

**ORGANIZATIONAL COMMITMENT AND CLIMATE IN TRAINING  
OBJECTIVES AND IMPLEMENTATION ON ORGANIZATIONAL  
TRAINING NEEDS: EXTENT OF ORGANIZATIONAL STRUCTURE AS A  
MODERATING EFFECT**

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## **ORGANIZATIONAL TRAINING NEEDS**

Dear Respondents:

This is purely an academic exercise that is intended to understand the organizational commitment and climate in training objectives and implementation on the organizational training needs. This research is undertaken to fulfill the partial requirement of the Doctor of Business Administration degree at the University Science Malaysia.

I seek your kind assistance in completing this questionnaire based on your honest opinions. There are no right or wrong answers.

All information provided by you will be kept in strictest confidence, and will be used only for the purpose of this academic research.

Participation in this study is voluntary. Should you decline to participate in the study, no record of your decision will be kept, nor will your decision adversely affect any present or future interaction between you and your organization. Please return the completed questionnaire to me or to the person who handed you the questionnaire as soon as possible.

Should you have any queries, or if you are interested to know the outcome of this study, please do not hesitate to contact my academic supervisor(s) or me.

Many thanks for your valuable time and assistance in completing this questionnaire. Your participation and assistance is highly appreciated in making this study successful

Thank you,

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## **DEDICATION**

**To**

*My wife, Sharifah Maimunah Syed Abdullah, for always being there for me*

**and**

*My sons, Ahmad Firdhaus and Ahmad Faathir, for their unconditional love and support*

## ACKNOWLEDGEMENTS

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Thank You.

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**KOMITMEN ORGANISASI DAN SUASANA PERSEKITARAN DALAM  
OBJEKTIF LATIHAN DAN PERLAKSANAAN TERHADAP KEPERLUAN  
LATIHAN ORGANISASI: STRUKTUR ORGANISASI SEBAGAI KESAN  
PENYERDAHANAAN**

**ABSTRAK**

Objektif kajian ini adalah untuk memahami pengaruh komitmen terhadap objektif latihan dan persekitaran untuk pelaksanaan latihan pada keperluan latihan bagi organisasi. Tambahan pula, peranan struktur organisasi sebagai pengaruh penyerdahanaan juga dikaji. Berdasarkan data daripada 115 firma pembuatan dan perkhidmatan yang telah diperolehi melalui persampelan kuota, pengaruh komitmen terhadap objektif latihan serta pembentukan persekitaran yang menggalakkan untuk pelaksanaan latihan telah didapati mempengaruhi keperluan latihan bagi organisasi (kemahiran tugas dan “people-related”). Dapatan kajian juga telah mendedahkan bahawa firma perkhidmatan menunjukkan keperluan latihan yang lebih. Merujuk kepada struktur organisasi, satu analisis regresi berhirarki 4-langkah telah dijalankan dan hasil kajian menunjukkan bahawa firma desentralisasi cenderung untuk mempunyai tahap keperluan latihan yang lebih tinggi. Walau bagaimanapun, dalam suasana persekitaran untuk pelaksanaan latihan yang tidak menggalakkan, kadar penurunan dalam keperluan latihan bagi firma desentralisasi akan lebih dibandingkan dengan firma berpusat. Bertentangan dengan itu, jika diberikan tahap yang sama dalam komitmen terhadap objektif latihan, firma desentralisasi akan mempunyai keperluan yang lebih tinggi terhadap kedua-dua keperluan latihan kemahiran tugas dan “people-related” berbanding dengan firma berpusat. Akhir sekali, keperluan ini adalah lebih tinggi untuk keperluan kemahiran “people-related” bertentangan dengan kemahiran tugas.



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**ABSTRACT**

The objectives of this present study are to understand the influences of commitment towards training objectives and climate in training implementation on organizational training needs. In addition, the role of organizational structure as a moderating influence was also pursued. Based on the data from 115 service and manufacturing companies gathered from quota sampling, effects of commitment towards training objectives and building a supportive climate towards training implementation were found to positively influence organizational training needs (task and people-related skills). The findings also revealed that service firms exhibit greater training needs. With regards to organizational structure, a 4-step hierarchical regression analyses was conducted and the results showed that decentralized firms tend to have higher levels of training needs. Nonetheless, in the event that of an unsupportive climate in training implementation, the rate of decline in the training needs would be greater than centralized firms. Contrastingly, given the same level of commitment placed on training objectives, decentralized firms will have higher levels of need towards both task and people-related training needs than centralized firms. Finally, this need is higher for people-related as opposed to task-related training needs.

