CHAPTER 1

1.1 INTRODUCTION:

1.1.1 Nature of the Study:

Rapid advancement of technology strongly realized the managers to increase their access to all those resources which are helpful to achieve their targets and goal. The business needs in this era are not limited. Management uses all possible ways to improve the system to get competitive advantage in the market. The resources required by the management to improve business performance include finance, manpower, technology and material. Every organization keeps its eyes on the best available resources in the market, because it knows, by using these best resources organization would be able to achieve its ultimate objectives and goals. Krishnaveni and Sripirabaa (2008) argued that growing organizations constantly seek to improve program implementation, to develop new resource or address needs in the community. To successfully manage the organizational plans, managers need to perform all functions effectively and need to use their human resources in a best possible way to maximize the organizational productivity.

Organizations maintain high quality standards by using Total Quality Management (TQM) system; achieve customer satisfaction by satisfying customer needs; expand the market boundaries by catering the consumer demands; proper budgeting and financial activities by using effective accounting systems. To perform these functions in an organization, Human Resource Management is seen as an important activity and studies have provided empirical support for the impact of HRM practices on an organization performance level (Huselid, 1995; Koch and Hundley, 1997).

Recruitment, selection, training, appraising, compensating employees, attending to their labor relations, health and safety and fairness concerns are the functional boundaries of the Human Resource Management. Many organizations believe that training is an important part of HRM. Moreover, training contributes to an organizational ability to achieve its goal by ensuring that its work force has the knowledge and skills needed both currently and in the future (Selden, 2005). Furthermore, Nikandrou, Brinia and Bereri (2009) argued that the main goal of training is to provide, obtain and improve the necessary skills in order to help organization achieve its goals and create competitive advantage by adding value to its key resources. The concept of training and development is not only belongs to the organizational development but it also relates to the employee development. More clearly, training and development work as bridge to convert the employee's skills and expertise to organizational performance. From employee's perspectives, training and development work as tool to improve the employee's skills, knowledge and abilities to perform different job tasks for successful business operation. In contrast, from organizational perspectives, training and development activities helps management to stay in the market and get competitive advantage based on employees and organizational distinguish performance.

Training professionals design training activities in accordance with organizational goals and objectives. They should make sure the provided training is sufficient to perform required tasks to achieve organizational objective. Mackay (2007) argued that much of the training offered is in itself excellent, but it is often not planned with the organization's corporate goals and objectives in mind. The basic aim of the employees' training is to assist organization to achieve their objectives. Kauffeldd and Willenbrock (2010) argued that organizations have been investing huge amount of money in human resource development to cope with the rapid change in work environment. They further

argued that it is imperative for organizations facing global competition to continuously advance employees' knowledge, skills, abilities and attitude.

1.1.2 Training Investment in Different Countries

Organizations spend millions of dollars on the training sector. The amount of payroll spent on the training activities varies throughout the world: in the US, information technology organizations spend 2.1% and the health sector spends 1.2% (Marquardt, Nissley, Ozag, and Taylor, 2000); in Australia, organizations in the public sectors spend 3.2% and organization in private sector spend 2.3% (Jentsch, Salas, and Brannick, 2001); in New Zealand, organization spend around 3.7% (Pio, 2007) and in the UK, organizations spend around 5.4% (Yadapadithaya and Stward, 2003). In India, organizations in the private sector spend 1.1% and in the public sector 0.8% (Yadapadithaya, 2000). In Malaysia, organizations spend around 1.0 % (Othman, 2001).

The amount spent in training activities shows that the organizations strongly believe that for the better performance and smooth business process, training plays a vital role to maintain the high organizational position in the market. Awoniyi, Griego and Morgan (2002) argued that mostly training investment cannot get desired objectives because of less effective training interventions. Therefore, when training intervention would be less effective or poorly implemented, the training transfer rate would be lower. In this regard, Ford (2009) argued that only 20 percent amount of training transfer to the workplace and the amount of training that has a measureable impact on productivity or other business outcomes is even smaller. In other words, if organizations want to achieve their desired objective, they have to effectively manage their training program in order to maximize training transfer. Georges (1996) argued that enormous investment in training is believed to be largely wasted because of

inadequate transfer. Furthermore, May and Kahnweiler (2000) argued that, training transfer is clearly a very difficult issue.

