The Impact of Management Development Program to Employees' Job Perfomances of a Telecommunication Company in Indonesia

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Abstract
This research had been conducted to explore the relation beetween Management Development Program and employees' job perfomances at a telecommunication company in Indonesia. The job perfomances being analysed consist of employees' ability and motivation as well as working environment. Both primary and secondary data had been utilized. Primary data was collected based on Individual Depth Interview among training participants and training providers, whereas secondary data had been collected based on available information concerning training reports, company profile, employees perfomances after undertaking the program etc. The secondary data was analysed by using Structural Equation Modeling. The research concluded that there was no significant impact of Management Development Program to employees' job perfomances. Initial observation suggested that the focus of the Management Development program being conducted was not in line with goals of the company.
Keywords: employees' job perfomances, individual depth interview, management development program, structural equation modeling

1. Introduction

In order to develop the ability and skill of human capital, trainings were conducted in organizations. Training is a systematic process of knowledge, skill, attitude and behavior that defined clearly and measurable (Robbins, 2001). Noe (2008) also states that training as an effort, organized by a company, to facilitate employee learning at certain competencies related to their works. To develop managerial ability in an organization, it usually done by conducting training called Management development Program (MDP).

Organizations expect that by conducting training, they can achieve the predetermined goals. One thing that can be done to make sure if the training has reached the predetermined goal is by doing an evaluation. Training evaluation is a process of gathering the result to decide whether the training was effective (Noe, 2008). Meanwhile, Kirkpatrick (2005) states that to evaluate training is to measure whether there are behavior changes as a result of training program.

Many researches in training evaluation had been done yet only limited to evaluation of [training] reaction and knowledge (Al-Athari and Zairi, 2002). Individual performance often used as a means of measuring training effectiveness. This research will analyze the effect of MDP training towards individual performance and factors included in the appraisal measurements.

Research object used in this research is company that have been developing its human capital through MDP training program. Analysis of both secondary data and interview results are expecting to give an answer of how MDP trainings affect employee performance appraisal.

2. Literature Review

Management Development Program MDP is a strategic element in organizations (Savaneviciene, 2008), to develop manager's skill and enable the company to achieve its goal. MDP has been known as an instrument needed in any kinds of organizations, from small organization, multinational company, as well as both profit and non-profit organizations. MDP is not only for new manager but also for existing manager who's been serving the organization. The objectives of MDP are to improve employee ability by telling them what is expected from them, as for now and in the future, and to prepare them with suitable managerial skills needed to achieve the company's predetermined goals.

Knowledge improvement is one of training objectives that can be achieved by doing training, while improvement in work result can be achieve through action learning. Improvement in organizational performance and career are affected by many other factors, such as system and organizational environment.

Management development objectives can be seen from both side, from the manager itself and organizational perspectives. Managerial development is an essential thing to do, in order to develop competencies that will encompass managers towards better outcomes and enable them to get the opportunity of better career development (Zakarevisius and Zukauskas 2008). Employee career development is defined as identified existing skills, as well as skills needed in the future. In the previous time, it was human resource department who is responsible for employee career development. As the business environment changes, it is not possible to do it the same way as before.

Improvement of managerial skills is usually attained through conducting a distinct training based on

company needs which called as Management Development Program (MDP). MDP is a program which aims to improve employee managerial competencies; specifically soft competencies related to each company needs.

It can be concluded that the objectives of management development program is to improve managers' ability so that their performance is improved as well; and give a positive impact to organizational performance. Most of the definitions state that management development as an activity that more concern to organization objectives rather than individual or personal aspiration. It also views managers as organizations resources, and management learning as a catalyst of functional performance; emphasizing in improvement of managerial skills to achieve organization or company performance objectives; as a planned and structured strategic activity.

Indeed, there are a lot of companies that perceive less impact of MDP training to employee performance. How training can give a positive impact to performance is a question to be answered in this research.

2.1 Perfomance

Performance is a work outcome achieved by a person, qualitatively and quantitatively, in completing ones task and responsibility. Performance is a result or ones of overall level of efficacy, in undertaking the task during certain period of time, compared to other possibilities such as output/outcome standard, target, objectives or other predefined accepted criteria.

There are various terms of performance, based on scope, work unit, or job level. One's performance when following training, or while doing his action learning, and individual performance in a company has its own distinctive scope.

2.2 Training Perfomance

Training effectiveness in class depends on certain variables as follows (ILO):

1. Training objectives, a statement about behavioral change that expect during and/or after training.
2. Participants/trainee, as the subject which behavior to be changed.
3. Facilitator/trainer, one who will deliver the training subjects.
4. Training module, consists of concepts and theories to be learned during training sessions.
5. Method, the way of delivering training modules during the training sessions.
6. Surroundings, place and time available to conduct training.