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

Malaysia being a developing nation is striving towards a developed nation status by the year 2020. This position has a two-pronged weakness as we are too costly to compete with low-wage countries such as China and neither innovative compared to countries such as Japan and the United States (U.S.). Hence, there is a serious dire need to invest in human capital development to upgrade the expertise and abilities of Malaysian workers in hope that the country can continue to attract foreign investment.

Therefore, well-developed senses towards the need for the development of administrative, human and technical skills are instrumental to any organization's success. This can take various forms such as continuous education, technical fitness, cross-functional integration and on-the job learning. In turn, effective human resource management would require the need to identify all task related facets in an organization, techniques employed, assignment of people and resources, and the organizational structure.

Given skill development's importance, the Malaysian Human Resources Ministry had also contributed in approving two forms of training schemes, for retrenched and unemployed school-leaver workers, and unemployed undergraduates (Fong: Upgrade Skills, 2001). In addition, the Human Resources Development Fund (HRDF) is administered by *Pembangunan Sumber Manusia Berhad* (PSMB) has been instrumental in encouraging employers who have invested in HRDF to train and equip the existing workforce with the latest know-how and skills in their current and

future jobs. The allotment of fund operates on a grant system where levy-paying employers can subsidize their employees' training costs.

Table 1.1 revealed that the registered employers in the first half of the year 2005 outnumbered the previous year by approximately 51 percent (Human Resources Development Berhad ). It gives an evident that the amount of levy collected is the same as the amount of financial assistance approved for various training schemes. To date, the number of approved training places is slightly below RM 5 million with the total amount disbursed by the grant surmounting to more than a billion Ringgit.

**Table 1.1**

***Indicators of Human Resource Development Fund***

<b>Indicator</b>	<b>Numbers/M\$</b>		
	<b>2004</b>	<b>Jan-July 2005</b>	<b>1993-July 2005</b>
Registered Employers	826	1,251	9,897
Levy Collection	RM 231,062,417	RM 146,818,533	RM 1,722,989,489
Payment of Grants	RM 173,774,286	RM 110,724,251	RM 1,221,240,144
Approved Training Places for Various Training Schemes	465,124	319,390	4,744,842
Financial Assistance Approved for Various Training Schemes	RM 243,440,839	RM 147,754,475	RM 1,990,548,160

*Source: <http://www.mohr.gov.my/makluman/key.htm#6>*

The emphasis on skills training and the development of human capital can also be monitored from the recent tabling of Budget 2006, where a total of RM 5 billion was allocated to serve this purpose (Hamid, 2005, February 18). Such an emphasis on training is inclined to scale up Malaysia's total productivity factor. What is done behind the rubric of economic structuring, technical progress and capital restructuring

will inevitably point towards the fundamental aspect of knowledge and skills amongst the workforce.

This is reinforced with Thamhain's (1992) survey among 220 engineering managers who believed that majority of skills (95 percent) is attainable through proper and systematic training methods, instead of being attributed to gifted individuals. Nonetheless, the fundamental aspect of this argument lies in the identification of training or skill development needs.

## **1.2 Gaps in Research**

Training and development in organizations in Malaysia are still considered to be low priority in Malaysia (Saiyadain & Juhary, 1995). One of the reasons cited was the lack of systematic assessment of training needs in organizations. Other surrogate issues are the absence of formalized training departments and poorly developed training evaluation procedures. What is worse, organizations tend to exhibit a general negative perception towards the ability of training organizations to fill in their lack of task-skill fit. This was further confirmed by Saiyadain (1994), who stated that training providers suffer from skepticism, which might arise from training being perceived as irrelevant and too theoretical. Furthermore, a lack of follow-up might add to the list of causes for such skepticism. Overall, with regards to training needs assessment, training content and approaches, and training evaluation — Poon and Othman (2000) attests to the relatively low importance placed on training and development practices in manufacturing and service organizations in Malaysia.

The negative perceptions forewarned do not help in the current circumstance where brain drain is evident in Malaysia. This has been highlighted by the Human Resources Minister, Dr. Fong Chan Onn ("Move to Curb Brain Drain", 2005) stating that skilled

and experienced workers from Malaysia are moving to Singapore due to the attractive wages and perks. In turn, manufacturing and service organizations are finding it an uphill battle to hire experienced graduates.