1.1.3 Factors Effecting Transfer of Training

Researchers and training professionals have been focusing to identify factors that affect the effectiveness of training. Among the training effectiveness criteria, the most vital impact is the transfer of training which leads to improvements in employees and organizational performance. Researchers have been giving consideration towards the most important part of the training outcomes; which is transfer of training. Although other outcomes also play an important role in the training effectiveness criteria such as, Affective reaction and level of learning, however, the transfer of training enables organizations to achieve their ultimate objectives.

Organizations all over the world spend billions of dollars on training; these learning investments often fail to yield comparable performance improvements (Phillips, 2002). In addition, Saks and Belcourt (2006) conducted one survey of 150 organizations in which training professionals reported that 50 per cent of employees successfully transfer their new knowledge and skills six months after training. This situation, coupled with low percentage of firms and trainers that actually assess behavior training outcomes in terms of job performance and return on investment make the situation more critical.

Holton and Baldwin (2003) argued that the transfer of training remains an important issue for researchers and practitioners. In this regard, Holton (1996) developed a model called the Learning Transfer System Inventory (LTSI) and considered 16 factors that are likely to influence the transfer of training at work place. These factors are: learner

readiness, motivation to transfer, positive personal outcomes, negative personal outcomes, personal capacity for transfer, peer support, supervisor support, supervisor sanctions, perceived content validity, transfer design, opportunity to use, transfer effort-performance expectations, performance outcomes expectations, openness to change, performance self efficacy and performance coaching. In addition, other researchers (Gist, Stevens, and Bavetta, 1991; Liebermann and Hoffmann, 2008; Wei, 2006) also found many factors of those effects the transfer of training.

Ford (2009) discussed that there are myriad reasons why classroom or online training is not transferred into the real world. In this regard, Baldwin and Ford (1988) work in examining the effects of training design, trainee and work environment factors on condition of transfer is a way forward in advancing the learning transfer system. In addition, Colquitt, LePine, and Noe (2000) identified a number of situational and contextual factors that affect training outcomes including organizational climate, organizational commitment and career planning. Besides situational and contextual factors, individual factors that affect training outcome have also been examined, such as general mental ability, self-efficacy, personality (Colquitt et al., 2000) and goal orientation (Brett and VandeWalle, 1999). In addition, Holton (1996) also developed the Learning Transfer System Inventory (LTSI) model that is another important contribution in the transfer of training literature.

1.2 Statement of the Problem

Researchers have been giving consideration towards training transfer issues. They have highlighted different factors that affect the training transfer process. With the rapid change in economy, training demand has been increased and organizations have been investing more resources to upgrade their employee's skills. At the same time, trainers

and researchers have identified those factors which affect training effectiveness. Georgenson (1982) found that organizations spend huge amount on providing training to their employees but only 10% of training leads to change in behavior on trainee's job. Researcher are unable to find the amount of learning transfer (Holton, 1996) and at the same time, learning transfer issue exist all types of learning-performance situations which makes the learning transfer issue more complicated (Broad and Newstrom, 1992). Therefore, it is important to elaborate the effective method (Facteau et al., 1995) and to improve existing training method(Venkatesh and Smith, 1999).

Wexley and Latham(2002) highlighted that although approximately 40 per cent of content is transferred immediately following training, the amount transferred falls 25 percent after six months and 15 percent after one year. (Baldwin and Ford, 1988; Noe, 1986) reported that maximum trainees do not transfer their newly learned skills at workplace. Researcher found that trainees only transfer 15% of their learning at workplace (Cromwell and Kolb, 2004). In addition, London and Flannery (2004), discovered that in spite of heavy investment in training activities the fact is that trainees only transfer less than 10-20 percent new skills and knowledge at workplace. In addition, researcher should pay attention to sort out the low rate of training transfer problem (London and Flannery, 2004).

