hand and has a positive effect on the financial and non-financial performance of organizations on the other hand. Nda and Fard (2013) in their study found that training and development ultimately upgrade not only the productivity of employees but also of the organization.

Githinji (2014) conducted a study in Somalia and found that training positively influences employee performance by having a positive influence on employee engagement. The study showed that training enhances employee engagement in innovation and better performance among employees. The study also showed that training enhances employee enthusiasm and employee performance by influencing job satisfaction. Asfaw, Mesele and Bayissa (2015) in an Ethiopian study reported high level performance among the majority of the respondents who were involved in training and development interventions. Ombui, Kagiri and Omoke (2014) conducted a study in research institutes in Kenya. They established that the model summary for training and development indicated that there was a high significant relationship between training and development and employee performance.

Organizational performance
Organizational performance is the achievement of organizational goals in the pursuit of business strategies that lead to sustainable competitive advantages (Gephardt & Van Bureu, 2008). There are many indicators other than pure financial figures that indicate an increase in organizational performance (Huselid, 2010). One such indicator is the actual behaviour of employees, through the way they affect turnover and labour productivity (Huselid, 2010).

Organizational commitment
Employee commitment is one of the most important factors that affect growth and productivity as well as a defining factor that shape human resource management (Padala, 2011). In general, employee commitment reflects a psychological state that characterizes the employees' relationship with the organization, which has implications for their decision to continue or discontinue membership in the organization. Several studies have demonstrated that organizational commitment is a very important factor that influences job satisfaction, organizational citizenship, absenteeism, performance, and turnover (Lambert, 2006). Allen and Meyer (1996) categorized commitment in three dimensional concepts that include affective commitment, normative commitment and continuance commitment. Affective commitment refers to employees’ emotional attachment, identification with, and involvement in the organization. Employees with a strong effective commitment stay with the organization because they want to. Continuance commitment refers to employees’ assessment of whether the costs of leaving the organization are greater than the costs of staying. Normative commitment refers to employees’ feelings of obligation to the organization (Meyer & Allen, 2007).

Trained employees are more likely to take pride in organizational achievements; believe in the goals; committed to their organizations and values of the organization and, therefore, exhibit higher levels of performance. Organizational commitment is the employee’s acceptance, involvement and dedication towards achieving organizational goals (Mathew & Zacharias, 2015). When employees are trained, they are likely to be proud of organizational achievements. They are more likely to be committed to their organizations and exhibit higher performance (Mathew & Zacharias, 2015). Studies have shown a
significant relationship exists between training and development and organizational commitment (Jehanzeb, Rasheed & Rasheed, 2013; Silva & Dias, 2016; Bulut & Culha, 2010).

Employee commitment to their organization is significant to organizational performance, which manifest in employees skills, performance and devotion to duty so as to fulfill the set organizational goals and objectives. Researches have shown there is a significant relationship between employee commitment and organizational performance (Dost, & Shafi, 2011; Osa & Amos, 2014; Musabah, Zefeiti & Mohamad, 2017; Aka & Amodu, 2016; Irefin & Mechanic, 2014).

Based on the literature reviewed, the following hypotheses were formulated:

H01: There is no significant effect of training and development on organizational performance in listed state corporations in the Nairobi stock exchange.

H02: There is no moderating effect of organizational commitment on the relationship between training and development and organizational performance

H02a: There is no moderating effect of affective commitment on the relationship between training and development

and organizational performance

H02b: There is no moderating effect of continuance commitment on the relationship between training and development

and organizational performance

H02c: There is no moderating effect of normative commitment on the relationship between training and development

and organizational performance

Conceptual framework
The various variables under study were conceptualized to be related as shown below:
1. Research methodology
This study employed survey research design. The study was conducted in three companies trading on the Nairobi Stock Exchange namely: Kenya Power, Kengen and Mumias Sugar. Descriptive survey design was used to allow the researcher to gather information, summarize, present and interpret for purpose of clarification.

The study population was all the 5866 employees in the state corporation under study. Kengen had 2066 employees, Kenya power had 2000, Mumias Sugar Company had 1800. The study used a sample of 361 respondents. This study used simple random and stratified sampling techniques. Simple random sampling was adopted because the population constituted a homogeneous group (Kothari, 2004). The sample selected from Kengen was 126 employees, 122 from Kenya Power and 113 from Mumias Sugar Company. The sample was based on the proportion of employees each company had. Stratified random sampling was used to group the employees into two so that each gender was included in the sample.

Research Instrument
A modified and improved version of questionnaire by Woods (2006) was used.

2. Data analysis and presentation
Data was analyzed using descriptive statistics namely frequency distributions, means, modes, percentages and standard deviations. Data was presented in form of tables, figures, bar graphs and charts.