This national problem points to the challenging task for firms to replenish their knowledge base. A research by Ignatius, Jantan and Ramayah (2004) observed differing patterns in the entire technological learning process and found that although functional groups acquire high levels of knowledge to address their tasks, yet it was not embedded into the organization's collective memory as a whole. This was attributed to the inability of the firm to retain the knowledge that it has acquired, which might be the direct result of the high turnover in the electrical and electronics industry. Ignatius et al. (2004) also hinted that the vacuum created as a result of brain drain left from was not filled at a rate fast enough despite high levels of knowledge acquisition.

### **1.3 Problem Statement**

Therefore, the premise of this present research argues that the vacuum can be filled firstly by the ability of an organization to identify its training needs. In other words, the knowledge base of an organization can be replenished or improved upon by minimizing the discrepancy between the skill needed to accomplish a task and the training provided to attain the skill. With the above gaps in research elaborated, the real problem that this research yearns to address is the inaptitude of organizations in identifying the need for skills development (e.g. task and people-related). This is believed to be contributed by the climate for training implementation and the commitment an organization places on training objectives. Since it is well noted that decentralized organizations have fewer levels of management with wider spans of



control, it is believed that increasing the extent of this structure would allow the enhancement of commitment and climate to further influence the organization towards identifying their training needs.

#### **1.4 Research Objectives**

The investigation of the problem statement allows the research problem to be framed as follows:

1. To determine the influence of commitment towards training objectives and climate for training implementation on the organizational training needs.
2. To study the difference between service and manufacturing firm's organizational training needs.
3. To examine the extent of service and manufacturing firms' commitment towards training objectives and climate for training implementation.
4. To ascertain the moderating effect of organizational structure on the relationship of commitment and climate on the organizational training needs.

#### **1.5 Research Questions**

Stated somewhat differently, the research problem could be decomposed into specific research questions that will serve as a reference to ensure that they are well answered in Chapter 5. They are as follows:

1. Do organizational commitment towards training objectives and climate for positive training implementation influence on organizational training needs?
2. Do service and manufacturing firms differ in terms of their organizational training needs?

3. What is the extent of commitment towards training objectives, as well as climate for successful training implementation in service and manufacturing organizations in Malaysia?
4. To what extent organizational structure (decentralization and centralization) as moderator influence on organizational training needs?

## **1.6 Significance of the Study**

In the past three decades, there has been a wide array of methods discussed in the training literature. Training approaches such as action learning just-in-time training, mentoring, coaching and managing skill portfolios had been introduced (Salas & Canon-Bowers, 2001). The commonalities in these diversified disciplines are their prerequisite for identifying training needs. However, consistent with Tannenbaum and Yukl (1992), the present study finds this area to be limited in empirical works.

In terms of theoretical significance, this present study focuses on the need for training from two perspectives, that is, people and task-related skills. By progressing ahead of organizational analysis and job-task aspects, this study showed the importance of training skills, without which identification of the training requirement would be incomplete, inaccurate and in vain, in turn, rendering taxonomies to be impractical.

The implicit assumption of the human capital theory suggests that education and training for economic development and social progress are perceived as investments that yields social and private returns through the increased in knowledge based workers (Schultz, 1961). The emphasis placed on human capital as the driver for economic growth in this theory is well suited for the current k-based economy.

Human capital theory also suggests an individual's decision to stay with a firm might hinge on whether their jobs would provide the best task-fit and returns for their skills (Bishop, 1997; Liu, 1984). Thus, a key issue for those who have invested in self-development is whether they are recognized by their firms. The recognition may take various forms such as opportunity to experiment and implement those new skills and/or likelihood to be considered for promotion. This marks the importance of human capital theory to be sensitive in matching individuals' job requirements to their capabilities. As such as employees develop and acquire new skills, firms need to change their responsibilities and accommodate accordingly in order to prevent a high turnover rate.

Taking the new perspective, a new theoretical boundary was formed for the study of training skill needs. It provides not only rhetoric of theoretical information for academicians, but in pragmatic application, it serves to illustrate to the practitioners of the need to be aware of their lack in organizational training needs. In addition, managers would be confident to manage their training needs in response to the organizational structure, while being assured that their commitment towards training resources is not wasted and their climate for training is conducive. This is an immense practical contribution and in line with the notion that organizations must initiate and continue to foster transformative learning even in conventional literature (e.g. Galbraith, 1991; Gilley & Eggland, 1989; Senge, 1990; Watkins & Marsick, 1992). Finally, this would inadvertently assist managers to avoid the pitfalls in misconstruing the lack of implementation with the lack of awareness in training needs identification.