Normally those are the aspects used as indicators to measure evaluation of trainee's reaction regarding the training.

2.3 Transfer of Training

Training effectiveness is not only measured by trainee's satisfaction, but also from other aspects.
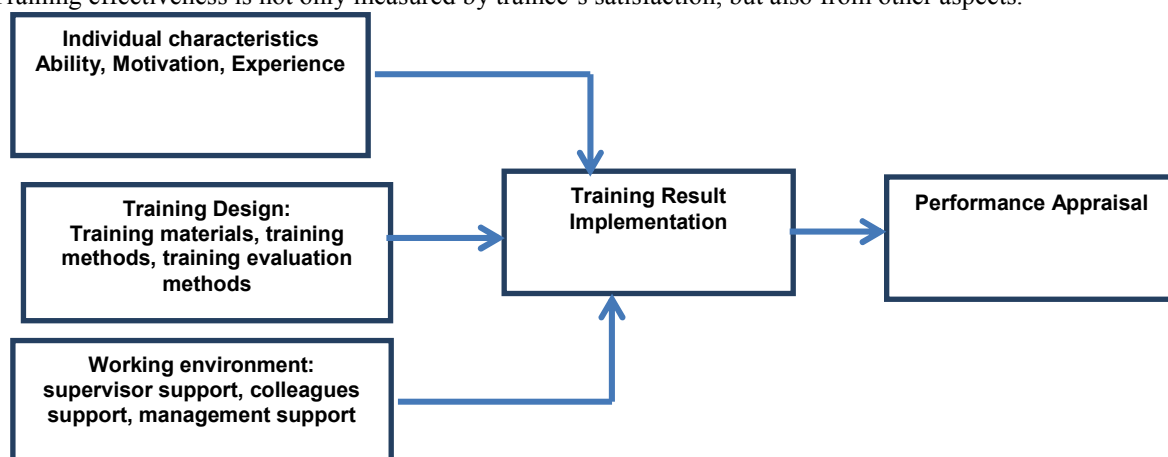

Figure 1. Factors Affecting Transfer of Training
Source : Baldwin and Ford (1988)

Baldwin and Ford (1988) state there are three essential factors in transfer of training, (1) charahcteristics of trainee, such as trainee ability, personality, expectation of training suitability; (2) training design, at which training were designed and delivered to expand trainee ability and learning implementation in real work (supported by Holoton, 2000), (3) working environment, which affect transfer of training apart from learning process (supported by Burke and Hutchins, 2008). Several researches has tested working environment and organizational factors affecting transfer of training.

Figure 1 shows that ability to implement training outcomes are affected by individual characteristics, training design and working environment. The ability to implement training outcome affecting performance

appraisal of working outcome.

2.4Employee Perfomance
Bohlander (2013) states that performance is defined as the function of interaction between ability, motivation and environment; formulated mathematically as follow.

$$P = f (A \times M \times E)$$

- P = *Performance*
- A = *Ability,* individual capacity to perform and to complete a system in exploiting resources and technology effectively and efficiently in order to get optimum result.
- M = *Motivation* individual intensity and persistency toward completing the task and achieving maximum working outcome.
- E = *Environment* includes tools, working design, economic condition, rules and policy, management support, law and legal.

Below are the elaboration of factors affecting to employee performance, as depicted at Figure 2.

Factors Affecting Employee Performance		
Ability (technical skill, interpersonal skill, analysis and problem solving skill, communication skill, physical limitation)	Motivation (career aspiration, expectation and determination, satisfaction and work stress, fair perception, relationships between colleagues)	Environment (tools, working design, economic condition, rules and policy, management support, law and legal)

Figure 2. Factors Affecting Employee Perfomance
Source : Bohlander (2013)

3. Research Methods
3.1 Research Setting
This research was conducted at a telecommunication company which had held MDP. The MDP training held at December 2013. Partial secondary data were gathered on December 2013, and the rest was gathered on May 2014. Primary data were collected using in-depth interview on June – July 2014.

3.2 Research Approach
This research used case study approach. Case study is a descriptive studies method based on real life, problem or phenomena and situation representing analysis, planning, decision making and action on certain predetermined boundaries. Thus, all information about what was happening during the training are needed (Yin, 2009).

3.3 Data and Data Source
Both primary and secondary data were used in this research. Secondary data include trainee profile, trainee appraisal, MDP training reports, employee performance appraisal report, and company profile. Primary data comprise all in-depth interview result with stakeholders, responsible for training activities.