The objectives of the training activities are providing skills, abilities and knowledge to their employees to achieve organizational objectives and organizations can only achieve their objective when employees will transfer the learned skills. According to Burke and Baldwin (1999), the evidence from past research expose that huge investment in training activities does not lead to maximum transfer at workplace. Therefore, Holton and Baldwin (2003) suggested that to improve job performance, the

skills and behaviors learned and practiced during training have to be transferred to the workplace, maintained over time, and generalized across context.

The reason behind low rate of training transfer is that the researchers and HRD professionals are not fully engaged with the training transfer issues. Balaguer, Cheese, and Marchetti (2006) indicated that researchers and training professionals may have lack of grounded knowledge of empirical training transfer findings. In addition, May avd Kahnweiler (2000) found that from a theoretical perspective, HRD, organizational psychology and similar profession are still in the early stages of model building in regard to training transfer. May and Kahnweiler (2000) also proposed that researchers need to conceptualize transfer system in terms of variables and relationships that will be intellectually manageable and then examine the components with strong research design until a valid representation of the real system emerges. Clark, Dobbins and Ladd (1993) discussed that it is critical for researchers and practitioners to understand the factors that associate with training effectiveness. Furthermore, Mackay (2007) found that organizations and businesses are not getting the results they need from the training they provide. In addition, Scaduto, Lindsay and Chiaburu (2008) suggested that it becomes essential to test models that include central, but less frequently studied training effectiveness predictors. Kauffeldd and Lehmann (2010) argued that transfer is insufficiently considered in both practice and academic research.

Therefore, the statement of the problem is: How do individual factors (learner readiness, training retention, and performance self-efficacy), a situational factor (instrumentality or intrinsic rewards), training design factors (transfer design and perceived content validity), environmental factors (peer support and supervisor support) and affective reaction affect the trainee's transfer motivation and training transfer?

1.3 Objectives of the Study:

The objectives of this study are as follow:

→ To examine the mediating effect of transfer motivation on the relationship between individual factors (learner readiness and performance self-efficacy) and training transfer.

→ To examine the mediating effect of individual factor (training retention) on the relationship between situational factor (instrumentality or intrinsic rewards) and training transfer.

→ To investigate the mediating effect of transfer motivation on the relationship between environmental factors (peer support and supervisor support) and training transfer.

→ To examine the mediating effect of transfer motivation on the relationship between a situational factor (instrumentality or intrinsic rewards) and training transfer.

→ To examine the mediating effect of an individual factor (performance self-efficacy) on the relationship between training design factors (perceived content validity and transfer design) and transfer motivation.

→ To examine the mediating effect of affective reaction on the relationship between training design factor (perceived content validity) and transfer motivation.

→ To examine the mediating effect of transfer motivation on the relationship between affective reaction and training transfer.

By determining the relationships among these variables, the researcher can expand the theoretical framework for understanding the factor that promote or inhibit transfer motivation and training transfer process. As a result, the study may provide clear overview for strategic development aimed at achieving behavior changes and applying new skills and knowledge at workplace. The clear understanding about the factors that promote or inhibit training transfer at workplace will helps the organizations to maximize the return on their training investment.

1.4 Research Questions

To address the above research problem, I will investigate the following research questions;

1.4.1 Research Question 1:

How does transfer motivation mediate the relationship between individual factors (learner readiness and performance self-efficacy) and training transfer?

1.4.2 Rationale for Research Question 1:

This research question sought to determine, how transfer motivation mediate the relationship between individual factors (learner readiness, and performance self-efficacy) and training transfer. It will increase the level of understanding about individual factors. It will also analyze the effect of performance self-efficacy and learner readiness on training transfer motivation, respectively.

1.4.3 Research Question 2:

How does individual factor (training retention) mediate the relationship between situational factor (instrumentality or intrinsic rewards) and training transfer?