## **1.7 Definition of Key Terms**

The key terms that are used in the present study will be introduced below to ease the readership and understanding of the context of research. The sources of these variables and their dimension will be elaborated further in Chapter 2.

### **1.7.1 Training**

Training in an organizational context refers to the planned efforts taken to facilitate learning on job-related behavior on the part of its employees (Wexley & Latham, 2002). With slight modification of the meaning, this study refers to training as a conscious effort to facilitate learning in job-related skills among employees in order to meet the task challenges and management objectives as well as strategies.

### **1.7.2 Task-Related and People-Related Skills**

The present study focuses only on two forms of management training (task and people related skills), which was derived from Thamhain's (1992) classification. Task-related skills include those that fall under the loosely define term of "hard" skills, which centers on technical or functional aspects such as financial management, production management, performance measuring, and planning. In contrast, people-related skills are closely tied to "soft" skills such as motivation, interpersonal relationship, negotiation, leadership, conflict resolution, and verbal communication.

### **1.7.3 Organizational Characteristics:**

The present study treats organizational characteristics as its control variables, which are: organizational size and type of industry (Abdalla & Al-Homoud, 1995).

#### **1.7.3.1 Organizational Size**

Size refers to the extent an organization has the ability to employ various kinds of resources for its operations (Kimberly, 1976). It can be represented by the total

assets, turnover or numbers of employees. However, since training is directly related to people management, the number of employees as a single indicator of an organization size is most appropriate in this context of research (Kimberly, 1976).

### **1.7.3.2 Type of Industry**

Industry classification is based on the standard provided by the Malaysian Bureau of Statistics. Although there are several firms in each industry type with different characteristics in technology and size, it is likely that firms within the same industry type may have some common attributes that affect their need for training. The attributes may be the extent and characteristics of competition, the risks associated with the industry, and their common exposure to the international business.

### **1.7.4 Organizational Structure**

Organization structure describes the allocation of tasks and responsibilities among individuals and departments. It designates the nature and means of formal reporting relationships as well as the grouping of individuals within the organization (Child, 1977). Given that all of the companies surveyed are part of a larger organization, the structure that this study addresses is the organizational structure (decentralization and centralization). **Decentralization** and **centralization** respectively refer to the delegation of decision-making authority throughout an organization and the extent of participation by managers in decision-making (Aiken & Hage, 1968).

### **1.7.5 Commitment towards Training Objectives**

The present study defines commitment towards training objectives as the state of being bound strategically or tactically to a course of action. This study is well aware of the many studies in organizational commitment such as Mowday (1998) and Meyer and Allen (1991). However, these studies on commitment were in pursuit of differing

objectives and not in the context of training and task-skill fit. For example, Mowday (1998) was more concerned with increased performance and reduced turnover and absenteeism from the perspective of committed employees and not the management. On the other hand, Meyer and Allen (1991) proposed that commitment should be seen as a form of psychological attachment through 3 forms, which are affective, normative and continuance. However, most of the items are not directly applicable to commitment in training objectives and resources.

### **1.7.6 Climate for Training Implementation**

Climate espouses the importance of shared perceptions as underpinning the notion of climate (Anderson, & West, 1998). More formally, organizational climate is defined as the way in which organizational members perceive and characterize their environment in an attitudinal and value-based manner (Denison, 1996). Therefore, in this research, organizational climate is applied to the environment of training implementation.

### **1.7.7 Organizational Training Needs**

This refers to the organization's perception towards their training needs. In the context of this study, it applies to the organization's responsiveness towards the training needs for skills such as task and people related to ensure organizations' effectiveness and productivity (Goldstein, 1993; Salas & Cannon-Bowers, 2001, Thamhain, 1992).