To test the hypotheses, F-test was used. Multiple regression was applied in order to analyze the effect of training and development on organizational performance as moderated by organization commitment. The following model was adopted.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 Z + \epsilon \]

where:

\( Y = \) Organizational performance

\( X_1 = \) Training and development

\( Z = \) Organizational commitment

\( \beta_0 \) is a constant which denotes organizational performance that is independent of training and development and organizational commitment.

\( \epsilon \) is a random variable introduced to accommodate the effect of other factors that affect organization performance within or outside high performance work practices, organization commitment that are not included in the model.

The model was first subjected to correlation to establish whether the variables were jointly significant. F-tests were further computed for the individual variables’ coefficients to determine their significance in the model. Null hypothesis was accepted or rejected based on the p-value obtained. The test was done at \( \alpha = 0.05 \) level of significance.

4. Results and discussion
The findings indicated that organizational performance and training and development of employees had a significant relationship (\( r = 0.360, p\)-value < 0.001). The findings showed there was a positive significant correlation in training and development on organization performance. This implied that training and development independently explained 12.96% of the variation in organizational performance (\( Y \)).

Using the study model \( Y = \beta_0 + \beta_1 X_1 + \epsilon \), the equation for establishment of organizational performance in the regression formula therefore is \( Y = 0.360X_1 \). The model equation shows that standardized
organizational performance will increase by 0.360 units with one unit increase in standardized training and development. The findings showed a positive impact of training and development on organizational performance.

Similarly, the F-test for this factor in the regression model was found to be significant $F_{(1, 284)} = 42.268$, p-value = 0.001.

Table 1: ANOVA table of training and development on organizational performance.

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>19.739</td>
<td>1</td>
<td>42.268</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>132.162</td>
<td>283</td>
<td>.467</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>151.901</td>
<td>284</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H01 was therefore rejected since the factor of employee training and development on its own was able to significantly influence organizational performance. It was therefore concluded that training and development had a significant effect on organizational performance. These findings are consistent with the findings obtained in other studies (Imran & Tanveer, 2015; Nda & Fard, 2013; Githinji, 2014).

Moderating effect of affective commitment on the relationship between training and development and organizational performance

Table 2: Interaction between training and development and affective commitment regressed on organizational performance

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Organization Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beta</td>
<td>SE</td>
</tr>
<tr>
<td>Step 1-Independent Variable training and Development</td>
<td>.375***</td>
</tr>
<tr>
<td>$R^2 = .140*** \Delta R^2 = .140$ F Change= 37.848 df=1,232</td>
<td></td>
</tr>
<tr>
<td>Step 2- Moderating Variable Affective commitment</td>
<td>.310***</td>
</tr>
<tr>
<td>$R^2 = .224*** \Delta R^2 = .083$ F Change= 24.776 df=2, 231</td>
<td></td>
</tr>
<tr>
<td>Step 3 Interactions training and Development affective Commitment</td>
<td>.407**</td>
</tr>
<tr>
<td>$R^2 = .227*** \Delta R^2 = .004$ F Change= 1.084 df=3, 230</td>
<td></td>
</tr>
</tbody>
</table>

The results in Table 2 show the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variable. The findings reveal that the first model, training and development interaction was significant ($F_{(1, 232)} = 37.848$, p < 0.001) with $R^2$ value of 0.140 which is 14.0 per cent of variation.

The moderating variable affective commitment was added to the model in the step 2. The change in $R^2$ evaluated how much predictive power was added to the model by the addition of moderator variable (affective commitment) in the second step. The percentage of variability accounted for went up from 14.4 per cent to 22.4 per cent when affective commitment was added. In the second model, affective commitment was significant ($F_{(2, 231)} = 24.776$, p < 0.001).
There was change in $R^2$ when the interaction term was obtained by multiplying the moderating variable (affective commitment) with independent variable (training and development) in step three. The percentage of variability accounted for went up from 22.4 per cent to 22.7 per cent. The third model with interaction obtained by multiplying the moderating variable (affective commitment) with independent variable (training and development) was significant ($F (3, 230) = 1.084, P < 0.001$). The results show that affective commitment is a moderator of the relationship between training and development and organizational performance. Therefore, hypothesis $H_{02a}$: affective commitment does not moderate the relationship between training and development and organizational performance was not supported. It was therefore concluded that affective commitment moderates the relationship between training and development and organizational performance.