3.4 Data Gathering
Secondary data were gathered by assessing internal archive and documents; while primary data were gathered through in-depth interview. The purpose of this interview is to explore what was perceived by respondents about what occurred during the MDP training.

3.5 Data Analysis
Both quantitative and qualitative are used in this research. Structural Equation Model-Partial Least Square was used to analyze the effect of in class training to action learning; as well as to analyze the effect of MDP training to individual performance using evaluation result of MDP training. Interview results were analyzed using qualitative approach in order to get insght about factors affecting MDP training effectiveness.

4. Results and Discussion
4.1 MDP Training Result
MDP training in the studied company aimed to develop managerial ability of employee who had been sitting on their first managerial layer. The training were lasted for six months, consists of two workshops; in which one workshop conducted in class (in class training, ICT) for three days while the other workshop conducted to complete certain tasks (action learning, AL).
This MDP training were followed by 33 trainees, whose age were ranging from 34 to 49 years old; and have been sitting as manager for four years on average. While the training going on, several evaluation were

done comprises as participation evaluation, comprehensive test, and general test; as well as evaluation to proposed project paper, coaching and implementation process. Those evaluation were grouped as ICT assessment: participation, comprehensive and general test; and AL assessment: evaluation of proposed project paper, coaching and implementation process. From 33 data, only 30 data were valid.

No.	Participation Code	Participation Score	Test Score	Compre Score	Project Paper Score	COACHING Score	Implementasi Score
1	A	80,83	84,92	77,86	91,35	80,00	89,79
2	B	80,00	86,53	87,29	88,58	80,00	87,70
3	C	80,83	85,38	90,00	90,70	87,60	91,89
4	D	81,67	83,30	89,57	92,45	81,00	89,82
5	E	81,33	86,47	88,71	86,90	88,80	87,80
6	F	83,67	85,77	82,86	95,44	95,00	95,92
7	G	88,67	86,57	88,57	90,03	79,20	89,00
8	H	83,33	83,80	80,57	90,38	80,00	87,48
9	I	81,67	83,30	83,00	91,40	80,00	86,79
10	J	80,83	82,35	86,29	86,01	88,20	88,29
11	K	84,67	84,90	79,00	86,81	80,00	84,54
12	L	82,50	83,08	76,86	82,20	80,00	82,95
13	M	81,33	85,07	80,57	83,20	84,00	84,29
14	N	81,67	81,67	87,86	87,00	89,00	88,37
15	O	81,67	85,40	88,57	85,81	95,00	87,92
16	P	86,67	86,90	88,29	91,73	89,60	93,51
17	Q	83,33	81,47	81,43	83,13	86,40	87,16
18	R	80,83	82,58	70,71	87,67	79,60	87,57
19	S	86,67	86,67	87,43	90,87	91,20	92,76
20	T	84,50	86,72	91,29	90,51	88,20	88,86
21	U	87,83	86,55	84,71	84,53	86,40	85,89
22	V	80,00	81,87	89,57	92,18	91,40	89,76
23	W	80,00	80,93	79,29	84,74	82,40	83,70
24	X	84,17	84,75	85,14	89,48	91,10	91,41
25	Y	83,33	82,17	83,71	87,12	85,20	83,72
26	Z	80,00	82,10	79,00	76,54	78,00	76,29
27	A1	80,00	80,23	74,00	82,02	88,80	80,09
28	B1	80,00	86,30	84,29	86,75	85,70	88,27
29	C1	82,00	82,67	73,57	62,25	80,00	39,63
30	D1	81,67	80,67	76,71	80,69	80,00	86,29

4.2 Analysis of Relationship Between MDP Training and Perfomance

Because of the limited available data, SEM-PLS method was used to conduct the analysis. Result of the analysis is depicted in Figure 3 as below.
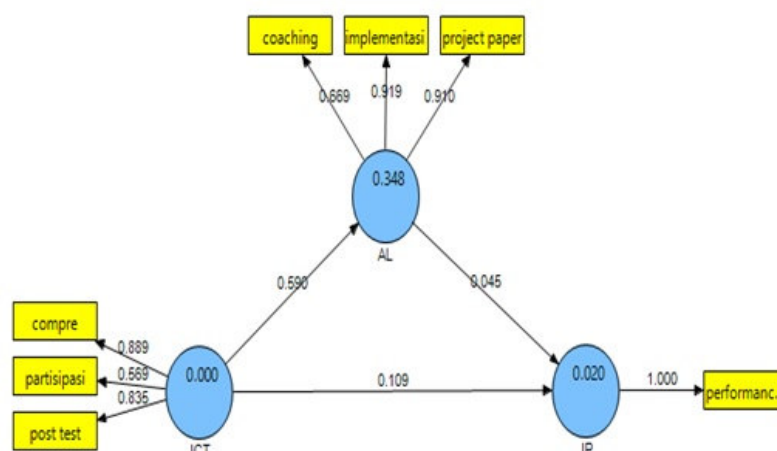
Coefficient of determination (R^2) for endogen variable IP is 0.020. This figure means that variation in IP can only be explained 2% by ICT and AL factor, while the other 98% were affected by another factors other than AL and ICT.