## **1.8 Organization of Dissertation**

There are altogether five chapters written in this dissertation. The remaining chapters of this dissertation will be organized in the following manner. Chapter 2 covers the main literature on training needs identification, organizational climate, top

management commitment in training and development and organizational structure. In addition, these areas will be synthesized to provide a theoretical model with the formulation of its hypotheses at the end of the said chapter. Chapter 3 provides an explanation on the research methodology, sampling procedure, and instrument of measurement. The results of the statistical analyses are addressed in Chapter 4. Finally, Chapter 5 provides a detailed discussion on the findings in tandem with the implication of the study, limitation, and suggestions for future research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter is designed to progressively discuss the essential literature for each construct that lays the foundation for the present study. The relevant literature in the area of job-competency training needs had been examined thoroughly. Following a review of the literature, gaps found in existing literature pertaining to the present study are briefly identified and discussed. This is followed by a discussion of the theoretical background of the present study. The literature review presented also provides the rationale for the formulation of hypotheses, which is discussed in the last section of this chapter.

#### **2.2 Value and Purpose of Training and Development**

In its essence, training in organizations is very much a planned, conscious effort undertaken with the aim of facilitating and building the employees with job-related skills and competencies that can contribute to the organization's productivity and effectiveness. As stated by Dowling, Welch and Schuler (1999), training aims to improve current work skills and behaviour, whereas development intends to increase abilities in relation to some future position or job, usually a managerial one (Dowling et al., 1999, p. 155).

Traditionally, training facilitates the implementation of strategy by equipping employees with the skills and knowledge needed to perform their jobs (Fernald, Solomon & Bradley, 1999). New hires to the organization for instance, usually are required to attend orientation programmes whereby they are taught how to perform in their initial assignment (Fernald et al., 1999). Employees who may not be working as



effectively as desired are sent for training to improve their current performance, so are the employees who are to be prepared for future promotions or for upcoming changes in design, processes or technology in their present jobs (Fisher, Schoenfeldt & Shaw, 1999).

In short, the bottomline purpose of training is clear. That is, to improve one's knowledge, skills and attitudes. It is regarded as a key element of better organizational performance. Fills and Mullins (1990) advocated the value of training, citing that it helps to progress the quality of human assets at the disposal of the organization. To both authors, the high worth of training can be reflected by the  $\text{€}$  change in the trained individual in the sense that it can increase the person's confidence, motivation and job satisfaction while providing recognition, enhanced responsibility and the possibility of increased pay and promotion. and simultaneously giving a feeling of personal achievement and broaden opportunities for career progression.

Apart from that, training and development also aid in solving immediate business problems as well as prevent those problems from happening. For example, through actions learning programs such as case studies, a team of managers studies a real problem and recommends a solution (Fernald et al., 1999). Training and development also helps a company to meet competitive challenges. Hassett (1992) for one, attests that claim by stating that training is in fact effective, a point which was made based on his review of previous studies. To keep ahead in a highly competitive and turbulent environment, Martocchio and Baldwin (1997) suggested that the function of training is to foster a continuous learning culture as well as stimulate managers to reinvent their corporation. As for companies attempting to expand into foreign

marketplaces, training is essential as their success will be determined by their employees' ability to work in a new culture (Noe, 1998).

Decades ago, training and development were not viewed as an activity that could help companies create value and successfully deal with competitive challenges (Fernald et al., 1999). Rather it was deemed as an unplanned activity with low status and low priority (Fills & Mullins, 1990).

Fortunately today that view has changed. Most companies realized that innovative training and development are likely to report better financial performance than their competitors (Fernald et al., 1999). It is an irony though, despite the growing favourable perception towards training and development, many organizations still have a history of poor take-up rates for training support offered by government agencies and other agencies (Fills & Mullins, 1990). Small businesses in the United States, for example, had been reluctant to invest in employee training, feeling that it was difficult to see an immediate pay off for the cost of training classes and production time (Fernald et al., 1999). Sivi (1997) also found that promoting training and development were simply not proactive because companies did not believe that training pays off.

Apart from small businesses, Western multinational enterprises (WMEs) also neglect the provision of preparatory training for its employees on international assignments (Baumgarten, 1995; Tung, 1982; Welch, 1994). The excuses they gave for not carrying out training include: 1) lack of time, 2) lack of training experts and expertise, 3) training is not thought to be effective, 4) the temporary nature of most assignments did not permit budget expenditures for training, 5) technical skills were the only ones

needed to carry out assignments abroad, and 6) the right people do not need to be trained (Shen, 2005).

As for Chinese WMNEs, training is thought to be unnecessary as technical skills were regarded to be the main factors for successful overseas assignments and intercultural competencies were not important (Shen, 2005). Moreover, it has been a traditional belief that technical skills are considered hard to be gained from short training. The reason given for not providing proper training is usually the lack of expertise. However, time and money are normally not an issue. In the event that training was seen to be important, money and time would be arranged so that training could be carried out (Shen, 2005).