1.4.4 Rationale for Research Question 2:

This research question will establish, how training retention mediate the relationship between a situational factor (instrumentality or intrinsic rewards) and training transfer. It will also analyze the effect of an individual factor (training retention) on training transfer.

1.4.5 Research Question 3:

How does transfer motivation mediate the relationship between environmental factors (peer and supervisor support) and training transfer?

1.4.6 Rationale for Research Question 3:

This research question will establish the mediating effect of transfer motivation between environmental factors (peer support and supervisor support) and training transfer.

1.4.7 Research Question4:

How does transfer motivation mediate the relationship between one situational factor (instrumentality or intrinsic rewards) and training transfer?

1.4.8 Rationale for Research Question 4:

This research question aims to highlight the importance of a situational factor like instrumentality (intrinsic reward) in the training transfer process. It

will analyze the mediating effect of transfer motivation in the relationship between intrinsic rewards and training transfer. Furthermore, how these rewards affect employees' transfer motivation will be analyzed.

1.4.9 Research Question 5:

How does an individual factor (performance self-efficacy) mediate the relationship between training design factors (perceived content validity and transfer design) and transfer motivation?

1.4.10 Rationale for Research Question 5

This research question will investigate the effects of training design factors like transfer design and perceived content validity in the training transfer process. Furthermore, it will highlight the mediating effect of an individual factor (performance self-efficacy) in the relationship between training design factors (perceived content validity and transfer design) and transfer motivation?

1.4.11 Research Question 6:

How does affective reaction mediate the relationship between perceived content validity and transfer motivation?

1.4.12 Rationale for Research Question 6:

This research question aims to analyze the effect of perceived content validity on affective reaction. Furthermore, it will establish the mediating effect of affective reaction on the relationship between perceived content validity and transfer motivation.

1.4.13 Research Question 7:

How does transfer motivation mediate the relationship between affective reaction and training transfer?

1.4.14 Rationale for Research Question 7:

This research question will investigate the mediating effect of transfer motivation on the relationship between affective reaction and training transfer. It will further explain the effects of transfer motivation on training transfer.

1.5 Significance of the Study

Researchers and training professionals have been trying to identify factors that affect training effectiveness. Among training effectiveness criteria, the most vital impact is the transfer of training which leads to improvements in employee and organizational performance. Although other outcomes also play important roles in training effectiveness criteria such as affective reaction and level of learning, however, the transfer of training enables organizations to achieve their ultimate objectives. Baldwin and Ford (1988) discussed that only 10 per cent of all training experiences are transferred from the training environment to the job. Noe et al., (2006) proposed that after learning and retaining content, trainees should transfer the knowledge and skills accrued to the work context with the intention of improving job performance over time.

It remains a challenge to establish a theory on the transfer of training even with the identification of many influencing factors. Velada et al., (2007) suggested that as time passes, trainees may be unable or less motivated to retain and use the information

gained in the training program. Therefore, the need is to investigate those factors which resist employees to effectively transfer the learned skills at work place. Kauffeldd and Lehmann (2010) argued that transfer is insufficiently considered in both practice and academic research. The knowledge about these factors and their effects would be helpful for the organizations to increase the rate of training transfer and get competitive advantage in the global market.

1.6 Organization of the Study

Chapter I presents an overview and introduction, stating the nature of the study, objectives of the study. It also contains the research questions, theoretical, practical and methodological contribution. Furthermore, it includes significance of the study.

Chapter II covers literature review. It commence by visualizing the importance of training for organizations. The role and importance of HRD are also highlighted. In addition, it describes the importance of different factors in training transfer theory.

Chapter III outlines the methodology of the study, Data analysis techniques, Data collection techniques, validity and reliability of the instruments, population frame, sample frame and research instruments (survey questionnaire).

Chapter IV focuses on the analysis of the results and quantitative findings.

Chapter V contains the conclusion, recommendations and future research ideas reached in light of the study findings and pertinent literature review highlights.