4.3 Analysis of Factors Affecting Perfomance

According to Bohlander (2013), performance is defined as the function of interaction between ability (A), motivation (M) and environment (E); as formulated on Performane = f (A x M x E). Those three variables are the determinant factors of performance. Environment aspect indicates that there is not any deterring factors that hinder employee from being outperform. Though one are possibly willing and capable [of doing task], they could be facing obstacle, deterring themselves from completing the task.

Relatively, the ability of MDP trainee are similar from one to another trainee. Due to tough selection process, MDP trainee utterly have adequate ability. They also has been serving the company for more than 10 years and sitting as managers for four years (on average); resulting on excellent ability and technical skills, interpersonal skills, and ability to problem solving and analysis.

Based on in-depth interview, MDP trainee were motivated to follow the training because it was mandatory; it was required by human capital division and their superordinate, as stated by Participant A, B, C, D and E "*Participation in training was merely to fulfil the obligated preparation program before serving as new manager*," they say, "*By joining MDP training, we will get new knowledge about how to manage employee.*"

This means that their participation on MDP training program was not only because it was mandatory, but also because of their willingness to expand their knowledge on management. Participant 3 says that MDP training was unnecessary, that he's not that motivated to participate in the training program compared to other trainee who has not been in managerial position.

Those statements were supported by company circumstances which has been on transformation that management team establish various new policy; as stated by MDP training project manager as follow:

"*…there are approximately 350 managers who haven't got managerial skill; and never been on managerial position. They face leadership challenge in managing organization; changing role from staff to manager; or transitioning from a single contributor to a leader.*"

During this transformation period, there were uncertainties and a lot of changes happened in the company. This conditions leads to public concern as stated by Participant A as follow:

"*The situation in this company is subtle due to ongoing transformation. The entire organization, division of task, hierarchy level, are affected by this condition. Employee were worried that they will affected by organization alteration.*"

Some of the expressions presented above indicate that participants urge to attend training because of the assignment of the supervisor and enthusiast of receiving new training materials. Formerly they only participate in technical training, they have not been participating in managerial training though they require knowledge of how to manage their work unit.

Setting the training as an obligation is indeed the easiest way to encourage employee to develop their knowledge and skills; particularly trainings that related to employee career development. Nonetheless, managerial training conducted after the participants served as manager, considered to be less motivated than before serving as manager.

Every organization that conduct training expect not only the participants understand the materials being studied, but also to implement them in the workplace. This motivation is influenced by management support in the form of providing the necessary facilities for the training outcomes; support from the super ordinate in the form of coaching or mentoring during the implementation process, as well as support from colleagues to implement the training result. Other factors, support from super ordinate and co-workers will be discussed in the environmental factors section.

In addition to the above mention, based on the results of interviews, it revealed that the assessment of individual performance in the company was not only based on the work of the individual, but also considering the performance appraisal of group work unit. Such information as expressed by Super ordinate A as follows:

"*To maintain the PA (Performance Appraisal) score, it must be from corporate and individual assessment. It was wery difficult to relate the effects of training on the PA score because the score consists of many components.*"

There are differences between the training environment, work environment, and organization environment. Training environment is the surrounding of the training setting, including training facilities, layout, lightning, sound system, classroom circumstances, and the involvement of the participants. The work environment includes factors such as management support, encouragement of co-workers, adequate resources, opportunity to implement the skills learned, technical support, and the consequences putting the learned skills into the workplace (Burke and Hutchins, 2008; Lim and Morris 2006; rouiller and Goldstein 1993; Tracey et al. 1995). Organization environment is more global than the other two, related to external factors. Environmental differences indicate that there are many factors beyond the training that affect employee performance.