In Malaysia, training is not truly given the seriousness that it deserves. To illustrate, a study conducted by Ismail and Othman (1993) using data collected from the manufacturing sector showed that only 44 percent of the responding organizations conducted formal training. Another 38 percent conducted only informal training. Their study also showed that there was a lack of attention given to transference of skills in the training evaluation process.

Another Malaysian study carried out by Saiyadain and Juhary (1995) suggested that there were relatively mild commitments of top management related to training and some resistance by middle managers to the function of training. The Malaysian researchers stated that there were some who believed that training had been given undue importance and that the experience on the job was good enough to develop the necessary skills and efficiency to perform job. While it was true that training could not entirely substitute job experience, training definitely had certain advantages (Saiyadain, 1988). These are among others:

1. training can shorten the time required to reach maximum efficiency unlike experience.
2. the cost of training is much less compared to the cost of gaining experience, particularly if one is dealing with expensive equipment.
3. the results of experience can sometimes be accidental, particularly when experience depends solely on trial and error.
4. the degree of predictability of on the job experience is far less when compared to the outcome of a well conceived and well conducted training program.

Saiyadain and Juhary (1995) also found that some organizations sponsored their managers to attend training programs in order to reward them for the good work (paid holiday) that they had done. Interestingly, some organizations hoped that their managers to pass organizations' problems to trainers during the training sessions. Many times, top management did not send the relevant employee(s) for training but instead send any person just to make up the quota. Training, therefore, turn into nothing more than statistics and reinforces the impression that it did not have much value (Saiyadain & Juhary, 1995).

### **2.3 Human Capital Theory**

One of the main theories that can be applied to the study of training and development is the human capital theory. The implicit assumption of the human capital theory suggests that education and training for economic development and social progress are perceived as investments that yields social and private returns through the increased in knowledge based workers (Schultz, 1961). The emphasis placed on

human capital as the driver for economic growth in this theory is well suited for the current k-based economy.

However, Schultz's theory places the onus on the individual to become more skillful, educated and be responsible towards his/her chances of employability. The theory suggests that individual is at fault if he/she does not succeed (e.g., too lazy, not intelligent enough, etc.), as opposed to biasness in the system. Other factors such as socio-economic status, ethnicity, gender, and others were not part of Schultz's consideration. As such, Bouchard (1998), challenged seven basic assumptions inherent in Schultz's theory. Both of the two authors' views are synthesized in the Table 2.1.

Prior to Bouchard (1998), Becker (1965) had made an acute observation to Schultz's (1961) second assumption mentioned in Table 2.1, which is "more training leads to better work skills". According to Becker's (1965) theory of human capital, firms will not pay to develop employees' general skills due to the potential increase in employee's employability elsewhere. This is somewhat paradoxical when at times the distinction between general and specific skills is blurred and specific skills in one form might turn out to be general skills in another. Hence, an organization that attempts to equip employees with task-specific skills might also risk losing them to other employers (Capelli, 2000).

**Table 2.1**

***The 7 Assumptions of Schultz (1961) and As Challenged by Bouchard (1998) on Human Capital Theory***

<b>Assumptions by Schultz (1961)</b>	<b>Challenged by Bouchard (1998)</b>
Human Capital is in investment in the future.	Impossible to accurately predict future labor market needs. All forecasting tools not reliable enough for prediction.
More training leads to better work skills.	Organizations only value particular skills and these differ over time. There are not necessarily 'better' skills, just ones that fit the needs of the organization at that point in time.
Educational institutions play a central role in the development of human capital.	At present, traditional educational institutions are not as relevant or effective, causing on the job-learning to be more relevant.
Employees need to improve their skills.	Task complexity reduces due to technology. Improving one's skills is not because of the tasks that are required by the job but the need of having to compete in a job market with people who more/over qualified.
Training enhances employability.	Many individuals do not have access to training and thus access to jobs, while others may have access to training, but not increase promotional chances within the organization.
Training can compensate for skill shortages.	There is no such thing as skill shortages, but rather a skill-mismatch. In other words, for various reasons, individuals with appropriate skills do not find work. Three reasons given are: labour market dynamics, structural discrimination, and employee self-selection.
Employment and unemployment are economic concepts.	The labor market is UNLIKE other market. There exist social forces that prevent people from having equal access to employment regardless of their skill and experience.