**Moderating effect of continuance commitment on the relationship between training and development and organizational performance**

Table 3: Interaction between training and development and continuance commitment regressed on organizational performance

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Organization Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
</tr>
<tr>
<td>Step 1- Independent Variable</td>
<td>.394***</td>
</tr>
<tr>
<td>training and Development</td>
<td></td>
</tr>
<tr>
<td>$R^2 = .155^{***} \Delta R^2 = .155$</td>
<td></td>
</tr>
<tr>
<td>Step 2- Moderating Variable</td>
<td>.275***</td>
</tr>
<tr>
<td>Continuance commitment</td>
<td></td>
</tr>
<tr>
<td>$R^2 = .231^{***} \Delta R^2 = .075$</td>
<td></td>
</tr>
<tr>
<td>Step 3 Interactions</td>
<td>.456**</td>
</tr>
<tr>
<td>training and Development</td>
<td></td>
</tr>
<tr>
<td>Continuance Commitment</td>
<td></td>
</tr>
<tr>
<td>$R^2 = .236^{***} \Delta R^2 = .005$</td>
<td></td>
</tr>
</tbody>
</table>

The findings reveal that the first model, training and development interaction was significant ($F (1, 239) = 43.975, p < 0.001$) with $R^2$ value of 0.155 which is 15.5 per cent of variation. The moderating variable continuance commitment was added to the model in the step 2. The change in $R^2$ evaluated how much predictive power was added to the model by the addition of moderator variable (continuance commitment) in the second step. The percentage of variability accounted for went up from 15.5 per cent to 23.1 per cent when continuance commitment was added. In the second model, continuance commitment was significant ($F (2, 238) = 23.324, p < 0.001$).

There was change in $R^2$ when the interaction term obtained by multiplying the moderating variable (continuance commitment) with independent variable (training and development) in step three. The percentage of variability accounted for went up from 23.1 per cent to 23.6 per cent. The third model with interaction obtained by multiplying the moderating variable (continuance commitment) with independent variable (training and development) was significant ($F (3, 237) = 1.483, P < 0.001$). The results therefore show that continuance commitment is a moderator of the relationship between training and development and organizational performance. Therefore, hypothesis $H_{02b}$: continuance commitment does not moderate the relationship between training and development and organizational performance was not supported. It was therefore concluded that continuance commitment moderates the relationship between training and development and organizational performance.

**Moderating effect of normative commitment on the relationship between training and development and organizational performance**

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Table 4: Interaction between training and development and normative commitment regressed on organizational performance

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Organization Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
</tr>
<tr>
<td>Step 1-Independent Variable training and Development</td>
<td>.388***</td>
</tr>
<tr>
<td></td>
<td>$R^2 = .151$ *** $\Delta R^2 = .151$ F Change= 42.362 df=1, 239</td>
</tr>
<tr>
<td>Step 2- Moderating Variable normative commitment</td>
<td>.003***</td>
</tr>
<tr>
<td></td>
<td>$R^2 = .151$ *** $\Delta R^2 = .000$ F Change= .002 df=2, 238</td>
</tr>
<tr>
<td>Step 3 Interactions training and Development * Normative Commitment</td>
<td>1.224**</td>
</tr>
<tr>
<td></td>
<td>$R^2 = .170$ *** $\Delta R^2 = .019$ F Change= 5.459 df=3, 237</td>
</tr>
</tbody>
</table>

The findings reveal that the first model, training and development interaction was significant ($F (1, 239) = 42.362, p < 0.001$) with $R^2$ value of 0.151 which is 15.1 per cent of variation. The moderating variable normative commitment was added to the model in the step 2. The change in $R^2$ evaluated how much predictive power was added to the model by the addition of moderator variable (normative commitment) in the second step. The percentage of variability accounted for did not change (15.1 per cent) when normative commitment was added. In the second model, normative commitment was not significant ($F (2, 238) = 0.002, p < 0.001$).

There was change in $R^2$ when the interaction term was obtained by multiplying the moderating variable (normative commitment) with independent variable (training and development) in step three. The percentage of variability accounted for went up from 15.1 per cent to 17.0 per cent. The third model with interaction obtained by multiplying the moderating variable (normative commitment) with independent variable (training and development) was significant ($F (3, 237) = 5.459, P < 0.001$). The results therefore show that normative commitment is a moderator of the relationship between training and development and organizational performance. Therefore, hypothesis $H_0^{2c}$: normative commitment does not moderate the relationship between training and development and organizational performance was not supported. It was therefore concluded that normative commitment moderates the relationship between training and development and organizational performance.

5. Conclusions
Training and development has a significant effect on organizational performance. Training and development was found to explain 12.96% of the variation in organizational performance. The three dimensions of commitment namely: affective commitment, continuance commitment and normative commitment moderated the relationship between training and development and organizational performance.

6. Recommendations
Organizations should strive to provide training and development as it is an important ingredient in improving organizational performance. Management should put in place measures which increase employee commitment as commitment has been found to moderate the relationship between training and development and organizational performance.

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