4.4 Analysis of MDP Training Participant

The relationship between MDP training and performance can be seen through the grouping of MDP trainees

shown in Figure 4. Thirty participants were by the final score and performance appraisal as shown in Figure 4. The final score (NA) on the horizontal axis is divided into two groups: (1) Participants whose final score were above average, and (2) Participants whose final score were below average. Individual Performance Appraisal (IP) on the vertical axis is divided into two, namely: (1) Participants whose IP = 2 and 3, (2) Participants whose IP = 4 and 5. The result of this classification is depicted in four quadrants; on Quadrant 1 there are 5 participants, Quadrant 2, there were 13 participants; Quadrant 3, there were 9 participants; Quadrant 4, there were 3 participants.
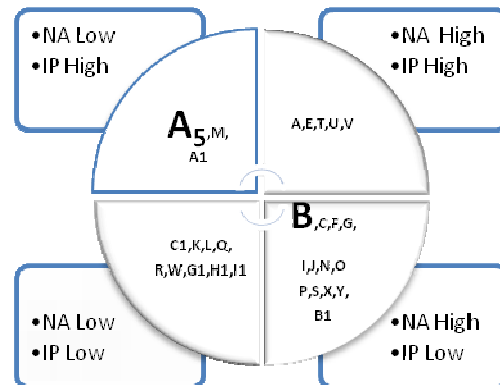

Figure 4. Classification of MDP Trainee Profile

Rationally participants who has higher final score [on training evaluation] will have a higher performance appraisal score as well and vice versa, but in this case there were certain participant who has a good score on training evaluation yet their score on performance appraisal were not that good, and vice versa. Results of interviews with deviant respondents described as follows:

1. Participant B who received high NA but low IP, was the only remaining employees of his batch [of MDP training]. Organizational change gave much impact on the policies made by the management and affecting the employees. Changes that occurred was shifting of position from division head to expert.
2. Participants A5 who received low NA but high IP did not complete the Action Learning (AL) due to both his and his super ordinate's busy schedule, resulting in lower final score. However, he has very close relationship with his super ordinate that he always tailed his super ordinate wherever the jobsite is. Based on the appraisal guideline, the first appraiser was the direct supervisor.

The interview results showed that the participants who were able to obtain high score during training yet got a lower score on performance appraisal was influenced by his decreasing enthusiasm. This shrinking enthusiasm most probably was caused by dissatisfaction over the company's management decisions [that impact on the participants]. Meanwhile, some participants have lower score on final score, but high score on performance appraisal. The possible cause of this issue is due to their super ordinate are more concern about the work result rather than the development process of employees.

Increasing knowledge and managerial skills are the result of MDP training. Knowledge and skills are influential factor in improving the competence, though there are many other factors that affected to competency improvement. Competency were directed at a person's behavior and build capabilities, and competency is one of the factors that affect the individual work result (individual performance). It required several competencies to gain individual performance in addition to motivation and environmental factors.

4.5 Difference Between MDP Training and Employee Perfomance
This research found a difference between the evaluation of the performance of MDP training and performance of employees which is used as a measurement of the effectiveness of training. In Table 1 are shown the difference between MDP training assessment and appraisal of employee performance based on the indicators used.

Table 1. The difference between MDP training evaluation and employee performance appraisal

	MDP Training	Employee Performance
Indicator	Training evaluation score	Performance Appraisal
Evaluator	In class training was evaluated by facilitator, Action learning was evaluated by facilitator and direct super ordinate	Appraisal was given by direct supervisor, and one level above
Scoring method	Judgement (particularly AL was score based on specific form)	Consolidated judgement of all super ordinate
Scoring scale	0 – 100	1 – 5
Evaluation period	Right after the training is done	Annually, at the end of the year

It is possible that the lack of correlation between the MDP training and employee performance in the studied company is due to this differences.

5. Conclusion and Recommendation
5.1 Conclusion
Based on preceding analysis and discussion, it can be concluded that:
- MDP training does not directly affect to individual performance appraisal
- Qualitative analysis showed that participant who has high score on training [evaluation] doesn't always have the same result on performance appraisal, and vice versa. It was because during the training occur, evaluation was mostly given by facilitator, only small part of the evaluation given by participant's direct super ordinate. Meanwhile, employee performance appraisal was given their direct supervisor, and one level above.
- Possible cause of why MDP training doesn't affect to employee performance are differences in measurement unit used

5.2 Recommendation for Future Research
Evaluation on training effectiveness should be based on the predetermined training objectives; not only based on individual performance appraisal. MDP training will show much impact to employee performance if management team consider training as an essential part of the organization, and putting training result as one criteria on employee performance appraisal.
It is suggested that future research should include other variables such as monitoring and control of MDP training result.

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