Human capital theory also suggests an individual's decision to stay with a firm might hinge on whether their jobs would provide the best task-fit and returns for their skills (Bishop, 1997; Liu, 1984). Thus, a key issue for those who have invested in self-development is whether they are recognized by their firms. The recognition may take various forms such as opportunity to experiment and implement those new skills and/or likelihood to be considered for promotion. This marks the importance of

human capital theory to be sensitive in matching individuals' job requirements to their capabilities. As such as employees develop and acquire new skills, firms need to change their responsibilities and accommodate accordingly in order to prevent a high turnover rate.

#### **2.4 Top Management's Commitment**

Top management or leaders play important roles in organizations, such as allowing members to freely share their ideas and experiences gathered from training (Oldham & Cummings, 1996). Organizations are aware that their leaders should project supportive leader behavior in order to generate a trusting group environment that is favorable to individual development (Edmondson, 1999). The perception of 'psychological safety' by group members are positively aligned with effective social processes, which includes frequent feedback, information seeking, and open discussion of errors (Edmondson, 1999; Oldham & Cummings, 1996). In the setting of creating a supportive climate for training implementation, "psychologically safe" environment can be construed as top management's commitment towards training objectives which promotes learning and growth.

#### **2.5 Open Climate and Positive Perception**

The group climate is important as it portrays individuals' cognitive representations of the group environment based on their interactions within the group (Anderson & West, 1998; Schneider & Reichers, 1983). A group climate that is characterized by open communication and trusting relationships among members may be related to positive changes in members' training and development since it allows experimentation with new ideas and skills gathered from training as well as frequent and open exchanges of feedback without the fear of appraisal (Anderson & West,

1998; Edmondson, 1999). Hence, a positive perception of the group may imply that employees perceive the group setting as supportive for exploring and practicing new skills (or training implementation).

It should be noted that organizational climate is not based on a single dyadic relationship within the group, but are based on overall interaction patterns among employees and the training and organizational structure that dominates the interactions within the group. Thus, organizational climate and the perceptions represent 'ambient' stimuli that reflect the nature of the whole organization instead of a group (Hackman, 1992). Phenomena such as shared norms, collective mind (Weick & Roberts, 1993), and group information processing (Hinsz, Tindale, & Vollrath, 1997) can be characterized as properties of organizational climate based on collective perceptions. Thus, these collective properties may have inter-functional effects that cover every member across organizational structure (Hackman, 1992).

## **2.6 Climate for Training Implementation**

In the context of training literature, the importance of situational characteristics namely the working environment are often highlighted (Baldwin & Ford, 1988; Tannenbaum & Yukl, 1992; Colquitt, LePine & Noe, 2000). Tracey, Tannenbaum, and Kavanagh (1995), for one, examined an organization's climate for transfer, which refers to trainees' perceptions about characteristics of the work environment that influence the use of training content on the job. They posited that the main features of a positive climate may include adequate resources, cues that serve to remind trainees of what they have learned, opportunities to use skills, frequent feedback, and favorable consequences for using training content, which were also supported by Ford, Quinones, Segó, and Sorra (1992). In addition, it was found that such a climate



predicted the extent to which employees engaged in trained behaviors on the job. Similarly, through Rouiller and Goldstein's (1993) research, they found that a positive climate was associated with transfer of managerial skills in the fast-food industry.

The aforementioned climate indeed can be seen to encompass the support from fellow organizational members. Several researchers (e.g., Birdi, Allan, & Warr, 1997; Clark, Dobbins, & Ladd, 1993; Fecteau, Dobbins, Russell, Ladd & Kudisch, 1995) examined the perceived presence of manager support or peer support for participation in learning activities. Fecteau et al. (1995) were convinced that both managers and peers can help trainees, particularly in transferring learned skills on the job, a belief previously held by Baldwin and Ford (1988). Fecteau et al.'s (1995) study of 967 managers in departments within state government agencies revealed a positive link between peer support and transfer and a positive link between manager support and motivation to learn. Another team of researchers i.e. Birdi et al. (1997) linked manager support (though not peer support) to increased on- and off-job learning, increased development, and increased career planning. Clark et al. (1993) suggested that supportive managers are able to emphasize the utility of training to the job and in so doing impact trainee motivation.

## **2.7 Commitment towards Training Objectives**

Studies in organizational commitment are frequently undertaken by researchers such as the ones conducted by Mowday (1998) and Meyer and Allen (1991). However, their studies on commitment were clearly investigating different paths and did not cover the context of training and task-skill fit. For instance, Mowday's (1998) interest was on increased performance and reduced turnover and absenteeism from the

perspective of committed employees and not the management. Neither did Meyer and Allen's (1991) research relate to commitment specifically in training objectives and resources. The authors proposed that commitment as a psychological attachment may take the following three forms: affective, normative and continuance.

Nevertheless, commitment towards training objectives can be interpreted as the organization's obligation to plan and execute necessary strategies and actions in order to ensure the training is implemented successfully. An organization's commitment can be seen reflected in the importance and priority given to the whole training process, from the first step of identifying training needs until the point of actual training execution.

Having examined training practices in the Malaysian context, Saiyadain and Juhary (1995) concluded that training in manufacturing sector was still given low priority. This was exposed by the lack of a developed procedure for training needs assessment, the absence of a training department in many companies, and poorly developed training evaluation procedures. Moreover, the approach taken by the companies tended to be fragmented. In short the researchers attributed this to the low level of top management commitment.

Some organizations have had training programs for years and are convinced of the benefits - a clear indicator of their serious commitment to training and development. Meanwhile others are oriented primarily toward the valid selection and placement of experienced applicants and, therefore, deemphasize the training function. The organization's emphasis on personnel selection versus employee training depends a great deal on the attitude of key person within the company (Wexley & Latham, 2002), in other words the top decision makers. Specifically, the attitudes of the chief

executive officer and the executives in charge of various divisions or locations are the main source of company training philosophy. They are the ones who will determine the extent of commitment placed on training.

In sum, if training is to be effective, there has to be a genuine commitment starting from the top to management and throughout all levels of organizations. For the full benefits of training to be secured there has to be, for one thing, a planned and systematic approach to the effective management of training (Fills & Mullins, 1990).

## **2.8 Organizational Training Needs**

Thamhain's (1992) survey among 220 engineering managers believed that majority of skills (95 percent) is attainable through proper and systematic training methods, instead of being attributed to gifted individuals. Nonetheless, the fundamental aspect of this argument lies in the identification of training or skill development needs. Thamhain's (1992) study relating to skills needed by employees, particularly managers, led to a list of 42 skills which were classified under two major categories. One of the categories involved task-related skills can also fall under the loosely defined term of "hard" skills. These skills centre on technical or functional aspects such as problem solving, ability to manage technology, administrative skills like planning and organizing multi functional programs, performance measuring, understanding policies and operating procedures. Thamhain (1992) argued that functional and administrative skills in this categorization are concrete and trainable. If being trained properly, the outcome can provide immediate measurable results. Thamhain's (1992) second set of skills concerned people-related skills which are closely tied to "soft" skills such as motivation, interpersonal relationship, negotiation, leadership, conflict resolution, and verbal communication.

It is well acknowledged that one of the most important steps in training and development is conducting a training needs analysis – a process of deciding who and what should be trained (Salas & Cannon-Bowers, 2001). Hence, a training needs analysis is primarily conducted to determine where training is directly needed, what needs to be taught and who needs to be trained (Goldstein, 1993). Among some of the positive associations that is derived from conducting a training needs analysis would be the determination of learning objectives which in turn shape the design and delivery including the process of criterion development. To be effective, Salas and Cannon-Bowers (2001), asserted that a training needs analysis must ensure that it encompasses three important components – organizational analysis, job/task analysis and occasionally person analysis if a special skill is required or perhaps a particular deficiency is to be addressed on the part of the individual.

Nevertheless there exist organizations that still encounter difficulties in identifying the type of training needs required by the organization. To illustrate, a recent study by Poon and Othman (2000) examined the current state of management training and development in Malaysian organizations. Human resource practitioners of 94 manufacturing and service organizations were surveyed on issues related to training commitment, training need assessment, training content and approaches, as well as training evaluation. It was shown that Malaysian organizations had developed and implemented the basic processes in training management which include performing training needs assessment and undertaking training evaluation. Upon closer examination, however, the findings indicated that there was a lack of sophistication in the implementation of this process. The training needs performed was still based on past data, that is, using information such as job content and company records to identify training needs. Likewise, training evaluation still relied on rating sheets